

# Statement of Accounts Summary 2012/13

## Introduction

Doncaster Council is required to produce an annual Statement of Accounts to provide assurance to the public that the Council has used public money legally and responsibly.

The Statement of Accounts is inherently a long and technical document that is not user-friendly. These summary accounts have been produced to make the information easier to understand and more accessible to a wider audience. This summarised version of the accounts picks out the key elements from the full financial statements. **These summary accounts are not subject to external audit review.**

A copy of the Council's 2012/13 detailed accounts is available for examination upon request. Please contact Mick Wildman, Technical Accounting Manager on 01302 737160 or email [michael.wildman@doncaster.gov.uk](mailto:michael.wildman@doncaster.gov.uk). Alternatively an electronic version of these can be found on the Council's website

## Contents

The summary accounts include summarised versions of: -

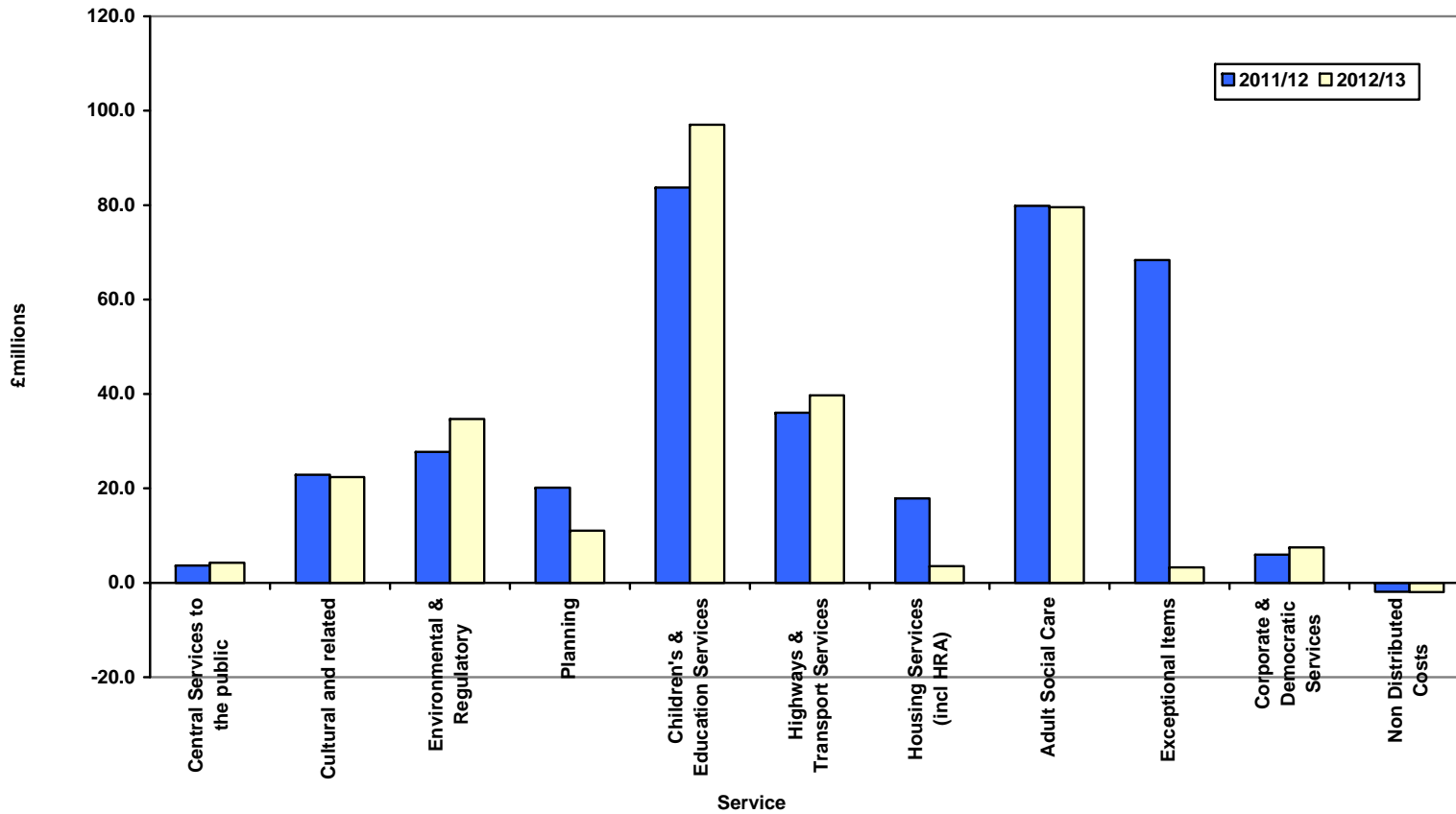
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow
- Capital Expenditure and Financing

# 1. Cost of the Council's Services

The Comprehensive Income and Expenditure Statement shows the net cost of running the Council's services for 2012/13 and how these were funded.

| 2011/12<br>Restated Net<br>Exp<br>£m |  | Gross Exp<br>£m | 2012/13<br>Income<br>£m | Net Exp<br>£m |
|--------------------------------------|--|-----------------|-------------------------|---------------|
| 3.6                                  | Central Services to the Public   | 30.3            | (26.0)                  | 4.3           |
| 22.9                                 | Cultural and related   | 25.0            | (2.6)                   | 22.4          |
| 27.7                                 | Environmental and Regulatory   | 40.5            | (5.8)                   | 34.7          |
| 20.2                                 | Planning   | 16.5            | (5.4)                   | 11.1          |
| 83.7                                 | Children's and Education Services  | 293.3           | (196.3)                 | 97.0          |
| 36.0                                 | Highways and Transport Services  | 43.0            | (3.4)                   | 39.6          |
| 17.8                                 | Housing Services   | 168.2           | (164.6)                 | 3.6           |
| 79.8                                 | Adult Social Care  | 113.0           | (33.4)                  | 79.6          |
| 68.4                                 | Exceptional Items (see below)  | 3.3             | (0.0)                   | 3.3           |
| 6.0                                  | Corporate and Democratic Core  | 8.1             | (0.7)                   | 7.4           |
| (1.9)                                | Non Distributed Costs  | (1.9)           | (0.1)                   | (2.0)         |
| <b>364.2</b>                         | <b>Net Costs of Services</b>   | <b>739.3</b>    | <b>(438.3)</b>          | <b>301.0</b>  |
| 101.8                                | Other Operating Expenditure  |                 |                         | 48.1          |
| 48.4                                 | Financing & Investment Income & Expenditure  |                 |                         | 26.2          |
| (405.6)                              | Taxation and non-specific grant income (see chart on page 4)   |                 |                         | (326.2)       |
| <b>108.8</b>                         | <b>(Surplus) / Deficit on Provision of Services</b>  |                 |                         | <b>49.1</b>   |
| (4.5)                                | (Surplus) / Deficit on revaluation of PPE  |                 |                         | (43.2)        |
| 48.6                                 | Actuarial gains / (losses) on pension assets / liabilities   |                 |                         | 74.8          |
| <b>152.9</b>                         | <b>I &amp; E (Surplus) / Deficit for the year</b>  |                 |                         | <b>80.7</b>   |
|                                      | <b>Exceptional Items</b>   |                 |                         |               |
|                                      | 2012/13 – redundancies (£3.3m)   |                 |                         |               |
|                                      | 2011/12 - impairment of leisure facilities transferred to Doncaster Culture & Leisure Trust (£63.7m) and exit packages (£3.5m)                     |                 |                         |               |
|                                      | The deficit in the year has resulted in a reduction in the council's net worth (from £561m to £480m) as reflected in the balance sheet on page 5). |                 |                         |               |

## Summary Net Cost of Services 2012/13 : £301.0m (2011/12 : £364.2m)



### Net Cost of Services (£m)

|                | Central Services | Cultural and related | Environmental & Regulatory | Planning | Children's & Education | Highways & Transport | Housing | Adult Social Care | Exceptional Items | Corporate & Democratic | Non Distributed Costs |
|----------------|------------------|----------------------|----------------------------|----------|------------------------|----------------------|---------|-------------------|-------------------|------------------------|-----------------------|
| <b>2011/12</b> | 3.5              | 23.0                 | 27.5                       | 20.0     | 83.5                   | 36.0                 | 18.0    | 80.0              | 68.5              | 6.0                    | -2.0                  |
| <b>2012/13</b> | 4.0              | 22.5                 | 34.5                       | 11.0     | 97.0                   | 39.5                 | 3.5     | 79.5              | 3.5               | 7.5                    | -2.0                  |

## Taxation and Non-Specific Grant Incomes

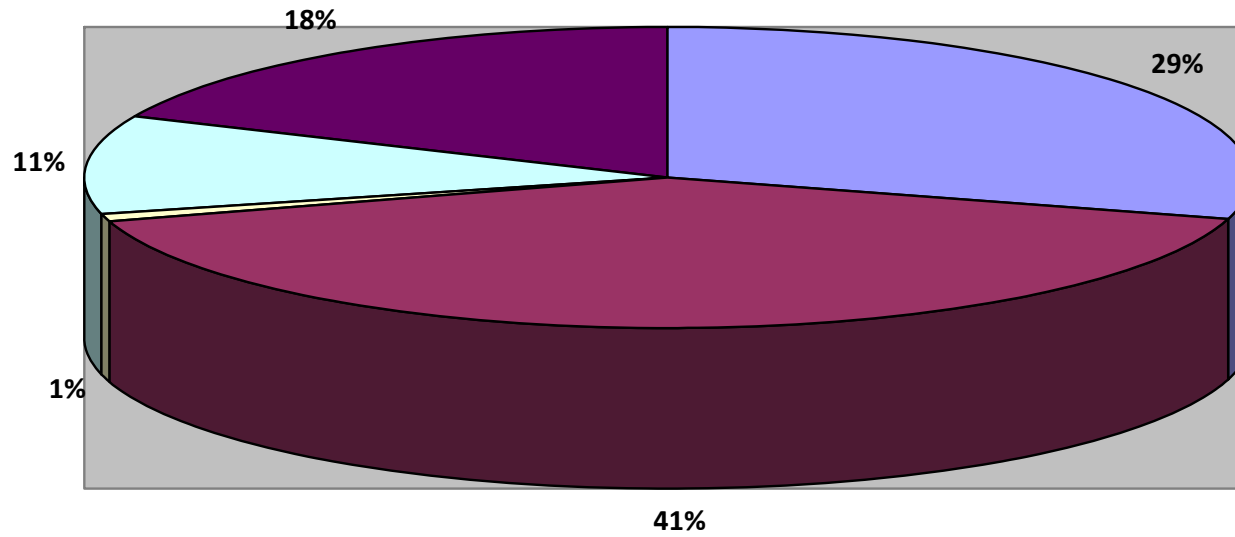
■ Council Tax Income £96m

■ Non Domestic Rates Redistribution £133m

□ Collection Fund (Surplus)/Deficit £2.5m

■ Non Ringfenced Government Grants £34m

■ Capital Grants & Contributions £60m



## 2. The Council's Financial Position

The Council's financial position at the end of the year is represented by its balance sheet. The balance sheet brings together money owed by and to the Council, assets owned, and balances and reserves that the Council may use. The balance sheet includes the Collection Fund and the Housing Revenue Account

| 2011/12<br>£m  | Balance Sheet                                       | 2012/13<br>£m  |
|----------------|---|----------------|
|                | <b>Assets</b>                                       |                |
| 1.7            | Intangible assets                                   | 2.5            |
| 1,294.2        | Property, Plant & Equipment                         | 1,280.5        |
| 10.6           | Investment Property                                 | 17.9           |
| 54.2           | Debtors (money owed to the Council)                 | 76.3           |
| 51.1           | Investments, inventories, cash and cash equivalents | 53.4           |
| <b>1,411.8</b> | <b>Total Assets</b>                                 | <b>1,430.6</b> |
|                | <b>Liabilities</b>                                  |                |
| (372.0)        | Borrowing   | (393.6)        |
| (317.9)        | Pension liability                                   | (395.9)        |
| (64.0)         | Creditors (money owed by the Council)               | (71.9)         |
| (55.3)         | Deferred liabilities                                | (52.5)         |
| (41.00)        | Other liabilities                                   | (35.8)         |
| (850.2)        | <b>Total Liabilities</b>                            | <b>(949.7)</b> |
| <b>561.6</b>   | <b>Total Assets less Liabilities</b>                | <b>480.9</b>   |
|                | <b>Financed by:</b>                                 |                |
| 461.9          | Unusable Reserves                                   | 380.5          |
|                | Usable Reserves                                     |                |
| 87.5           | Reserves available for specific purposes            | 88.5           |
| 12.2           | Reserves available for general purposes             | 11.9           |
| <b>561.6</b>   | <b>Net Worth</b>                                    | <b>480.9</b>   |

### 3. The Council's Cash Flow

The Cash Flow Statement shows the movement of money into and out of the Council's bank accounts.

Money received by the Council, or cash inflows, can come from a variety of sources such as local taxation, government grants, bank interest and fees & charges.

The cash outflows include purchases, interest and principal payments on loans, salaries and other costs and expenses

|   | <b>31 March 2013</b> |
|---|----------------------|
|   | <b>£'000</b>         |
| Net cash flows from Operating Activities                            | 32.2                 |
| Net cash flows from Investing Activities                            | (52.5)               |
| Net cash flows from Financing Activities                            | 16.5                 |
| Net increase or (decrease) in cash and cash equivalents             | (3.8)                |
| Cash and cash equivalents at the beginning of the reporting period  | 31.5                 |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>27.7</b>          |

**Operating Activities** – The cash generated from on-going, regular business activities. This does not include long term capital or investment costs.

**Investment Activities** – Gains (or losses) resulting from investments in financial markets and operating subsidiaries and changes resulting from amounts spent on investments in capital assets such as plant and equipment.

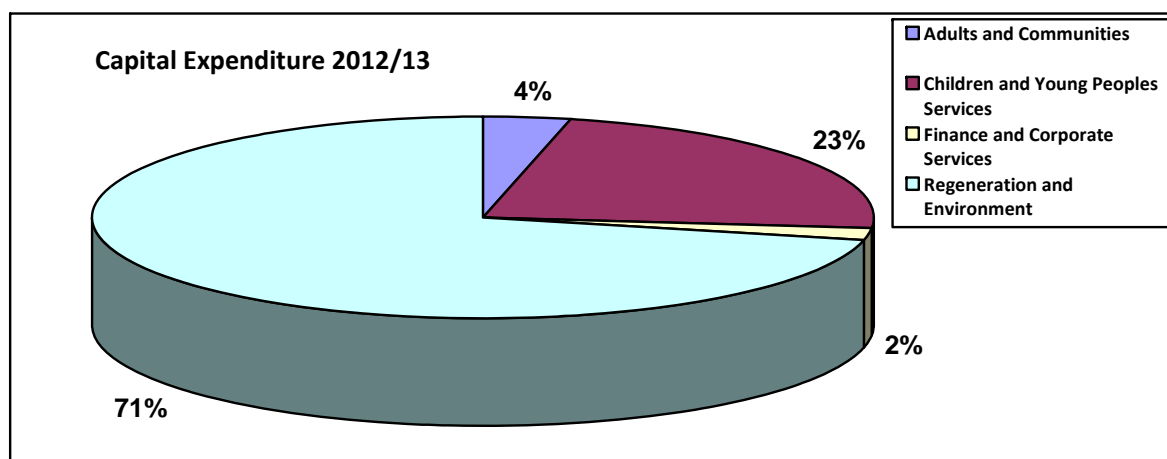
**Financing Activities** – Relates to activities such as external borrowing, local taxation, finance leases and PFI contracts.

#### 4. Capital expenditure and financing

Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings, vehicles and roads.

Capital expenditure is distinct from revenue expenditure, as detailed in the Comprehensive Income and Expenditure Statement, because the Council and its communities essentially receive the benefit from capital expenditure over a longer period of time.

|                                    | £m                  | %          |
|------------------------------------|---------------------|------------|
| Adults and Communities             | 4.3                 | 4          |
| Children and Young People Services | 27.7                | 23         |
| Finance and Corporate Services     | 2.5                 | 2          |
| Regeneration and Environment       | 85.9                | 71         |
| <b>Total Capital Expenditure</b>   | <b><u>120.4</u></b> | <b>100</b> |



In 2012/13 the Council spent £120.4m on capital projects. Most of the funds required for the capital programme came from government grants and contributions (£86.5) and government approved borrowing (£10m).

## 5. Glossary

### **Asset**

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

### **Capital Expenditure**

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

### **Capital Financing**

These are funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### **Cash**

Comprises cash on hand and demand deposits.

### **Cash Equivalents**

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Corporate and Democratic Core**

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

### **Creditor**

Amount owed by the council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

### **Debtor**

Amount owed to the council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

### **Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### **Intangible Assets**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

### **Liability**

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources. A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

### **Non-Distributed Costs**

These are overheads for which no user benefits and as such are not apportioned to services

### **Property, Plant & Equipment (PPE)**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

### **Revenue Expenditure**

Expenditure on the day-to-day running costs of services (e.g. employees, premises, supplies and services).

### **Usable Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

### **Unusable Reserves**

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.