



Statement of Accounts 2015/16

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Doncaster MBC Statement of Accounts 2015/16

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Narrative Report

Introduction

The accounts of such a large and diverse authority as Doncaster Metropolitan Borough Council are, by their nature, both technical and complex. The information contained within the Statement of Accounts for 2015/16 is presented as simply and clearly as possible and the Narrative Report explains some of the statements and provides a summary of the Council's financial performance as at 31st March 2016 and its financial prospects.

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2015/16 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy ('CIPFA'). The overriding requirement of the Code is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council.

Corporate Plan 2014-17

The Council's original Corporate Plan for 2014-17 was approved by Full Council in June 2014. It details the priorities that we will deliver for the people of Doncaster and supports the delivery of the Mayor's priorities. The Corporate Plan covers a three year period so that it aligns with our medium term financial strategy. A range of measures will be used to monitor our progress and these will be reported widely.

We have already successfully achieved a number of our Corporate Plan objectives, such as: -

- Coming out of Government intervention a year early;
- Establishing the country's first Children's Trust; and
- Successfully integrating public health into the Council.

So, we have recently carried out a "light touch" refresh to reflect these successes and to detail new challenges. The refreshed Corporate Plan 2014-17 was agreed by Full Council on 30th July 2015. Further details can be found on the Council's website:

<http://www.doncaster.gov.uk/services/the-Council-democracy/corporate-plan>

About Doncaster

Doncaster Metropolitan Borough Council is located in the county of South Yorkshire and is one of the oldest boroughs in England having been established since 1194. It is geographically the largest metropolitan district in England covering an approximate area of 57,000 hectares.

Financial Highlights

The Council spent £132.9m on capital schemes, an increase of 13.2% from 2014/15, mainly attributable to work on the Waste Management Private Finance Initiative (PFI) scheme and the Finningley and Rossington Regeneration Route Scheme ('FARRRS').

The Council's net worth increased by £68.0m from £512.0m to £580.0m which is mainly due to a reduction in short term borrowing and short term creditors.

Overall expenditure on Council services was £658.3m, up £18.4m or 2.9% compared to 2014/15. Income was £416.0m, down £11.7m or 2.7% compared to 2014/15. The net cost of running the Council's services therefore increased £30.1m or 14.2% from 2014/15.

The Council's usable reserves decreased by 15.1% to £101.4m, this includes a decrease in the General Fund reserves of £1.6m or 7.6% to £19.1m.

Council's Performance

The Council and its partners ('Team Doncaster') are committed to building a strong local economy as the foundation for enabling all residents to achieve their full potential within progressive, healthy, safe and vibrant communities.

- **Performance Position: 89% of service measures at or close to target**

The overall performance of our service measures is good with 89% (34 out of 38) exceeding or close to local targets. We have the highest levels of house building in 15 years, investment into the borough is exceeding target and we have delivered the mayoral target of 1000 apprenticeships since April 2013. Measures that are further from our local targets are Direct Payments, Drug Treatment, NHS Health Checks and % of services with online transactional services.

Financial Performance

- **Revenue Position: £1.3m overspend**

The Council must respond to on-going, unprecedented reductions in funding. Doncaster Council needs to deliver £109m savings over the period 2014/15 to 2016/17; including £39m in 2015/16. On the normal day to day operating budget the Council overspent by £1.3m, including Adults, Health & Wellbeing overspend of £4.7m (3% on Directorate budget).

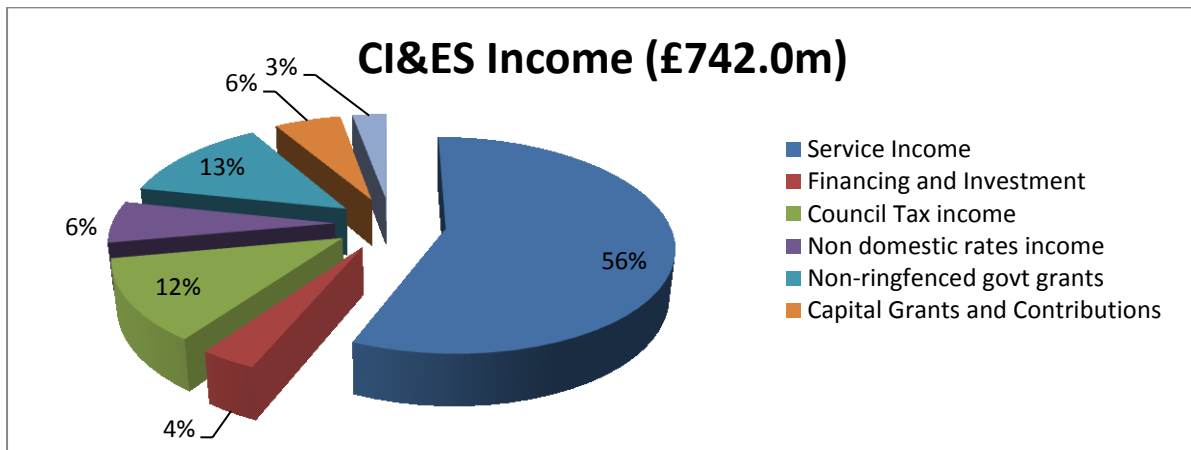
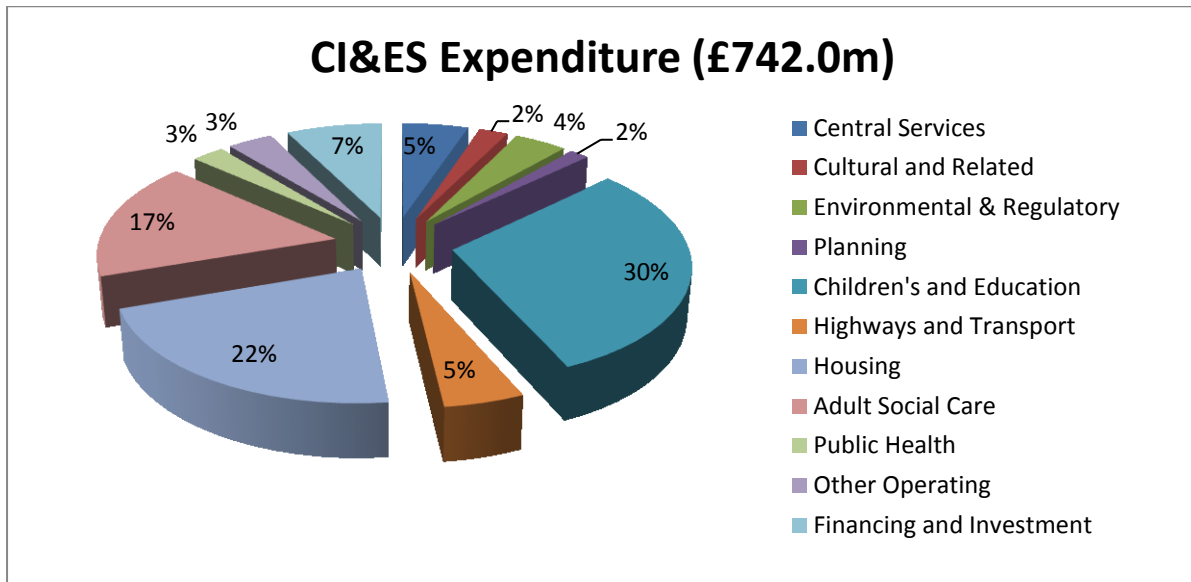
The table below represents General Fund services only. The figures differ from those shown in the statements on pages 11 to 17 as these statements include both General Fund and the HRA.

	Gross Budget £m	Net Budget £m	Total Variance £m
Services			
Adults Health and Wellbeing	145.5	83.3	4.7
Learning & Opportunities - Children & Young People (Includes Children's Services Trust £3k underspend)	85.2	45.8	(0.4)
Finance & Corporate Services	125.9	21.2	(1.9)
Regeneration & Environment	128.2	41.0	(0.1)
Total Services Budgets	484.8	191.3	2.3
Council Wide			
General Financing/Treasury Management	6.1	6.1	(1.1)
Council-wide savings targets	(2.3)	(2.3)	2.4
Other Council-Wide	(1.3)	18.1	(2.1)
Subtotal	2.5	21.9	(0.8)
Levying Bodies	19.6	19.6	0
Business Rates	0	(135.9)	(0.2)
Subtotal	19.6	(116.3)	(0.2)
Total General Fund Services (excluding MRP budget £5.9m)	506.9	96.9	1.3

The overspend is funded from Minimum Revenue Provision (MRP) budgets in 2015/16 due to the changes implemented as detailed in the 2016/17 Revenue Budget and Treasury Management Strategy reports resulting in an overall underspend of £4.6m. For more information, see Charges to Revenue for Non-Current Assets included in Note 1 to the accounts.

- **Cost of the Council's Services**

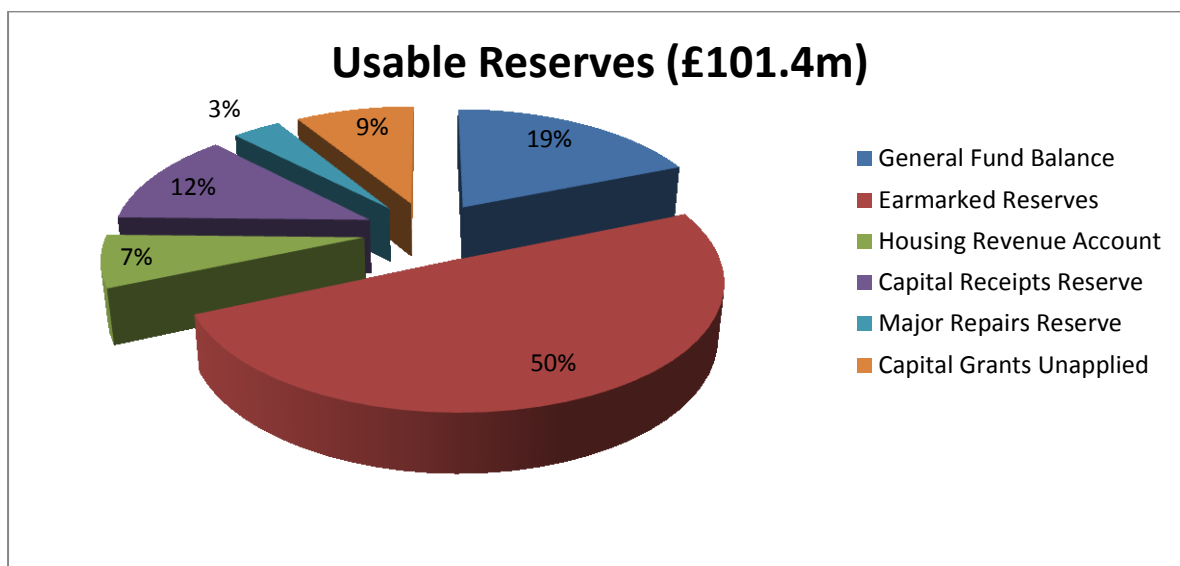
The Comprehensive Income and Expenditure Statement ('CI&ES') for 2015/16 shows the cost of running the Council's services and how that was funded between April 2015 and March 2016.



- **Balance Sheet**

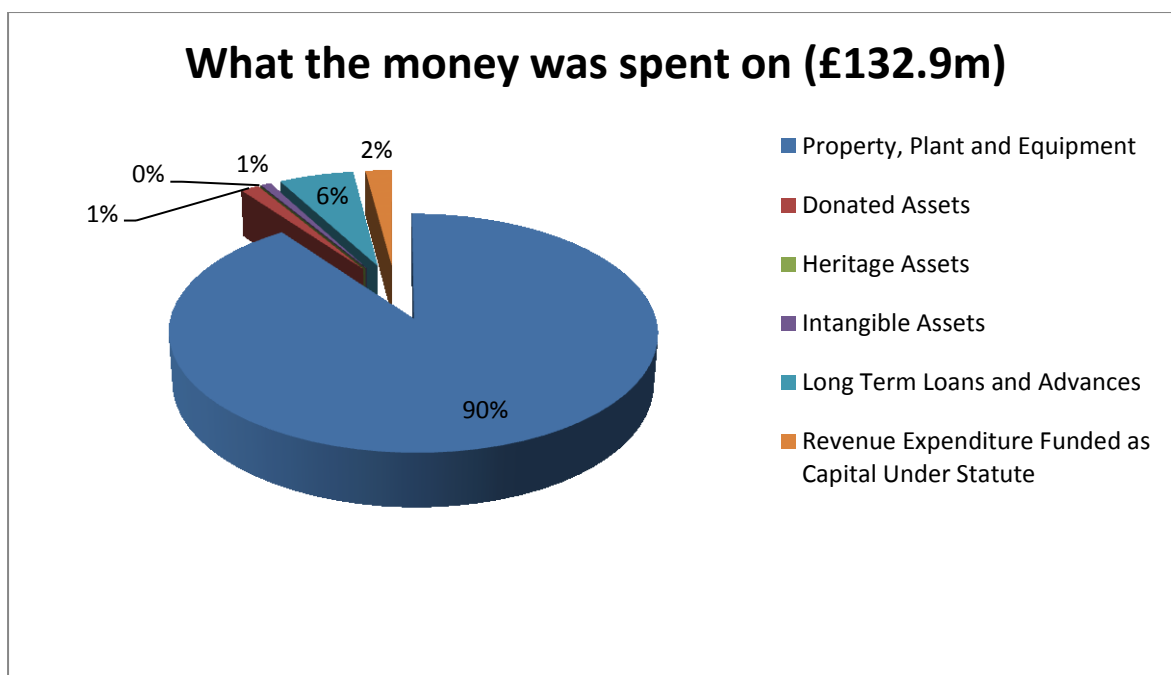
Balance Sheet	31st March 2016
	£m
Non-Current Assets (e.g. Property, Plant & Equipment)	1,416.5
Current Assets (e.g. short term debtors)	108.2
Cash and cash equivalents (net)	4.1
Current Liabilities (e.g. short term creditors, short term borrowing)	(94.7)
Long Term Liabilities (e.g. long term borrowing, pension deficit)	(854.1)
Net Worth (31st March 2015: £512.0m)	580.0
Financed by:	
Usable Reserves (see below)	(101.4)
Unusable Reserves	(478.6)
Net Worth (31st March 2015: £512.0m)	(580.0)

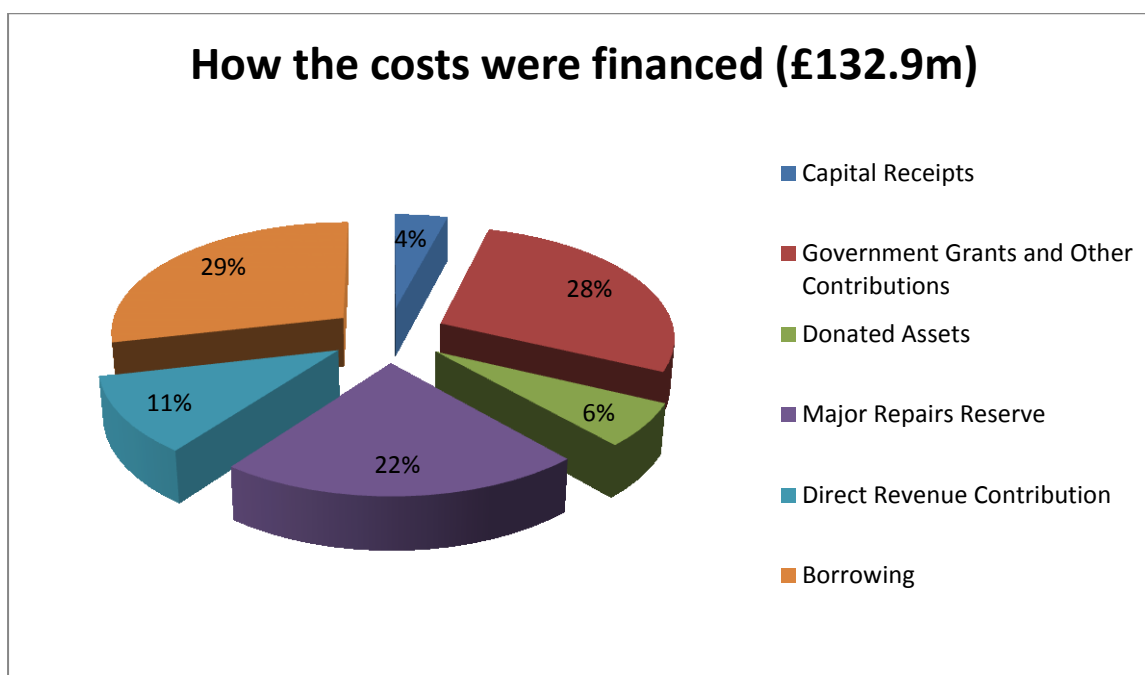
- **Usable Reserves**



- **Capital Position**

Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings, vehicles and roads. The distinction between capital and revenue expenditure is that the Council and its communities receive the benefit from capital expenditure over a longer period of time, usually over a number of years.





Financial Outlook

- **General Fund – Revenue**

The Council's financial position continues to be significantly affected by the Government's plans for deficit reduction. This is forecast to last until the end of the decade. Despite these considerable funding reductions the Council is committed to promoting growth and prosperity for its residents. Services will be targeted, deliver value for money and make a difference to those people who need them most, making the most of technology and redesigning services so they are fit for the future. The Council will continue to work in partnership with local communities, voluntary, charity and faith sectors to integrate and deliver services together.

On 1st March 2016, the Council set a budget which featured plans to deliver savings of £31m during 2016/17. These savings result a decrease in Government grant funding for the Council of 10.8%. Whilst the financial circumstances are not of the Council's making, it is the Council's responsibility to ensure that there is a robust, transparent and balanced budget in place. The approved budget is based on reduced but sustainable revenues although this is highly dependent on Business Rate income which is currently buoyant for Doncaster but remains volatile.

The Council also approved the revised Medium-Term Financial Plan (MTFP), which detailed further budget gaps of £25.8m for 2017/18, £10.7m for 2018/19, £11.1m for 2019/20 and £15.1m for 2020/21. This takes into account the Government's Settlement figures announced which indicates funding reductions of 10.8% in 2016/17 followed by further decreases of 8.9% in 2017/18, 5.5% in 2018/19 and 5.7% in 2019/20. The Government's grant cuts are estimated at 59% for the period 2011/12 – 2019/20.

As part of the Finance Settlement Government has said it will offer any Council that wishes to take it up a four-year funding settlement to 2019/20. As part of the move to a more self-sufficient local Government, these multi-year settlements can provide the funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners.

Further work on the 2017/18 budget gap is currently taking place to provide an update by autumn.

On the 23rd June 2016, the United Kingdom voted to leave the European Union (EU). The process for leaving the EU is uncertain and likely to take years to complete. The council will continue to monitor events closely during this period.

- **The Capital Programme**

The Council continues to invest in the future of the Borough with an estimated £316m of capital investment over 2016/17 to 2019/20 that will stimulate growth and prosperity despite the continuing tough economic conditions. The Council continues to invest in projects that will improve job creation and skills development, vital housing projects, school buildings improvements, support for the disabled and elderly, highways investment and town centre regeneration schemes.

To help bring this investment and growth, a key new infrastructure would be delivered with major regeneration projects included as part of this including: -

- The new National College for High Speed Rail;
- Phase two of the FARRRS project - to unlock nearly 400,000 square metres of commercial development space at Doncaster Sheffield airport; and
- Numerous Town Centre regeneration projects including further improvements at Doncaster Market, the civic and cultural quarter, and around the railway station.

Risk Management Framework

Doncaster Council recognises that risk management is an integral part of good governance and management practice. Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority.

The Council holds a Risk Management Framework containing key documents. The Council requires an annual review of its Risk Management Policy, to incorporate lessons learned and to continually improve the management of risks. The review was carried out in May 2015, to support the service planning process that began that month.

There are 18 Strategic Risks and all have been updated as part of the quarterly finance and performance reporting process. Further details can be found on the Council's website:

<http://www.doncaster.gov.uk/services/the-Council-democracy/corporate-plan>

Explanation of Accounting Statements

- **The Statement of Responsibilities for the Statement of Accounts**
A brief statement of the Council's financial responsibilities and those of the Chief Financial Officer.
- **Core Financial Statements**
 - **Comprehensive Income and Expenditure Statement** shows the income and expenditure in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
 - **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

- **Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **Notes to the Core Financial Statements**
Notes identify the nature and value of various entries within the core statements often providing additional information to aid the understanding of the accounts.
- **Supplementary Statements**
 - **Housing Revenue Account ('HRA')**, which is consolidated into the main statements, reports on the Council's activities as a social landlord. The HRA reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (maintenance and administration) and how these are met by rents, subsidy and other income. From 1st October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arms' Length Management Organisation, limited by guarantee and wholly owned by the Council.
 - **Collection Fund** account reports on the collection of local taxes and their distribution. The account reflects the statutory requirement for billing authorities to establish and maintain a separate Collection Fund, which accounts for the income from Council Tax and National Non-Domestic Rates (NNDR). This income finances the net expenditure requirements of the authorities within the Doncaster Council area, including the Council itself, the South Yorkshire Joint Authorities and Parish Councils.

Significant Changes in Accounting Policy

The Council's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting 2015/16. The accounting policies presented in Note 1 are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There has been one significant change in accounting policy during 2015/16 for the implementation of IFRS13 Fair Value Measurement. This standard provides a consistent definition of fair value throughout the accounts for assets and liabilities; fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The impact of the change has resulted in revaluations, with additional disclosures in the financial statements and the supporting notes to the accounts.

A review of the method by which the Minimum Revenue Provision (MRP) is calculated was undertaken during 2015/16 and the policy changed to use the Annuity method - see Charges to Revenue for Non-Current Assets included in Note 1 to the accounts.

In 2016/17, the CIPFA Code of Practice will adopt the Transport Infrastructure Assets Code, resulting in a change to the measurement basis for the Council's highways related assets. The new Highways Network Asset will be valued at depreciated replacement cost, replacing the depreciated historic cost value reported now. The new valuation approach is expected to significantly increase the value of the Council's Balance Sheet from 1st April 2016.



Simon Wiles

Director of Finance and Corporate Services

(Section 151 officer)

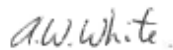
2nd June 2016

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.



Cllr Austen White
Chair of Audit Committee

17th August 2016

The Director of Finance and Corporate Services Responsibilities

The Director of Finance and Corporate Services as the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, the Code.

In preparing this Statement of Accounts, the Director of Finance and Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2016.



Simon Wiles
Director of Finance and Corporate Services

17th August 2016

The Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
9,601	(5,597)	4,004	Central services to the public	7,763	(3,792)	3,971
19,352	(3,210)	16,142	Cultural & related services	16,546	(2,567)	13,979
31,419	(4,510)	26,909	Environmental & Regulatory	30,462	(6,606)	23,856
10,092	(5,191)	4,901	Planning services	11,364	(5,268)	6,096
222,725	(162,746)	59,979	Children's & education services	225,554	(154,956)	70,598
36,180	(2,548)	33,632	Highways & transport services	35,082	(2,234)	32,848
50,246	(74,647)	(24,401)	Local authority housing (HRA)	56,473	(76,680)	(20,207)
102,366	(96,704)	5,662	Other housing services	103,324	(96,063)	7,261
116,988	(40,065)	76,923	Adult social care	124,643	(39,641)	85,002
16,593	(17,046)	(453)	Public Health	18,818	(17,338)	1,480
			<i>Exceptional items</i>			
1,011	0	1,011	- Redundancies	1,840	0	1,840
13,562	(9,278)	4,284	Corporate & democratic core	19,246	(9,969)	9,277
			<i>Non distributed costs</i>			
4,988	0	4,988	- St Leger Homes pre transfer net pension Liability	(2,287)	0	(2,287)
0	0	0	- DCST pre transfer net pension Liability	3,163	0	3,163
3,221	(6,191)	(2,970)	- Past Service	4,813	(3,060)	1,753
1,576	(3)	1,573	- Surplus Properties	3,772	(23)	3,749
639,920	(427,736)	212,184	Net Cost of Services	660,576	(418,197)	242,379
2,114	0	2,114	Parish Council Precepts	2,169	0	2,169
1,931	0	1,931	Payments to the Government Housing Capital Receipts Pool	2,231	0	2,231
57,205	0	57,205	(Gains) / Losses on the disposal of non-current assets	21,690	0	21,690
61,250	0	61,250	Other operating expenditure	26,090	0	26,090
18,596	0	18,596	Interest payable & similar charges	20,870	0	20,870
11,886	0	11,886	Pensions interest cost & expected return on pensions Assets	12,213	0	12,213
0	(709)	(709)	Interest receivable & similar income	0	(1,674)	(1,674)
8	(66)	(58)	Income & expenditure in relation to investment properties & changes in their fair value	5	(604)	(599)
20,215	(23,073)	(2,858)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 25)	22,237	(23,311)	(1,074)
50,705	(23,848)	26,857	Financing and investment income and expenditure	55,325	(25,589)	29,736
0	(87,547)	(87,547)	Council tax income	0	(91,038)	(91,038)
0	(42,499)	(42,499)	Non domestic rates redistribution	0	(46,372)	(46,372)

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
0	(118,972)	(118,972)	Non-ring fenced Government grants (Note 31)	0	(97,218)	(97,218)
0	(42,417)	(42,417)	Capital grants and contributions (Note 31)	0	(42,047)	(42,047)
0	(291,435)	(291,435)	Taxation and non-specific grant income	0	(276,675)	(276,675)
751,875	(743,019)	8,856	(Surplus) / Deficit on Provision of Services	741,991	(720,461)	21,530
		(32,903)	(Surplus) / Deficit on revaluation of non-current assets (Note 20a)			(38,102)
		108,130	Actuarial (gains) / losses on pension assets / liabilities (Note 20d)			(51,409)
		75,227	Other Comprehensive Income and Expenditure			(89,511)
		84,083	Total Comprehensive Income and Expenditure			(67,981)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves, i.e. those that can be applied to fund expenditure or reduce local taxation and unusable reserves.

The (Surplus) or Deficit on the Provision of Services line shows the economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 7) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 20) £'000	Total Council Reserves £'000
Balance at 31st March 2014 brought forward	(17,463)	(47,803)	(5,929)	(7,742)	(21,187)	(16,227)	(116,351)	(479,702)	(596,053)
Movement in reserves during 2014/15									
(Surplus) or deficit on the provision of services	2,858	0	5,998	0	0	0	8,856	0	8,856
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	75,227	75,227
Total Comprehensive Income and Expenditure	2,858	0	5,998	0	0	0	8,856	75,227	84,083
Adjustments between accounting basis and funding basis under regulations (Note 6)	(17,151)	0	(6,196)	(2,281)	10,059	3,635	(11,934)	11,934	0
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	(14,293)	0	(198)	(2,281)	10,059	3,635	(3,078)	87,161	84,083
Transfers to/from Earmarked Reserves (Note 7)	11,069	(11,174)	0	0	0	105	0	0	0
(Increase) / Decrease in 2014/15	(3,224)	(11,174)	(198)	(2,281)	10,059	3,740	(3,078)	87,161	84,083
Balance at 31st March 2015 carried forward	(20,687)	(58,977)	(6,127)	(10,023)	(11,128)	(12,487)	(119,429)	(392,541)	(511,970)

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 7) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 2) £'000	Total Council Reserves £'000
Balance at 31st March 2015 brought forward	(20,687)	(58,977)	(6,127)	(10,023)	(11,128)	(12,487)	(119,429)	(392,541)	(511,970)
Movement in reserves during 2015/16									
(Surplus) or deficit on the provision of services	17,684	0	3,846	0	0	0	21,530	0	21,530
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(89,511)	(89,511)
Total Comprehensive Income and Expenditure	17,684	0	3,846	0	0	0	21,530	(89,511)	(67,981)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(7,433)	0	(4,579)	(2,479)	7,567	3,438	(3,486)	3,486	0
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	10,251	0	(733)	(2,479)	7,567	3,438	18,044	(86,025)	(67,981)
Transfers to/from Earmarked Reserves (Note 7)	(8,677)	8,545	0	0	0	132	0	0	0
(Increase) / Decrease in 2015/16	1,574	8,545	(733)	(2,479)	7,567	3,570	18,044	(86,025)	(67,981)
Balance at 31st March 2016 carried forward	(19,113)	(50,432)	(6,860)	(12,502)	(3,561)	(8,917)	(101,385)	(478,566)	(579,951)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 st March 2015		Notes	31 st March 2016	
£'000	£'000		£'000	£'000
1,309,715		Property, Plant & Equipment	8	1,382,776
10,582		Heritage Assets	9	10,258
17,306		Investment Property	10	9,031
3,252		Intangible Assets	11	3,831
2,796		Long Term Investments	12	2,800
7,873		Long Term Debtors	12	7,744
	1,351,524	Long Term Assets		1,416,440
624		Current Intangible Assets		807
40,073		Short Term Investments	12	25,029
0		Assets Held for Sale	16	6,000
750		Inventories	13	2,644
88,823		Short Term Debtors	14	73,682
24,320		Cash & Cash Equivalents	15	16,925
	154,590	Current Assets		125,087
(20,546)		Cash & Cash Equivalents	15	(12,781)
(58,587)		Short Term Borrowing	12	(38,284)
(57,976)		Short Term Creditors	17	(45,606)
(7,445)		Provisions	18	(1,202)
(6,500)		Donated Assets Account	31	0
(8,186)		Revenue Grants Receipts in Advance	31	(8,897)
(4,591)		Capital Grants Receipts in Advance	31	(699)
	(163,831)	Current Liabilities		(107,469)
(13,387)		Provisions	18	(18,718)
(381,502)		Long Term Borrowing	12	(410,959)
(46,198)		Deferred Liabilities	12, 41	(60,501)
(56)		Revenue Grants Receipts in Advance	31	0
(1,030)		Capital Grants Receipts in Advance	31	(2,707)
(388,140)		Liability related to defined benefit pension scheme	37	(361,222)
	(830,313)	Long Term Liabilities		(854,107)
	511,970	Net Assets		579,951
119,429		Usable Reserves		101,385
392,541		Unusable Reserves	20	478,566
	511,970	Total Reserves		579,951

This balance sheet was completed and authorised for issue on 17th August 2016, the date to which events after the balance sheet date have been considered.

These accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31st March 2016.



Simon Wiles

Director of Finance and Corporate Services

(Section 151 officer)

17th August 2016

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital, i.e. borrowing, to the Council.

31st March 2015		31st March 2016
£'000		£'000
(8,856)	Net surplus or (deficit) on the provision of services	(21,530)
56,778	Adjustments to net surplus or deficit on the provision of services for non-cash movements	110,229
(50,080)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(44,338)
(2,158)	Net cash flows from Operating Activities (Note 21)	44,361
(92,991)	Investing Activities (Note 22)	(49,959)
38,723	Financing Activities (Note 23)	5,968
(56,426)	Net increase or (decrease) in cash and cash equivalents	370
60,200	Cash and cash equivalents at the beginning of the reporting period	3,774
3,774	Cash and cash equivalents at the end of the reporting period (see Note 15)	4,144

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1 Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31st March 2016. The Council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Service Reporting Code of Practice 2015/16 (SeRCOP) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular: -

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Acquired and Discontinued Operations

Operations that have been acquired or discontinued are shown in the relevant year alongside the nature of the acquired or discontinued operation and details of any outstanding liabilities in respect of discontinued operations.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents include bank overdrafts that are an integral part of the Council's cash management. Investments or loans with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

In the Cash Flow Statement and Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year: -

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off. In accordance with the item 8 determination revaluation and impairment losses relating to non-dwelling HRA assets will no longer be reversed;
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations however, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis, determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

A review of the method by which the Minimum Revenue Provision (MRP) is calculated was undertaken during 2015/16. This review resulted in a change to the MRP policy selecting the Annuity method of calculation in relation to: Assets developed as part of the Civic and cultural quarter development funded by unsupported borrowing; the calculation of MRP provision in respect of its General fund CFR balance relating to pre 2007/08 government supported borrowing, and any further government supported debt applied post 2007/08.

The Annuity method produces a profile of MRP repayments that starts low and increases each year, the MRP provision calculated on the annuity basis has been updated to provide an amended profile for the annual MRP provision.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local Government bodies and the Government. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund. Collection Fund surpluses declared by the billing authority are apportioned to the relevant precepting bodies in subsequent financial years. Deficits likewise are proportionately charged to the relevant precepting bodies in the following years.

Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year due to the Council. This includes the Council's share of surpluses and deficits on the fund. Regulations specify that sums to be released from the Collection Fund to the General Fund should be the Council's precept plus any share of the previous year's surplus or deficit. Any difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves Statement.

Debtor and creditor balances relating to individual taxpayers are apportioned between all preceptors and only the Council's share of these are recognised on the Balance Sheet. Any difference between cash collected on behalf of other preceptors and cash paid over to them is included as a creditor (where more cash has been collected than paid over) or a debtor. The Cash Flow Statement includes as operating activities only the Council's share of Council Tax and NNDR collected from taxpayers in the year and the net cost of pursuing Council Tax and NNDR arrears. As cash is collected as agent on behalf of other preceptors, monies (precepts) paid over to them are not revenue activities of the Council and are excluded from operating activities. Cash held as agent, being the difference between other preceptors' cash collected and paid over, is included in other receipts/payments within financing activities.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Employee Benefits

- Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

- Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

- Post-Employment Benefits

Employees of the Council are members of three separate pension schemes: -

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pensions Scheme, administered by South Yorkshire Pension Authority;
- The NHS Pension Scheme, administered by NHS Business Services Authority on behalf of NHS organisations.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The arrangements for the Teachers' Pensions Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year and the Public Health line is charged with the employer's contributions payable to the NHS pensions in year.

- The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme: -

- The liabilities of the South Yorkshire Pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 3.6%. Details of the rates used and assumptions made are included in note 37 to the core financial statements;
- The assets of South Yorkshire Pension fund attributable to the Council are included in the Balance Sheet at their fair value: -
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unlisted securities – current bid price;
 - property – market value.
- The change in the net pensions liability is analysed into the following components: -

Service cost comprising: -

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- **past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- **net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising: -

- **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to South Yorkshire Pension fund: -

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. The Council's current policy is not to award enhancements for non-school Council employees, i.e. those who are members of the Local Government Pension Scheme.

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified: -

1. Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
2. Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Fair value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: -

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows: -

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

Financial Instruments

- Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income & Expenditure line in the Comprehensive Income and Expenditure statement in the year of repurchase/settlement. Where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (FIAA) in the Movement in Reserves Statement.

- Financial Assets

Financial assets are classified into two types: -

1. Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
2. Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

- Loans and Receivables:

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Soft loans are loans issued at less than market rates. When these are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument. This results in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Available-for-Sale Assets:

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income, e.g. dividends, is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles: -

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that: -

1. The Council will comply with the conditions attached to the payments; and
2. The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets (Tangible and Intangible)

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include Civic Regalia, Exhibits, Statues and Monuments, historic land and buildings, military and scientific equipment, recordings of historically significant events and works of art.

Heritage Assets are recognised on balance sheet at cost or value. Valuations for historic land and buildings have been prepared by in house assets and property valuers over a five year rolling programme. All other categories have been valued by the most appropriate and relevant valuation method including insurance and auction values. They are reviewed annually and updated if more up to date information is available.

There are heritage assets within the Council with an individual value below £10,000 that are not disclosed. The value has been considered to have an immaterial effect and therefore the cost of valuing these assets would again outweigh any benefit.

Revaluation gains and losses and impairments of heritage assets are accounted for in exactly the same way as for Property, Plant and Equipment. Disposal of heritage assets are accounted for in exactly the same way as for Property Plant and Equipment.

Depreciation is not required to be charged on heritage assets as, by nature, they will be preserved for future generations however, some of the buildings within the category of historic land and buildings are still depreciated as determinable lives have been estimated by the internal valuers. These asset lives are reviewed in line with the revaluation programme.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. No intangible asset held by the Council meets this criterion and therefore all such assets are carried at amortised cost. The depreciable amounts for intangible asset is amortised over its useful lives to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the assets might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (for any sale proceeds greater than £10,000).

Interest in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures. Group Accounts are not prepared as these interests are not material.

Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-In-First-Out (FIFO) costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those operators. In relation to its interest in a joint operation, the Council as a joint operator recognises: -

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. -

- The Council as Lessee
 - Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between: -

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

- Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leases Property, Plant or Equipment. Charges are made on a straight line basis over the life of the lease even if this does not match the pattern of cash payments, e.g. there is a rent free period at the commencement of the lease.

- The Council as Lessor:
 - Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure statement as part of the profit or loss on disposal, i.e. netted off against the carrying value of the asset at the time of disposal, matched by a long term lease debtor in the Balance Sheet for the capital value outstanding.

Lease rentals receivable are apportioned between: -

- A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and
- Finance income – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element of the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

○ Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the asset, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Non-current Assets - Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance however, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (for any sale proceeds greater than £10,000).

Non-current Assets - Property, Plant and Equipment

Assets that have physical substance and are held for use in the production of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

- Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an assets potential to deliver future economic benefits or service potential is charged as an expense when it is incurred. The de-minimis value of £100,000 is applied when reviewing revenue spend for capital items.

- Measurement

Assets are initially measured at cost, comprising: -

1. The purchase price;
2. Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases: -

1. Infrastructure, community assets and assets under construction – depreciated historical cost;
2. Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
3. Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
4. All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued with sufficient regularity to ensure that their carrying amount is not materially different from their current value at the year-end but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by: -

1. Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

- Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by: -

1. Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life, e.g. freehold land and certain community assets and assets that are not yet available for use, i.e. assets under construction.

Depreciation is calculated on the following bases: -

Asset Category	Useful Life
Other Land & Building	Dependent upon the asset 30, 40 or 50 years
Vehicles, Plant & Equipment	3 - 20 years, dependent upon the asset
Infrastructure	40 years
Intangible e.g. surveys	Dependent upon the asset concerned
Council dwellings	Having considered the policy for depreciation of Council dwellings the Council has decided to continue with its policy of using the Major Repairs Allowance (MRA) as a proxy depreciation charge

Assets in the course of construction are not depreciated until they are brought into use.

For Property, Plant & Equipment, other than non-depreciable land, non-operational investment properties and assets held for sale, the only ground for not charging depreciation is that the charge would be immaterial.

Depreciation is calculated using the straight-line method.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

- Disposals and Non- Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisations or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts.

A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory allowances) is payable to the Government. Up to 4% of the balance of receipts can be used to fund revenue expenditure. The balance of receipts is required to be credited to the Capital Receipts Reserve and then can only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Enhancement Expenditure and De-recognition of replaced part of an asset

Enhancement expenditure on Property, Plant & Equipment increases both the historic cost and carrying amount records. The enhancement expenditure could be in relation to one component, multiple components or for a single asset that has not been componentised.

The carrying amount of a replaced or restored part of the asset is de-recognised, with the carrying amount of the new component being recognised subject to the capital recognition principles being met.

This recognition and de-recognition takes place regardless of whether the replaced part had been depreciated separately, where it is not practicable to determine the carrying amount of the replaced part the cost of the new part is used as a proxy for the calculation of the old element to be de-recognised (adjustments for depreciation and impairment, are made if required).

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £0.5million for determining whether an asset needs to be componentised. This has been set at a level below which the componentisation of an asset would have an insignificant impact upon the level of depreciation charged in the Comprehensive Income and Expenditure Statement.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of: -

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation;
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Prior period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct material errors. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements: -

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- **lifecycle replacement costs** – Recognised as additions to Property, Plant and Equipment in the Balance Sheet as the scheduled works are carried out and the expenditure is incurred.

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party, e.g. from an insurance claim, income is only recognised for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy however, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Specific reserves are available to fund capital or revenue expenditure following approval by Cabinet.

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. These reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting standards that have been issued but have not yet been adopted

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Council shall provide known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the Council's financial statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1st January of the financial year in question (i.e. on or before 1st January 2017 for 2016/17). For this disclosure the proposals for change include: -

- The CIPFA Code of Practice on Transport Infrastructure Assets will be adopted in the 2016/17 Code. This will lead to the creation of a single Highways Network Asset, measured at its current value rather than historical cost, using depreciated replacement cost (DRC) as the method of valuation.

Under the DRC approach, current value will be determined by estimating the gross replacement cost of each of the 7 components (roads, street lighting, signage, traffic management systems, footpaths and cycle ways, bridges and other structures and land) on a modern equivalent basis, deducting the estimated accumulated depreciation to arrive at the DRC.

The change in accounting policy comes into effect from 1 April 2016. The update to the 2015/16 Code confirmed that the transition arrangements will not require comparatives to be restated or the opening balance on 1 April 2016 to be restated as a prior period adjustment. The new valuation will instead be accounted for in 2016/17 as an in year revaluation on 1 April 2016.

- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.
- The changes to the format of the Pension Fund Account and the Net Assets Statement.
- A number of amendments to International Financial Reporting Standards (IFRSs). These largely comprise clarifications of the provisions of individual standards and are not expected to have a material impact on the Council's statement of accounts: -
 - IAS 1 Presentation of Financial Statements (Disclosure Initiative)
 - IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
 - Annual Improvements to IFRSs 2010 – 2012 Cycle.
 - Annual Improvements to IFRSs 2012 – 2014 Cycle
 - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
 - IFRS 11 Joint Arrangements (Accounting for Interests in Joint Operations)

3 Critical Judgments in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are: -

Central Government Funding

There is a high degree of uncertainty about future levels of funding for local Government. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision other than those already earmarked for closure as part of budget delivery plans.

Accounting for non-current schools' assets

The Council has made the following judgements regarding the accounting treatment of the differing types of schools;

- **Community schools** are run by the local authority, which employs the staff, owns the land and buildings and decides which admission criteria to use. The land and buildings of these schools are accounted for on the Council's balance sheet.
- **Trust schools** are a type of foundation school which forms a charitable trust with an outside partner. They are run by their own governing body, which employs the staff and sets the admission criteria. Land and buildings are transferred out of local authority ownership upon transfer to trust status. These schools are not accounted for on the Council's balance sheet and the assets are treated as a disposal upon transfer to trust status.
- **Voluntary-aided schools** are mainly religious or 'faith' schools and as with foundation schools, the governing body employs the staff and sets the admissions criteria. The school buildings are not accounted for on the Council's balance sheet although the land is.
- **Voluntary-controlled schools** are similar to voluntary aided schools but are run by the local authority. As with community schools, the local authority employs the school's staff and sets the admission criteria. The land and buildings of these schools are accounted for on the Council's balance sheet.
- **Academies** are independently managed, all-ability schools. They are set up by sponsors from business, faith or voluntary groups in partnership with the Department for Education and the Council. Together they fund the land and buildings, with the Government covering the running costs. The land and buildings are usually leased to the academy on a long term lease. The lease terms are reviewed on transfer to determine whether they represent finance or operating lease. Schools which are leased on a finance lease are treated as disposals. The buildings are not included on the Council's balance sheet but the land remains on the balance sheet at a nominal value. Schools which are issued on an operating lease are revalued in the year of transfer.

Group Accounts

The Council has reviewed its relationship and interest with external organisations and concludes that it does not have any interests in subsidiaries, associated companies and joint ventures that are material both individually and in aggregate and therefore there is no requirement to produce a set of Group Accounts. This consideration has been made under the provisions of IFRS 10 ('Consolidated Financial Statements') and IFRS 11 ('Joint Arrangements') as required by the Code.

Property, Plant and Equipment valuations

The Code of Practice has clarified the requirements for valuing Property, Plant and Equipment and states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' In order to be satisfied that the value of assets in the balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31st March 2016 the Council, for assets not valued in the year, has judged that their value has not altered materially at the balance sheet date. This judgement is supported by a year-end valuation report provided by the Council's qualified valuers that provides assurance that valuations are materially correct at the balance sheet date.

4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31st March 2016 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment, HRA valuation (Note 8)	<p>The value of the Council's housing dwellings stock is calculated using beacon properties. These valuations are then adjusted for the vacant possession value for the properties and to reflect their occupation by a secure tenant. This adjustment is considered to reflect the additional risk and liability the public sector landlords undertake when compared with private sector investors. The adjustment factor which is applied to the total vacant possession valuation (based on the beacon valuation) is for local authorities to determine seeking appropriate professional advice where applicable.</p>	<p>The fair value of the Council's housing dwellings stock as at the 31st March 2016 has been determined using an adjustment factor of 31%. A 1% decrease in this adjustment factor would have resulted in a revaluation loss of £15.749m in 2015/16.</p>
Defined Benefit Pension Schemes Liabilities (Note 37)	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercers, a firm of consulting actuaries, are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The net pension liability which the Council has in the long run is estimated to be £361.222m (£388.140m as at 31st March 2015). A 0.1% increase in the discount rate assumption would result in a decrease in the pensions' liability of £24.951m. A 0.1% increase in the inflation rate assumption would result in an increase in the pensions' liability of £25.436m. Similarly, a one year addition to members' life expectancy as at 31st March 2016 would result in an increase in the pensions' liability of £25.329m.</p>
Fair Value Measurements Investment Properties (Note 10) Financial Instruments (Note 12)	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk however, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer).</p>	<p>The Council uses indexation techniques and beacon valuations to measure the fair value of some of its investment properties and financial assets and liabilities. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets and liabilities), beacon classifications and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets and liabilities.</p>

5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 17th August 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Council has not identified any post Balance Sheet events as at 17th August 2016.

6 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied for these purposes at the year-end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2015/16	Usable Reserves					Movements in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(13,286)	0	0	0	0	13,286
Financial instruments (transferred to the Financial Instruments Adjustments Account)	214	2	0	0	0	(216)
Council tax & NNDR (transfers to (or from) Collection Fund)	1,460	0	0	0	0	(1,460)
Holiday pay (transferred to the Accumulated Absences Reserve)	1,815	0	0	0	0	(1,815)
Equal pay settlements (transferred to the Unequal Pay/Back Pay Account)	34	0	0	0	0	(34)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(11,916)	(40,433)	0	0	0	52,349
Total Adjustments to Revenue Resources	(21,679)	(40,431)	0	0	0	62,110
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,789	4,875	(10,664)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(231)	(146)	377	0	0	0
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,231)	0	2,231	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	21,531	0	(21,531)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	191	0	0	0	0	(191)
Former SYCC debt	1,478	0	0	0	0	(1,478)
PFI Finance Lease - principal repayment	1,823	0	0	0	0	(1,823)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,928	9,575	0	0	0	(13,503)

2015/16	Usable Reserves					Movements in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
Total Adjustments between Revenue and Capital Resources	10,747	35,835	(8,056)	(21,531)	0	(16,995)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	5,548	0	0	(5,548)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	29,098	0	(29,098)
Application of capital grants to finance capital expenditure	0	0	0	0	6,988	(6,988)
Cash payments in relation to deferred capital receipts	0	0	(5)	0	0	5
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,533	17	0	0	(3,550)	0
Use of Capital Receipts Reserve to finance provision	(34)	0	34	0	0	0
Total Adjustments to Capital Resources	3,499	17	5,577	29,098	3,438	(41,629)
Total Adjustments	(7,433)	(4,579)	(2,479)	7,567	3,438	3,486

2014/15	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(6,159)	0	0	0	0	6,159
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(514)	2	0	0	0	512
Council tax & NNDR (transfers to (or from) Collection Fund)	(413)	0	0	0	0	413
Holiday pay (transferred to the Accumulated Absences Reserve)	1,250	0	0	0	0	(1,250)
Equal pay settlements (transferred to the Unequal Pay/Back Pay Account)	276	0	0	0	0	(276)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(33,932)	(37,506)	0	0	0	71,438
Total Adjustments to Revenue Resources	(39,492)	(37,504)	0	0	0	76,996
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,063	4,656	(8,719)	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(161)	161	0	0	0
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,931)	0	1,931	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	20,654	0	(20,654)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	8,882	0	0	0	0	(8,882)
Former SYCC debt	1,344	0	0	0	0	(1,344)
PFI Finance Lease - principal repayment	1,670	0	0	0	0	(1,670)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	4,441	6,059	0	0	0	(10,500)
Total Adjustments between Revenue and Capital Resources	18,469	31,208	(6,627)	(20,654)	0	(22,396)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	4,011	0	0	(4,011)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	30,713	0	(30,713)

2014/15	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
Application of capital grants to finance capital expenditure	0	0	0	0	7,948	(7,948)
Cash payments in relation to deferred capital receipts	0	0	(6)	0	0	6
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,213	100	0	0	(4,313)	0
Use of Capital Receipts Reserve to finance provision	(341)	0	341	0	0	0
Total Adjustments to Capital Resources	3,872	100	4,346	30,713	3,635	(42,666)
Total Adjustments	(17,151)	(6,196)	(2,281)	10,059	3,635	11,934

7 Transfers To / From Earmarked Reserves

	Balance at 31 st March 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 st March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 st March 2016
General Fund:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balances held by schools under a scheme of delegation	12,284	(1,096)	3,145	14,333	(2,320)	45	12,058
Borough Investment Fund	9,412	(294)	992	10,110	(378)	333	10,065
Service Transformation Fund	7,000	(559)	0	6,441	(3,273)	3,723	6,891
NNDR - Contingency against Risks and Volatility	415	0	1,044	1,459	0	705	2,164
Severance costs	1,636	(716)	4,366	5,286	(5,618)	2,172	1,840
Revenue contribution to the capital programme	0	0	1,501	1,501	(28)	0	1,473
New NNDR Incentive Scheme	0	0	500	500	(41)	1,000	1,459
Stronger Families Programme	820	0	517	1,337	(198)	0	1,139
Public Health	1,557	0	679	2,236	(1,464)	264	1,036
S106 Agreements	1,259	(471)	204	992	(159)	191	1,024
Supporting & Maintaining Independence Programme	0	0	1,792	1,792	(823)	0	969
Adult Social Care System Implementation	1,817	(297)	0	1,520	(575)	0	945
Investment & Modernisation Fund - Revenue	500	0	410	910	0	0	910
Section 278 Agreements	974	(54)	13	933	(43)	0	890
Civic Office Major Items Replacement	294	0	302	596	0	195	791
LO-CYP & DCST Improvement Plans	1,479	(1,005)	130	604	(81)	0	523
Other	8,356	(5,373)	5,444	8,427	(4,841)	2,669	6,255
Total	47,803	(9,865)	21,039	58,977	(19,842)	11,297	50,432
Movement in year (see Movement in Reserves Statement) (MIRS)				11,174			(8,545)

Balances held by schools under a scheme of delegation

This reserve represents balances held by schools under delegated schemes and the Dedicated Schools Grant (DSG) underspend. The Scheme of Financing Schools, prepared in accordance with the School Standards and Framework Act 1998, provides that under-spending and over-spending will accrue to the school and be added to any balance brought forward from a previous year and as a consequence balances from school budgets have been built up over many years. The DSG conditions of grant provide that any underspend on DSG must be carried forward to support the schools budget in the future years in line with the Schools and Early Years Finance (England) Regulations.

Borough Investment Fund

This reserve was established in 2002 to provide funding for the delivery of the Transformational Projects Investment Programme (T.P.I.P.) and now also provides for schemes largely in the Regeneration and Environment capital programme. The reserve is built up over a number of years to allow for early repayment of debt at the end of a defined loan period, usually twenty five years and the accumulation of surplus from the Investment and Modernisation Fund. This reserve has been reviewed and will be reallocated in 2016/17.

Service Transformation Fund

This reserve was established for Service Transformation. It will be used to help DMBC achieve its savings targets in a timely and well managed way.

NNDR - Contingency against Risks and Volatility

This reserve was created to provide a contingency against the considerable increase in uncertainty to the Council's core funding arising from the introduction of Business Rates Retention from 1st April 2013.

Severance costs

The earmarked reserve is being used to fund the redundancy costs and the full three year costs of retirement for post reductions in subsequent years. The remaining balance will be used to fund retirement and redundancy costs in 2016/17.

Revenue Contribution to the Capital Programme

This reserve was created to meet the revenue costs associated with major capital projects - for example the work required to produce bids to the Sheffield City Region Infrastructure Fund. Projects that will benefit from the reserve include FARRRS and the Rail College.

New NNDR Incentive Scheme

Fund to facilitate incentives to potential investors where there is a clear demonstration that it would lead to a sustainable and substantial contribution to economic growth within the borough. Most of this fund has been allocated.

Stronger Families Programme

The Council and its partners have developed a Stronger Families programme in line with the Government's initiative, to provide an integrated approach to supporting families with additional needs. A significant element of the funding is performance based, and as such the level of funding is difficult to forecast. DMBC have been awarded the phase 2 Troubled Families grant from 2015/16 for the new expanded five year programme but exact funding for each year of the programme is confirmed annually. Funds are drawn down from or added to the earmarked reserve to meet the in-year costs of delivering the programme.

Public Health

The responsibility for the Public Health service transferred to the Council on the 1st April 2013, with the service funded from a Department of Health ring-fenced grant. This reserve has been created as a prudent measure to meet any unforeseen costs associated with the service. The service has significant savings targets over the next three years and this reserve will be used to manage the implementation of the service changes required.

Section 106 agreements

Section 106 of the Town and Country Planning Act 1990 allows developers to make payments to the Council in lieu of their planning obligations. This balance represents money paid by developers that is to be used to fund revenue expenditure in the future.

Supporting & Maintaining Independence Programme

This reserve will be used to support the Adult Social Care and Health related transformation programme to change the way the services are provided and designed to reduce hospital and residential home admissions.

Adult Social Care System implementation

This is being used to fund the implementation of the new case management integrated finance system for Adult Social Care. Phase 1 went live in Sept 2014 and phase 2 is scheduled to be implemented over the second and third quarters of 2016/17.

Investment & Modernisation Fund – Revenue

This revenue reserve was established to support the revenue elements of the Investment & Modernisation Fund.

Section 278 agreements

Section 278 of The Highways Act 1980 allows the Council to receive payment from developers prior to the work being carried out to improve highways. The balance includes £619k to be spent on the Frenchgate interchange over its lifetime.

Civic Office Major Items Replacement

The reserve is to be used for major items replacement for the Civic Office. A planned programme has been drawn up and includes, for example, £1.1m in 2022/23 for electrical installations. The reserve is added to each year from an annual revenue budget.

LO-CYP & DCST Improvement Plan

The reserve has been established to support the Improvement Plan for children's social care services. It has been used to fund social work training development, improvements to caseload management and development of the children social care records system. A division of the reserve has been agreed between LO-CYP (£206k) and DCST (£317k) to be used to deliver the remaining Improvement Plan actions by both organisations.

Others

A number of other minor reserves are earmarked for specific purposes.

8 Property, Plant and Equipment

Movements in 2015/16

2015/16									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1st April 2015	509,735	574,120	37,200	222,675	3,357	71,361	56,398	1,474,846	0
Opening balances restatement	0	0	0	0	0	0	0	0	197
At 1st April 2015 adjusted	509,735	574,120	37,200	222,675	3,357	71,361	56,398	1,474,846	197
Additions	34,636	34,723	9,344	12,337	113	49	28,447	119,649	25,733
Donation	0	1,874	0	0	0	0	0	1,874	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(14,905)	12,638	0	0	(6)	(9,302)	543	(11,032)	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,213)	(2,033)	0	0	(75)	(3,319)	(3,489)	(16,129)	0
De-recognition – disposals	(3,075)	(5,440)	(276)	0	0	(3,179)	0	(11,970)	0
De-recognition – other	(10,461)	(1,772)	(2,416)	(4,241)	(3)	0	0	(18,893)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(9,300)	0	(9,300)	0
Assets reclassified (to)/from Investment	0	0	0	0	0	8,700	0	8,700	0
Assets reclassified (to)/from Intangible	0	0	0	(63)	0	0	0	(63)	0
Reclassification within PPE	203	3,757	0	66,283	(7)	4,721	(74,957)	0	0
At 31st March 2016	508,920	617,867	43,852	296,991	3,379	59,731	6,942	1,537,682	25,930
Accumulated Depreciation & Impairment									
At 1st April 2015	(21,123)	(54,259)	(18,493)	(61,155)	(188)	(9,913)	0	(165,131)	0
Depreciation charge	(20,751)	(16,205)	(3,028)	(5,637)	(41)	(31)	0	(45,693)	0
Depreciation & Impairment written out to the Revaluation Reserve	14,955	24,268	0	0	0	9,913	0	49,136	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	6,168	0	0	0	0	0	0	6,168	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(852)	(515)	0	(12)	0	(49)	0	(1,428)	0
De-recognition – disposals	0	762	271	0	0	4	0	1,037	0
De-recognition – other	0	0	1,005	0	0	0	0	1,005	0
Reclassification within PPE	(5)	376	0	0	0	(371)	0	0	0
At 31st March 2016	(21,608)	(45,573)	(20,245)	(66,804)	(229)	(447)	0	(154,906)	0
Net Book Value									
At 31st March 2016	487,312	572,294	23,607	230,187	3,150	59,284	6,942	1,382,776	25,930
At 31st March 2015	488,612	519,861	18,707	161,520	3,169	61,448	56,398	1,309,715	0

Comparative Movements in 2014/15

2014/15									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1st April 2014	500,243	576,221	36,651	214,933	3,264	79,722	23,698	1,434,732	24,360
Additions	46,095	18,669	3,127	7,011	508	693	25,428	101,531	48
Donation	0	0	0	0	0	0	6,500	6,500	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(16,561)	18,951	0	0	(33)	(858)	0	1,499	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	3,221	1,298	0	0	(252)	(119)	0	4,148	0
De-recognition – disposals	(3,250)	(35,720)	(669)	0	0	(3,056)	0	(42,695)	(24,360)
De-recognition – other	(20,062)	(3,515)	(1,909)	(1,929)	(187)	0	(58)	(27,660)	(48)
Assets reclassified (to)/from Held for Sale	0	(1,408)	0	0	0	(1,801)	0	(3,209)	0
Reclassification within PPE	49	(376)	0	2,660	57	(3,220)	830	0	0
At 31st March 2015	509,735	574,120	37,200	222,675	3,357	71,361	56,398	1,474,846	0
Accumulated Depreciation & Impairment									
At 1st April 2014	(20,367)	(59,172)	(17,574)	(56,525)	(251)	(9,554)	(58)	(163,501)	(3,180)
Depreciation charge	(20,100)	(14,806)	(3,310)	(4,555)	(41)	(45)	0	(42,857)	(612)
Depreciation & Impairment written out to the Revaluation Reserve	16,610	14,651	0	0	102	43	0	31,406	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	3,756	0	0	0	2	0	0	3,758	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,022)	(120)	0	(75)	0	(660)	0	(1,877)	0
De-recognition – disposals	0	4,802	639	0	0	0	0	5,441	3,792
De-recognition – other	0	330	1,752	0	0	0	58	2,140	0
Reclassification within Held for sale	0	326	0	0	0	33	0	359	0
Reclassification within PPE	0	(270)	0	0	0	270	0	0	0
At 31st March 2015	(21,123)	(54,259)	(18,493)	(61,155)	(188)	(9,913)	0	(165,131)	0
Net Book Value									
At 31st March 2015	488,612	519,861	18,707	161,520	3,169	61,448	56,398	1,309,715	0
At 31st March 2014	479,876	517,049	19,077	158,408	3,013	70,168	23,640	1,271,231	21,180

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policy detailed in Note 1

Capital Commitments

At 31 March 2016, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years budgeted to cost £16.784m. Similar commitments at 31 March 2015 were £29.299m. The major commitments are:

	£'000
Council House New Build Phase 2	8,967
Smartlight Street Light Programme	4,030
Thermal Improvement Programme Keepmoat	2,307
Thermal Improvement Programme Waites	1,480
Total	16,784

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The policy is shown under accounting policies in Note 1.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at Historical Cost	0	0	23,607	230,187	720	0	6,942	261,456
Valued at Fair Value as at:								
31st March 2016	487,312	206,416	0	0	0	59,284	0	753,012
31st March 2015	0	143,397	0	0	827	0	0	144,224
31st March 2014	0	54,736	0	0	477	0	0	55,213
31st March 2013	0	117,658	0	0	128	0	0	117,786
31st March 2012	0	50,087	0	0	998	0	0	51,085
Total Cost or Valuation	487,312	572,294	23,607	230,187	3,150	59,284	6,942	1,382,776

9 Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

2015/16	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April 2015	136	2,451	5,742	12	44	3,084	11,469
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	25	(50)	0	0	0	(25)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	(84)	0	0	0	(84)
At 31st March 2016	136	2,476	5,608	12	44	3,084	11,360
Depreciation & Impairment							
At 1st April 2015	0	0	(873)	0	0	(14)	(887)
Depreciation	0	0	(236)	0	0	0	(236)
Depreciation & Impairment written out to the Revaluation Reserve	0	0	21	0	0	0	21
At 31st March 2016	0	0	(1,088)	0	0	(14)	(1,102)
Net Book Value At 31st March 2016	136	2,476	4,520	12	44	3,070	10,258

2014/15	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2014	136	2,514	5,366	12	43	3,084	11,155
Additions	0	0	383	0	0	0	383
Disposals	0	(63)	0	0	0	0	(63)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	(3)	0	1	0	(2)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	(4)	0	0	0	(4)
At 31st March 2015	136	2,451	5,742	12	44	3,084	11,469
Depreciation & Impairment							
At 1st April 2014	0	0	(251)	0	0	(14)	(265)
Depreciation	0	0	(239)	0	0	0	(239)
Impairment losses/ (reversals) recognised in surplus or deficit on the provision of services	0	0	(383)	0	0	0	(383)
At 31st March 2015	0	0	(873)	0	0	(14)	(887)
Net Book Value At 31st March 2015	136	2,451	4,869	12	44	3,070	10,582

Civic Regalia

This is a collection of mayoral ceremonial chains, pendants and robes held at the Mansion House. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Exhibits, Statues and Monuments

This category includes items of decorative art, pottery and furniture. Decorative Art collection has just under 500 items from the Hull Grundy collection of costume jewellery, treen, textiles, glassware, metalwork (including the Doncaster Gold Cups) and a collection of art medals. Monuments within this category include cemetery and War memorials. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Historic Land and Buildings

One of the main items held within this category is Cusworth Hall, which is a grade 1 listed building set in acres of historic parkland with lakes and plantations and dramatic views across the town. The site was extensively restored between 2003 and 2007 and invites visitors to experience a wealth of architecture, heritage and landscape history. Other main items include cemeteries. Valuations for historic land and buildings have been prepared by in house assets and property valuers as part of a five year rolling programme. The Council holds several other listed buildings; however they do not meet the definition of a Heritage asset as they are used as office accommodation and are therefore classified as operational land and buildings.

Military and Scientific Equipment

This is a small collection of less than 500 items, concentrating on a small number of specific regiments. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Recording of Historically Significant events

These include more than a thousand title deeds (including the series of royal charters), the four volumes of the borough courtier (or act book) detailing the Council's decisions from the mid-16th century up to the municipal reforms of the 1830s, records of the manor court of Doncaster from the 1450s, the records of the borough courts from 1533 onwards, and accounts of the borough collectors, the chamberlain, and other finance officers from 1551 until the mid-19th century. Recording of Historically Significant events are valued at cost.

Works of Art

There is a small fine art collection of around 1,750 items consisting of oil paintings, watercolours, prints, drawings, sculpture/bronzes and art photographs. The art collection aims to provide visitors with access to a wide variety of artistic styles over the last 250 years. A large section of the prints collection is related to Doncaster, either through portraying Doncaster scenes or horseracing. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Summary of Transactions

	2014/15 £'000	2015/16 £'000
Cost of acquisitions of heritage assets		
Historic Land & Buildings	383	0
Total cost of purchases	383	0
Disposal of heritage assets		
Exhibits, Statues & Monuments	(63)	0
Total cost of purchases	(63)	0
Impairment Recognised in the period		
Historic Land & Buildings	(383)	0
Total cost of purchases	(383)	0

10 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement: -

	2014/15 £'000	2015/16 £'000
Rental income from investment property	66	179
Direct operating expenses arising from investment property	(2)	(5)
Net gain/(loss)	64	174

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties during the year: -

	2014/15 £'000	2015/16 £'000
Balance at start of the year	17,312	17,306
Net gains/(losses) from fair value adjustments	(6)	425
to/from Property, Plant and Equipment	0	(8,700)
Balance at end of the year	17,306	9,031

Fair Value Hierarchy

All investment properties were valued at Level 2 of the fair value hierarchy. Details as at 31st March 2016 are as follows

Recurring fair value measurement using:	Fair Value as at 31 March 2016 £'000
Agricultural Land	365
Commercial Unit	6,920
Industrial Unit	1,746
Total	9,031

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

11 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware, item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The Council does not revalue its software assets as they are currently of immaterial value and have a life of no more than 10 years.

The movement on intangible asset balances during the year is as follows: -

	2014/15	2015/16
	Other Assets	Other Assets
	£'000	£'000
Balance at start of year		
- Gross carrying amounts	5,231	6,268
- Accumulated amortisation	(1,960)	(3,016)
Net carrying amount at start of year	3,271	3,252
Additions - Purchases	1,037	983
Assets reclassified - GBV	0	63
Amortisation for the period	(1,056)	(467)
Net carrying amount at end of year	3,252	3,831
Comprising:		
- Gross carrying amounts	6,268	7,314
- Accumulated amortisation	(3,016)	(3,483)
	3,252	3,831

12 Financial Instruments and Nature and Extent of Risks Arising From Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet: -

	Long Term		Current	
	31 st March 2015 £'000	31 st March 2016 £'000	31 st March 2015 £'000	31 st March 2016 £'000
Investments				
Loans and receivables	24	28	40,073	25,029
Loans and receivables - Cash Equivalents (Note 15)	0	0	24,300	16,900
Unquoted equity investment at cost (b)	2,772	2,772	0	0
Total investments	2,796	2,800	64,373	41,929
Debtors				
Loans and receivables	7,873	7,744	0	0
Financial assets carried at contract amount (trade debt)	0	0	45,251	22,978
Total Debtors	7,873	7,744	45,251	22,978
Borrowings				
Financial liabilities at amortised cost (a)	381,502	410,959	58,587	38,284
Total borrowings	381,502	410,959	58,587	38,284
Other Long Term Liabilities				
PFI lease liabilities (Note 35)	36,270	52,199	1,791	2,093
Metropolitan debt (SYCC)	9,928	8,302	1,478	1,626
Total other long term liabilities	46,198	60,501	3,269	3,719
Creditors				
Financial liabilities carried at contract amount (trade credit)	0	0	7,366	8,323
Total creditors	0	0	7,366	8,323

Note a - Under accounting requirements the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped Interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note b - Shares held by the Council are unquoted and there is no readily available market on which to value them. Whilst there are a variety of methods to value unquoted shares, none of them provide reliable fair values and therefore the shares have not been re-valued and are included in the accounts at open book value.

Income, Expense, Gains and Losses

	2014/15				2015/16		
	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Assets and Liabilities at Fair Value through Profit and Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	(18,596)	0	0	(18,596)	(20,870)	0	(20,870)
Reductions in fair value	0	0	(632)	(632)	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	(18,596)	0	(632)	(19,228)	(20,870)	0	(20,870)
Interest income	0	709	0	709	0	1,674	1,674
Total income in Surplus or Deficit on the Provision of Services	0	709	0	709	0	1,674	1,674
Net gain/(loss) for the year	(18,596)	709	(632)	(18,519)	(20,870)	1,674	(19,196)

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and the other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. We have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be seen as a proxy for transfer value);
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- The estimated range of interest rates at 31st March 2016 are between 1.13% and 3.11% for loans from the PWLB, market loans payable were between 0.41% and 2.12% and between 0.25% and 1.44% for loans and receivables;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity in the next 12 months or is a trade or other receivable, fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The valuations from the Council's advisers use the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used in the private sector.

In providing their fair value calculations the discount rate used by the PWLB is taken from the 'new borrowing rate' set of rates in force at close of business on the last working day of the financial year.

The fair values calculated are as follows: -

	31 st March 2015		31 st March 2016	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities	440,090	536,000	449,243	556,505

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 st March 2015		31 st March 2016	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and receivables	64,396	64,424	41,957	41,943
Long-term debtors	7,873	7,873	7,744	7,744

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty but it is impractical to use these figures and the difference is likely to be immaterial.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Nature and Extent of Risks Arising From Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are: -

- **Credit Risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity Risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Refinancing Risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market Risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services.

Risk Management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

a) Credit Risk - Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The Council regards it as being a prime objective to ensure the security of the principal sums it invests. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with information provided by various credit rating agencies. The Annual Investment Strategy also considers maximum amounts and time limits for each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current ratings of counterparties but also takes into account credit watches and outlooks from credit rating agencies, Credit Default Swap prices which provide early warning of likely changes in credit ratings and sovereign ratings to select counterparties from only the most creditworthy countries. The full Investment Strategy for 2015/16 was approved by Full Council on 3rd March 2015. An analysis of the credit criteria and lending limits at the time the investment was placed is given below for outstanding deposits at 31st March 2016.

Credit Ratings							
Long Term Rating	Short Term Rating	Viability Rating	Support Rating	Max Limit per institution £'m	Highest Investment £'m	Total Investments £'m	Number of Institutions
A	F1	a	5	£10m	£20m	£15m	2
AA-	F1+	aa-	2	£20m	£16.9m	£16.9m	1
A	F1	a	2	£11m	£10m	£10m	1

A maturity analysis based on the expectation of repayment of the investments as at 31st March, 2016 is:

	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	£'m	£'m	£'m	£'m	£'m
Deposits with Banks and Building Societies	16.9	25.0	0	0	41.9

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £41.9m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there is no evidence at the 31st March 2016 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Following a previous distribution of assets the Council is a party to an escrow account held in Iceland. Our share is currently valued at £27,689 and is earning interest at 4.60% annually. Until the Central Bank of Iceland agrees to the lifting of currency controls the Council is unable to repatriate these funds. They will therefore remain subject to exchange rate risk. The investment will be revalued annually and adjusted for any changes in exchange rates during the year.

b) Other Credit Risks

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings within parameters set by the Council.

The Council also has trade debtors of £22.978m outstanding at the year end. The Council does not generally allow credit for its trade debtors, such that £14.772m of the £22.978 balance is past its due date for payment (£15.244m of £45.251m in 2014/15). The past due amount can be analysed by age as follows:

2014/15		2015/16
£'000		£'000
4,631	Less than 3 months	5,773
1,708	3 to 6 months	1,587
2,443	6 months to 1 year	1,673
6,462	More than 1 year	5,739
15,244	Total Trade Debtors	14,772

c) Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council ensures it has sufficient funds available on a daily basis that are necessary for the achievement of its service objectives. If excess funds are available following receipt of income/grants, etc. they are placed with counter-parties to gain some income from interest until they are needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board (PWLB) and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All sums owing from financial assets are due to be paid in less than one year, with the exception of the Council's escrow account with Landsbanki Islands hf detailed above.

d) Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

MATURITY PROFILE	UPPER LIMIT	LOWER LIMIT	Actual 31 st March 2015		Actual 31 st March 2016	
	%	%	%	£'000	%	£'000
Less than one year	30	0	19.30	84,281	7.80	34,586
Between one and two years	50	0	10.21	44,586	2.75	12,187
Between two and five years	50	0	12.08	52,747	9.15	40,560
Between five and ten years	75	0	4.85	21,161	7.03	31,161
Between ten and twenty years	95	10	8.75	38,213	8.62	38,213
Between twenty and thirty years			10.56	46,093	10.40	46,093
Over thirty years			34.25	149,502	54.25	240,382
TOTAL			100.00	436,583	100.00	443,182

For the Prudential Code the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable without limit, such as in a Lender Offer Borrower Offer (LOBO) loan, this should be treated as a right to require repayment. Following an assessment of this type of loan, it is unlikely that the interest rate will be increased at the next call date and therefore the loan maturity date has been set as per the original contract. They will continue to be assessed against interest rate expectations.

e) Market Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects: -

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

Investments – With the exception of Landsbanki Islands hf, all deposits will mature within a year and the majority are at fixed rates of interest. The protection of capital is more important than maximising a return. However, in order to ensure an adequate return is achieved compatible with this risk principle, an appropriate benchmark is used to measure the interest earned.

Borrowing – The majority of the debt portfolio is at fixed rates of interest that ensures certainty of borrowing costs. In order to protect the Council against adverse movements in interest rates the policy is to keep the variable interest rate debt to a maximum of 30%. The actual variable element in 2015/16 equated to 0%.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowing in variable rate loans. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate loans would be postponed.

The Council has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the quarterly budget monitoring reports during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

2014/15 £'000		2015/16 £'000
	External Debt	
290	Increase in interest payable on variable rate borrowings	0
194	Share attributable to the HRA	0
	Investments	
(634)	Increase in interest receivable on variable rate investments	(419)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

f) Foreign Exchange Risk

With the exception of its investment in Landsbanki, the Council has no financial assets or liabilities denominated in a foreign currency and thus have no exposure to loss arising from movement in exchange rates. If income or expenditure is incurred in a foreign currency, exposure is eliminated as soon as it is identified by immediate conversion to ensure certainty of values.

Foreign exchange risk in relation to Icelandic deposits - The Council has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner in an escrow account due to the current imposition of currency controls. The maximum exposure is currently £27,689.

g) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £2.772m in a number of joint ventures and in local industry. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, generally associated with the economic regeneration of the borough, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

The shares are unquoted equity investments and are accounted for at the open book value.

13 Inventories

2015/16	Consumable Stores £'000	Transport £'000	General Materials £'000	Total £'000
Balance outstanding at start of year	511	172	67	750
Purchases	5,546	964	2,742	9,252
Recognised as an expense in the year	(3,606)	(990)	(2,744)	(7,340)
Written off balances	0	(12)	(6)	(18)
Balance outstanding at year-end	2,451	134	59	2,644

Comparative 2014/15	Consumable Stores £'000	Transport £'000	General Materials £'000	Total £'000
Balance outstanding at start of year	593	206	56	855
Purchases	1,452	1,186	2,724	5,362
Recognised as an expense in the year	(1,534)	(1,220)	(2,705)	(5,459)
Written off balances	0	0	(8)	(8)
Balance outstanding at year-end	511	172	67	750

14 Debtors

	31 st March 2015 £'000	31 st March 2016 £'000
Debtors		
Central Government bodies	21,011	11,790
Other local authorities	1,768	1,751
NHS bodies	1,204	4,763
Public corporations and trading funds	0	48
Other entities and individuals	55,211	47,050
Sub Total	79,194	65,402
Payments in advance	9,629	8,280
Total	88,823	73,682

15 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements: -

	31st March 2015 £'000	31st March 2016 £'000
Cash held by the Council	20	25
Bank overdraft	(20,546)	(12,781)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	24,300	16,900
Total Cash and Cash Equivalents	3,774	4,144

16 Assets Held For Sale

	Current	
	2014/15 £'000	2015/16 £'000
Balance outstanding at start of year	237	0
Assets newly classified as held for sale: Property, Plant and Equipment	2,850	9,300
Assets declassified as held for sale: Assets sold	(3,087)	(3,300)
Balance outstanding at year-end	0	6,000

17 Creditors

	31st March 2015 £'000	31st March 2016 £'000
Creditors		
Central Government bodies	(8,994)	(9,915)
Other local authorities	(1,593)	(1,852)
NHS bodies	(887)	(2,034)
Public corporations and trading funds	(2)	(8)
Other entities	(42,163)	(27,415)
Sub Total	(53,639)	(41,224)
Receipts in Advance	(4,337)	(4,382)
Total	(57,976)	(45,606)

18 Provisions

Provisions are included in the accounts for potential liabilities that are likely or certain to be incurred but there is a degree of uncertainty as to the amount concerned or the dates on which these may arise.

	Insurance fund	NNDR Appeals	Grant Claw-back	Municipal Mutual Insurance	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2015	9,088	4,935	3,092	1,546	2,171	20,832
Additional provisions made in 2015/16	3,396	328	0	249	32	4,005
Amounts used in 2015/16	(1,614)	(771)	(512)	0	(373)	(3,270)
Unused amounts reversed in 2015/16	0	0	(600)	0	(1,047)	(1,647)
Balance at 31st March 2016	10,870	4,492	1,980	1,795	783	19,920
Short Term Provisions	907	0	0	0	295	1,202
Long Term Provisions	9,963	4,492	1,980	1,795	488	18,718

Insurance Fund

The Council self-insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place, currently with Zurich Municipal. These excesses apply to various categories of cover including property, motor, public liability and employer's liability and any claim that falls below the policy excess will be a cost to the Council.

The insurance provision covers the estimated value of outstanding insurance claims for which the Council has a potential legal liability, as at 31 March 2016 this was estimated to be approximately £9.4m and it is estimated that the cost to the Council of settling these claims will be £7.5m based on previous claims experience.

In addition, the Council continues to monitor claims experience and has identified an appropriate reserve to meet other potential insurance claims Incurred But Not Reported (IBNR), the value of those claims being estimated at £1.4m, this together with a reserve for emerging claims gives a total insurance fund value of £10.9m.

NNDR Appeals

Under the Business Rates Retention scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to central Government. Business rate payers can appeal against the rateable value and provision must be made for successful appeals. The total provision for appeals as at 31st March 2016 is £9.166m. The Council's share is £4.492m (49%). The decrease in provision is largely due to receiving fewer backdated appeals for 2015/16 than expected and the release of the provision for those appeals, partially offset by an increase in the overall number of appeals received.

Grant Claw-back

The provision has been established to meet the cost of potential claw-back of grants, specifically in relation to the Derelict Land Grant (DLG), Land Reclamation Programme Grant (LRPG) and European Regional Development Fund (ERDF). DLG and LRPG were used for the reclamation of land to facilitate future development. As part of the grant conditions, on disposal, appropriation or bringing the land into use the Council has to repay grant based on the after value of the land.

Municipal Mutual Insurance

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent then a claw-back clause would be triggered with the Council liable to repay MMI. This Scheme of Arrangement was triggered in November 2012 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. An initial levy set at 15% by the administrators has been paid in 2013/14 with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28% at that time however, in January 2016 MMI advised that due to volatile classes remaining uncertain the Levy range had been extended to be 15%-34%. Whilst a further Levy notice was issued in March 2016 for a further 10% repayment, the Council's provision has been set at 34%, being the upper limit as advised by MMI, totalling £1.795m.

Other Provisions

This balance represents the Council's other provisions and includes provisions for Stadium Management Company, Equal Pay Claims, Section 117 Mental Health Act and various other smaller provisions.

19 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

20 Unusable Reserves

31 st March 2015 £'000		31 st March 2016 £'000
268,610	Revaluation Reserve (Note 20a)	295,364
530,745	Capital Adjustment Account (Note 20b)	548,373
(1,572)	Financial Instruments Adjustment Account (Note 20c)	(1,356)
(410,550)	Pension Reserve (Note 20d)	(372,427)
4,839	Deferred Capital Receipts Reserve (Note 20e)	4,834
3,322	Collection Fund Adjustment (Note 20f)	4,782
(2,815)	Accumulated Absences Account (Note 20g)	(1,000)
(38)	Unequal Pay Back Pay Account (Note 20h)	(4)
392,541	Total Unusable Reserves	478,566

20a Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Heritage assets. The balance is reduced when assets with accumulated gains are: -

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014/15 £'000		2015/16 £'000
251,696	Balance at 1st April	268,610
39,249	Upward revaluation of assets	64,265
(6,346)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(26,163)
32,903	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	38,102
(5,799)	Difference between fair value depreciation and historical cost depreciation	(5,589)
(10,190)	Accumulated gains on assets sold or scrapped	(5,759)
(15,989)	Amount written off to the Capital Adjustment Account	(11,348)
268,610	Balance at 31st March	295,364

20b Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and assets held for sale and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2014/15 £'000		2015/16 £'000	
521,126	Balance at 1 st April		530,745
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
(22,997)	Charges for depreciation of non-current assets	(25,178)	
(20,100)	Charges for depreciation on Council dwellings	(20,751)	
(2,238)	Charges for impairment of non-current assets	(1,429)	
7,953	Revaluation gains / (losses) on Property, Plant and Equipment	(9,939)	
(1,056)	Charges for amortisation of non-current assets	(467)	
(5,173)	Revenue expenditure funded from capital under statute	(2,722)	
(65,924)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(32,121)	
(109,535)			(92,607)
15,989	Adjusting amounts written out of the Revaluation Reserve	11,348	
(93,546)	Net written out amount of the cost of non-current assets consumed in the year		(81,259)
Capital financing applied in the year:			
4,011	Use of the Capital Receipts Reserve to finance new capital expenditure	5,548	
30,713	Use of the Major Repairs Reserve to finance new capital expenditure	29,098	
38,103	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	38,497	
7,948	Application of grants to capital financing from the Capital Grants Unapplied Account	6,988	
10,500	Capital expenditure charged against the General Fund and HRA balances	14,839	
8,882	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	191	
1,670	Write down of PFI Finance Liabilities	1,823	
1,344	Former South Yorkshire County Council debt repayment	1,478	
103,171			98,462
(6)	Movements in the market value of Investment Properties debited or credited to the CI&ES	425	
530,745	Balance at 31st March		548,373

20c Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result the balance on the account at 31st March 2016 will be charged to the General Fund.

2014/15 £'000		2015/16 £'000	
(1,060)	Balance at 1st April		(1,572)
(632)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0	
120	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	216	
(512)	Amount by which finance costs charged to the Comprehensive Income and Expenditure are different from finance costs chargeable in the year in accordance with statutory requirements		216
(1,572)	Balance at 31st March		(1,356)

20d Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding is set aside by the time the benefits are paid.

2014/15 £'000		2015/16 £'000
(296,261)	Balance at 1st April	(410,550)
(108,130)	Actuarial gains or losses on pensions assets and liabilities	51,409
(34,787)	Reversal of items relating to retirement benefits debited or credited to the surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement (see Note 37)	(41,346)
28,628	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 37)	28,060
(410,550)	Balance at 31st March	(372,427)

20e Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2014/15 £'000		2015/16 £'000
4,845	Balance at 1st April	4,839
(6)	Transfer to the capital Receipts Reserve upon receipt of cash	(5)
4,839	Balance at 31st March	4,834

20f Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax payers and non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2014/15 £'000		2015/16 £'000
3,735	Balance at 1st April	3,322
(413)	Amount by which Council tax income credited to the comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	1,460
3,322	Balance at 31st March	4,782

20g Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, flexi leave and time off in lieu (TOIL) entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2014/15 £'000		2015/16 £'000
(4,065)	Balance at 1st April	(2,815)
4,065	Settlement or cancellation of accrual made at the end of the preceding year	2,815
(2,815)	Amounts accrued at the end of the current year	(1,000)
1,250	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,815
(2,815)	Balance at 31st March	(1,000)

20h Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

2014/15 £'000		2015/16 £'000
(314)	Balance at 1st April	(38)
(65)	Increase in provision for back pay in relation to Equal Pay cases	0
341	Cash settlements paid in year	34
276	Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	34
(38)	Balance at 31st March	(4)

21 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items: -

2014/15 £'000		2015/16 £'000
663	Interest received	1,595
(18,250)	Interest paid	(20,784)

The surplus or deficit on the provision of services has been adjusted on the following non-cash movements: -

2014/15 £'000		2015/16 £'000
43,097	Depreciation	45,929
(5,642)	Impairment and valuations	11,474
1,056	Amortisation	467
0	Donated Assets	(8,374)
(13,446)	Increase/(Decrease) in creditors	(12,554)
(14,831)	(Increase)/Decrease in debtors	20,242
(519)	(Increase)/Decrease in inventories	(2,077)
(16,251)	Movement in pension liability	24,491
65,924	Carrying amount of non-current assets held for sale, sold or de-recognised	32,121
(2,610)	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,490)
56,778		110,229

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities: -

2014/15 £'000		2015/16 £'000
1,055	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(8,719)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,664)
(42,416)	Capital Grants credited to surplus or deficit on the provision of services	(33,674)
(50,080)		(44,338)

22 Cash Flow Statement – Investing Activities

2014/15 £'000		2015/16 £'000
(102,951)	Purchase of property, plant and equipment, investment property and intangible assets	(102,610)
(40,000)	Purchase of short-term and long-term investments	(25,004)
(3,040)	Other payments for investing activities	0
8,725	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,669
5,000	Proceeds from short-term and long-term investments	40,000
39,125	Capital grant received	25,979
150	Other capital cash receipts	1,007
(92,991)	Net cash flows from investing activities	(49,959)

23 Cash Flow Statement – Financing Activities

2014/15 £'000		2015/16 £'000
135,235	Cash receipts of short and long term borrowing	93,177
1,403	Other receipts from financing activities	170
(1,670)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,791)
(96,245)	Repayments of short- and long-term borrowing	(85,588)
38,723	Net cash flows from financing activities	5,968

24 Amounts Reported For Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice however, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular: -

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Council's directorates recorded in the budget reports for the year, as referred to under the financial performance for 2015/16 in the narrative statement, is in the table below. The net spend differs to the narrative statement as the table below includes £2.2m net expenditure on schools.

2015/16 Directorate	Gross spend £'000	Income £'000	Net spend £'000
Adults, Health and Wellbeing	148,876	(60,867)	88,009
Learning Opportunities - Children & Young People (including schools budgets)	316,821	(269,133)	47,688
Finance & Corporate Services	124,446	(105,196)	19,250
Regeneration & Environment	133,365	(92,526)	40,839
Council Wide and other	88,594	(183,945)	(95,351)
Total	812,102	(711,667)	100,435

Comparative Figures

2014/15 Directorate	Gross spend £'000	Income £'000	Net spend £'000
Adults, Health and Wellbeing	147,690	(66,376)	81,314
Learning Opportunities - Children & Young People (including schools budgets)	320,279	(276,550)	43,729
Finance & Corporate Services	124,964	(107,497)	17,467
Regeneration & Environment	128,647	(87,935)	40,712
Council Wide and other	152,829	(263,270)	(110,441)
Total	874,409	(801,628)	72,781

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement. The Council does not internally report on the assets and liabilities of individual segments and therefore there is no separate segmental analysis required.

The 2014/15 figures have been restated to take out the group segment due to no longer producing group accounts.

	2014/15 Restated £'000	2015/16 £'000
Net expenditure in the directorate analysis	72,781	100,435
Amounts in the CI&ES not reported to management in the analysis	39,440	59,400
Amounts included in the analysis not included in the CI&ES	99,963	82,544
Cost of Services in Comprehensive Income and Expenditure Statement	212,184	242,379

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Net expenditure in directorate analysis £'000	Amounts not included in the analysis but included in the CI&ES £'000	Amounts included in the analysis but not included in the CI&ES £'000	Net cost of services £'000	Amounts reported below the net expenditure of continuing operations in the CI&ES £'000	Total (surplus) / deficit for the year £'000
Net expenditure	187,836	78,615	0	266,451	0	266,451
Trading Services surplus	(2,136)	0	2,136	0	(1,074)	(1,074)
Interest and investment income	(1,579)	0	0	(1,579)	(1,674)	(3,253)
Income from Council Tax	0	0	0	0	(91,038)	(91,038)
Government grants and contributions	(97,218)	0	97,218	0	(185,637)	(185,637)
Capital grants and contributions applied	0	37,477	0	37,477	0	37,477
HRA	0	(19,447)	0	(19,447)	0	(19,447)
SLHD pension liability (pre transfer)	0	(2,287)	0	(2,287)	0	(2,287)
CST pension liability (pre transfer)	0	3,163	0	3,163	0	3,163
Pension interest cost and expected return in pension assets	0	11	0	11	12,213	12,224
Depreciation, Amortisation and Impairment	0	(33,832)	0	(33,832)	0	(33,832)
Interest payments	9,092	0	(9,092)	0	20,870	20,870
Precepts and levies	2,169	0	(2,169)	0	2,169	2,169
Payments to Government Housing Capital Receipts Pool	2,231	0	(2,231)	0	2,231	2,231
Gains / losses on disposal of Fixed Assets	0	0	0	0	21,690	21,690
Adjustments involving revenue expenditure funded from capital under statute	0	2,722	0	2,722	0	2,722
Adjustments involving other reserves	214	(7,022)	0	(6,808)	0	(6,808)
Items not included in CI&ES (e.g. MRP)	0	0	(3,492)	(3,492)	0	(3,492)
Other	(174)	0	174	0	(599)	(599)
Net Expenditure as per analysis	100,435	59,400	82,544	242,379	(220,849)	21,530

2014/15 Restated	Net expenditure in directorate analysis	Amounts not included in the analysis but included in the CI&ES	Amounts included in the analysis but not included in the CI&ES	Net cost of services	Amounts reported below the net expenditure of continuing operations in the CI&ES	Total (surplus) / deficit for the year
	£'000	£'000	£'000	£'000	£'000	£'000
Net expenditure	184,756	7,692	0	192,448	0	192,448
Trading Services surplus	(3,117)	0	3,117	0	(2,858)	(2,858)
Interest and investment income	(599)	0	599	0	(709)	(709)
Income from Council Tax	0	0	0	0	(85,215)	(85,215)
Government grants and contributions	(118,972)	0	118,972	0	(206,220)	(206,220)
Capital grants and contributions applied	0	36,864	0	36,864	0	36,864
HRA	0	(23,689)	0	(23,689)	0	(23,689)
SLHD pension liability (pre transfer)	0	4,988	0	4,988	0	4,988
Pension interest cost and expected return in pension assets	0	(10,974)	0	(10,974)	11,886	912
Depreciation, Amortisation and Impairment	0	23,739	0	23,739	0	23,739
Interest payments	6,850	0	(6,850)	0	18,596	18,596
Precepts and levies	2,114	0	(2,114)	0	2,114	2,114
Payments to Government Housing Capital Receipts Pool	1,931	0	(1,931)	0	1,931	1,931
Gains / losses on disposal of Fixed Assets	0	0	0	0	57,205	57,205
Adjustments involving revenue expenditure funded from capital under statute	0	5,173	0	5,173	0	5,173
Adjustments involving other reserves	(118)	(4,353)	0	(4,471)	0	(4,471)
Items not included in CI&ES (e.g. MRP)	0	0	(11,896)	(11,896)	0	(11,896)
Other	(64)	0	66	2	(58)	(56)
Net Expenditure as per analysis	72,781	39,440	99,963	212,184	(203,328)	8,856

25 Trading Operations

The Council has established 6 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The trading operations are separated into two groups, those which are an integral part of the Council's services to the public and those that are support services to the Council's services to the public, e.g. schools catering. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations.

The table below shows the (surplus)/deficit position after the IAS19 pension adjustment. The surpluses before the IAS19 pension adjustment for services to the public included in expenditure of continuing operations and support services recharged to expenditure of continuing operations were £1.654m and £0.483m respectively. All individual operations made a surplus before the IAS19 adjustment with the exception of markets which was due to revaluation losses.

	2014/15			2015/16		
	Turnover	Expenditure	(Surplus) / Deficit	Turnover	Expenditure	(Surplus) / Deficit
	£'000	£'000	£'000	£'000	£'000	£'000
Services to the public included in Expenditure of Continuing Operations						
Markets	(1,703)	1,440	(263)	(1,441)	2,141	700
Bereavement Services	(2,706)	1,442	(1,264)	(2,932)	1,851	(1,081)
Parking	(1,707)	1,505	(202)	(1,803)	1,602	(201)
Trade Waste	(2,156)	1,653	(503)	(2,329)	1,385	(944)
Total Services to the public included in Expenditure of Continuing Operations	(8,272)	6,040	(2,232)	(8,505)	6,979	(1,526)
Support services recharged to Expenditure of Continuing Operations						
Metro Clean	(5,668)	5,720	52	(5,413)	5,661	248
Schools Catering	(9,133)	8,455	(678)	(9,393)	9,597	204
Total Support services recharged to Expenditure of Continuing Operations	(14,801)	14,175	(626)	(14,806)	15,258	452
Net surplus credited to Other Operating Expenditure	(23,073)	20,215	(2,858)	(23,311)	22,237	(1,074)

Services to the public included in Expenditure of Continuing Operations

Markets

The Markets undertaking is regarded as one of the foremost in the region. It includes three retail sites providing a wide range of produce and goods as well as a Wholesale Market supplying local businesses.

Bereavement Services

Bereavement Services has management responsibility for the crematorium, thirteen cemeteries, thirteen closed churchyards and community War Memorials in the Borough (excluding Elmfield Park). The Crematorium complies with the requirements of the Environmental Protection Act 1990.

Parking Services

The Parking Services department operates both on and off street parking in the town centre and rural areas. The department's responsibilities include a range of services relating to the operational management of the car parks, including revenue collection and control as well as the maintenance of the car park assets. The department also maintains and manages on street pay and display machines including the processing of parking tickets (Penalty Charge Notices).

Business waste and recycling (commercial and trade)

The Council provides an extensive range of waste collection and disposal services available to all businesses located in Doncaster. Expenditure includes the collection cost of trade refuse and commercial recycling, along with the associated trade refuse disposal costs. Turnover includes income from businesses and other external parties including schools.

Support Services recharged to Expenditure of Continuing Operations

Metro Clean

Metro Clean is the Council's in-house building cleaning service provider responsible for the cleaning at numerous sites across the borough. These include the majority of schools and academies, all St Leger Homes' buildings, all internal Council sites and 8 NHS LIFT buildings.

Schools Catering

Schools Catering provides meals in Doncaster for schools and academies.

26 Pooled Budget Arrangements

The Authority has entered into a pooled budget arrangement with Doncaster Clinical Commissioning Group (CCG) for the provision of integrated health and social care services for people in the Doncaster area, the services being provided by the Authority or the Trust depending on the client requirements. The Authority and the CCG have an annual agreement in place for funding these services, with partners contributing funds to the agreed budget in line with funding allocations, taking responsibility for its own deficit or surplus. The Authority has incurred expenditure in line with the agreed outcomes; people are independent with good health and wellbeing; when in need of care/or support it is flexible and appropriate and where people are in urgent need of care or crisis, there will be responsive services that meet their needs; and other areas identified including enablers, programme management and Disabled Facilities Grant (DFG)/Care Act.

	2015/16		
	Revenue £'000	Capital £'000	Total £'000
Funding provided to the pooled budget:			
the Authority	0	2,085	2,085
Doncaster CCG	22,078	0	22,078
	22,078	2,085	24,163
Expenditure met from the pooled budget:			
the Authority	6,920	2,085	9,005
Doncaster CCG	15,158	0	15,158
	22,078	2,085	24,163
Net surplus arising on the pooled budget during the year	0	0	0

27 Members' Allowances

The Council paid the following amounts to Council Members and Co-optees during the year.

2014/15		2015/16
£		£
981,322	Allowances	892,969
4,030	Expenses	3,281
2,434	Co-opted members	1,754
987,786	Total	898,004

28 Officers' Remuneration

Senior Officer Remuneration

Title / Name	Year	Gross Salary	Additional payments	Compensation for loss of office	Employer Pension Contribution	Total
		£	£	£	£	£
Chief Executive J Miller	2015/16	149,000	900	0	19,337	169,237
	2014/15	149,000	0	0	19,221	168,221
Director of Adults, Health & Wellbeing K Curry - Note 1	2015/16	38,750	0	0	0	38,750
Director of Adults, Health & Wellbeing D Hamilton – Note 2	2015/16	115,500	57	36,000	11,126	162,683
	2014/15	75,739	46	0	9,770	85,555
Director of Regeneration & Environment P Dale	2015/16	120,379	900	0	15,645	136,924
	2014/15	120,379	0	0	15,529	135,908
Director of Learning Opportunities: Children & Young People D Allen – Note 3	2015/16	72,581	900	0	9,479	82,960
Director of Learning Opportunities: Children & Young People E Brazil – Note 4	2015/16	33,575	3,160	0	0	36,735
	2014/15	140,675	13,240	0	0	153,915
Director of Finance & Corporate Services (Section 151 Officer) S Wiles	2015/16	113,357	810	0	14,727	128,894
	2014/15	112,652	0	0	14,532	127,184
Director of Public Health R Suckling – Note 5	2015/16	100,308	1,126	0	14,473	115,907
Director of Public Health T Baxter – Note 6	2014/15	111,596	27,740	0	18,726	158,062
Monitoring Officer S Fawcus Note 7	2015/16	6,967	0	0	899	7,866
Monitoring Officer R Harvey Note 7	2015/16	83,817	0	0	10,812	94,629
	2014/15	89,943	149	0	11,622	101,714
Director of Adults & Communities J Beck – Note 8	2014/15	20,063	0	0	0	20,063

Note 1 – K Curry started work with the Council on 18th January. K Curry, although not regarded as an employee of the Council under employment law, currently occupies on an interim basis the role of the Director of Adult's, Health and Well - Being Services and is therefore included within this note as a senior officer of the Council.

Note 2 – D Hamilton started work with the Council on 4th August 2014 and left the Council on 31st December 2015.

Note 3 – D Allen started work with the Council on 24th August 2015.

Note 4 – E Brazil left the Council on 24th June. E Brazil, although not regarded as an employee of the Council under employment law, occupied the statutory role of the Director of Children’s Services and is therefore included within this note as a senior officer of the Council. The figures include all payments received by E Brazil e.g. expense allowances and the estimated monetary value of any other benefits received otherwise than in cash.

Note 5 – R Suckling was appointed to the role of Director of Public Health on 1st April 2015.

Note 6 – T Baxter left the Council on 31st March 2015. T Baxter covered the statutory role for Rotherham MBC from 4th December 2014 to 31st March 2015; the Council received income from Rotherham MBC for this period.

Note 7 - R Harvey left the Council on 29th February 2016. S Fawcus became Monitoring Officer on 1 March 2016.

Note 8 – J Beck left the Council on 31st May 2014.

The Council’s other employees receiving more than £50,000 remuneration for the year (excluding employer’s pension contributions), expressed in bands of £5,000, is as below

2014/15			Salary Banding £	2015/16		
DMBC	Schools	Total		DMBC	Schools	Total
11	35	46	50,000 - 54,999	32	31	63
18	28	46	55,000 - 59,999	18	36	54
19	19	38	60,000 - 64,999	19	22	41
3	12	15	65,000 - 69,999	8	8	16
1	9	10	70,000 - 74,999	2	8	10
1	4	5	75,000 - 79,999	1	4	5
2	0	2	80,000 - 84,999	3	4	7
8	1	9	85,000 - 89,999	2	0	2
2	0	2	90,000 - 94,999	8	1	9
1	0	1	95,000 - 99,999	1	0	1
0	0	0	100,000 - 104,999	1	0	1
0	1	1	105,000 - 109,999	0	0	0
0	0	0	110,000 - 114,999	0	0	0
0	0	0	115,000 - 119,999	1	0	1
0	0	0	120,000 - 124,999	0	0	0
0	0	0	125,000 - 214,999	0	0	0
0	0	0	215,000 - 219,999	1	0	1
66	109	175	Total	97	114	211

The table above excludes the senior employees and posts whose remuneration for 2014/15 and 2015/16 are shown in the senior officer remuneration analysis. The inclusion of termination payments has had the effect of certain employees being in a higher band for 2014/15 and 2015/16 than would otherwise be the case. In 2015/16, 17 employees are included in the above table due to the inclusion of termination payments.

Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The information does not include any costs relating to schools.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0 - £20,000	34	13	84	103	118	116	781,725	928,056
£20,001 - £40,000	0	1	7	20	7	21	170,637	544,670
£40,001 - £60,000	2	0	1	1	3	1	136,457	43,328
£60,001 and above	0	0	0	3	0	3	0	291,972
Total	36	14	92	127	128	141	1,088,819	1,808,026

29 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors, KPMG: -

	2014/15 £'000	2015/16 £'000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	166	165
Fees payable to KPMG for the certification of grant claims and returns for the year	34	18
Fees payable in respect of other services provided by KPMG during the year	29	15
Total	229	198

30 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education (DfE). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2015

The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details for the deployment of DSG receivable for 2015/16 are as follows: -

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2015/16 before academy recoupment	22,480	203,334	225,814
Academy figure recouped for 2015/16	(1,900)	(104,240)	(106,140)
Total DSG after academy recoupment for 2015/16	20,580	99,094	119,674
Plus: Brought Forward from 2014/15	5,518	0	5,518
Less: Carry-forward to 2016/17 agreed in advance	(1,239)	0	(1,239)
Agreed initial budgeted distribution in 2015/16	24,859	99,094	123,953
In-year adjustments	39	0	39
Final budgeted distribution for 2015/16	24,898	99,094	123,992
Less: Actual central expenditure	(22,143)	0	(22,143)
Less: Actual ISB deployed to schools	0	(99,094)	(99,094)
Carry forward to 2016/17	2,755	0	2,755

31 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16: -

	2014/15 £'000	2015/16 £'000
Credited to Taxation and Non Specific Grant Income		
Capital Grants and Contributions		
Developer Contributions – Finningley and Rossington Regeneration Route Scheme (FARRRS)	13,600	12,870
Department for Transport - Local Transport Plan (Maintenance)	3,478	6,107
Department for Transport - Local Transport Plan (Central Pot)	2,189	2,486
Department for Education - Local Authority Capital Maintenance	2,867	2,302
Department for Business, Innovation and Skills - National College's Investment Fund	0	1,808
Department for Education - New Pupil Places (Basic Need)	1,332	1,733
Department for Education - Targeted Basic Need Programme	4,936	1,522
Homes and Communities Agency - Empty Property	1,239	1,020
National Heritage Memorial Fund - Bentley Park	1,639	47
Department for Business, Innovation and Skills - Regional Growth Fund (Finningley and Rossington Regeneration Route Scheme)	4,891	0
Home and Communities Agency - Traveller Pitch Funding Programme	1,437	0
Other Grants and Contributions	4,809	3,778
Finningley and Rossington Regeneration Route Scheme (FARRRS) - Road Infill Donated Asset	0	8,374
Total	42,417	42,047
Non-Ring fenced Government Grants		
Revenue Support Grant	83,450	60,943
Business Rates Retention Top Up Grant	26,466	26,972
New Homes Bonus	2,430	3,479
Small Business Rates Relief	1,517	1,617

	2014/15	2015/16
2014-15 Multiplier Cap	732	1,057
Other	4,377	3,150
Total	118,972	97,218
Credited to Services		
Dedicated Schools Grant (DSG)	125,743	119,713
Mandatory Rent Allowance: subsidy	51,070	49,085
Mandatory Rent Rebates: subsidy	42,778	42,555
Public Health Grant	20,198	22,184
Pupil Premium	11,191	10,330
Private Finance Initiative (PFI) Annuity Grant	3,478	3,478
Universal Infant Free School Meals (UIFSM) Funding	1,542	2,864
Education Services Grant	3,474	2,773
Department for Environment, Food and Rural Affairs (Defra) Waste Infrastructure Grant	0	2,683
Housing Benefit & Council Tax Admin Benefit Subsidy	1,877	2,050
Care Act Grant	125	1,913
Department for Education - Improvement Grant	1,816	1,244
Skills Funding Agency Safeguarded Learning	945	1,022
Initial Teacher Training Grant	771	795
Youth Justice Board	886	766
PE & Sports Grant	755	764
Skills Funding Agency Sixth Forms	1,238	687
Independent Living Fund Grant	0	593
Discretionary Housing Payments	664	570
Other Grants	5,540	3,874
Total	274,091	269,943
Contributions		
Primary Care Trust - Section 256 and Section 75	12,589	9,797
Primary Care Trust Continuing Healthcare Contribution to care packages	3,741	2,410
Other	4,477	4,568
Total	20,807	16,775

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows: -

	Current		Long Term	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Donated Assets Account				
Finningley and Rossington Regeneration Route Scheme - Road Infill	6,500	0	0	0
Total	6,500	0	0	0
Revenue Grants Receipts in Advance				
Reablement Grant	7,630	7,630	0	0
Other	556	1,267	56	0
Total	8,186	8,897	56	0
Capital Grants & Contributions Receipts in Advance				
Department for Education - Targeted Basic Need	1,523	0	0	0
Department for Transport - Local Transport Plan (LTP) Maintenance	1,056	0	0	0
Section 106	55	0	865	2,581
Other Grant & Contribution	1,957	699	165	126
Total	4,591	699	1,030	2,707

32 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include: -

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, e.g. Council Tax bills, housing benefits. Grant information is shown in Note 31.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2015/16 is shown in Note 27. Members have disclosed material transactions with related parties during 2015/16. These are Rotherham, Doncaster and South Humber Foundation Trust £14.8m and Yorkshire Purchasing Organisation £2.2m.

The Register of Members' Interest is open to public inspection at the Civic Office during office hours, on application and is also available on the Council's website.

Officers

Officers have disclosed material transactions with Doncaster Children's Services Trust. During 2015/16 the Council provided £43.551m (23.107m in 2014/15 from 1st October 2014), under the terms of service delivery contract.

Other Public Bodies

The Council pays levies towards the services provided by the Sheffield City Region Combined Authority (SCR CA). The amount paid to SCR CA in 2015/16 was £15.185m (£16.966m in 2014/15).

Entities controlled or significantly influenced by the Council

- **Subsidiary**

- **St Leger Homes of Doncaster Limited (SLHD)**

- This is a company limited by guarantee and does not have any share capital. The Council is the sole member. The company was formed on 1st October 2005 to provide housing management and other services on behalf of the Council.

- The Council paid St Leger Homes Ltd a management fee of £26.7m in 2015/16 (£26.2m in 2014/15) for it to manage and maintain the Council's Housing Revenue Account stock on its behalf and manage the Housing General Fund capital programme.

- St Leger Homes Ltd used £0.89m (£0.79m in 2014/15) of this management fee to buy back services from the Council under a service level agreement including; grounds maintenance, transport, safety wardens, payroll and information services.

- **Joint Ventures and Associates**

- **Digital Region Limited**

- Digital Region Limited is a joint venture whose members comprise Rotherham MBC, Sheffield CC, Barnsley MBC, Doncaster MBC and the Secretary of State for Business, Innovation and Skills (BIS) who inherited Yorkshire Forward's interests in March 2012 following the abolition of the Regional Development Agencies.

- The company was set up to manage and procure a high speed broadband network in the South Yorkshire region and to undertake the promotion of the network to the service provider market. Under the original business model, achievement of this objective was dependent upon the company generating sufficient revenue sales in the early years of operation. However, due to a range of factors, the target level of sales was not achieved.

The shareholders therefore took a decision in 2013 to commence an orderly and solvent closure of Digital Region Limited. A funding agreement was subsequently signed by all shareholders to ensure that sufficient funds would be made available to enable services to be migrated without interruption of business and to enable the company to meet its debts as they fell due. In the Council's case this amounted to £2m of capital loans and up to £7.58m of further support, of which £6.280m is covered by a capitalisation direction received from DCLG in 2011/12, against which the Council has advanced £5.34m.

To achieve a solvent liquidation of the company, a restructure of the company's balance sheet was completed during 2015 prior to a liquidator being appointed on 30th June 2015. As a consequence, the Council's shareholding is now 150 'A' shares (10%), 6 'B' shares (8.57%) and 3,870,041 'C' shares (8.57%). The final distribution of the remaining shareholder funds will be made in 2016/17.

Doncaster Racecourse Management Company Limited

The company was formed on 1st January 2006 to develop and operate the Racecourse. The Council has 190 shares of £1 each, which is 19% of the share capital.

The accounts for the year ended 31st December 2015 show net assets valued at £11,241,316 (£8,998,228 in 2014). The company made a profit for the year of £2,243,088 after tax (£1,495,903 after tax in 2014). Over the first 30 years of the racecourse's operation the Council will receive 7.5% of profits of the original business plan projections and 19% of any super profits.

33 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2014/15 £'000	2015/16 £'000
Opening Capital Financing Requirement	533,742	547,995
Capital investment:		
Property, Plant and Equipment *	101,531	119,649
Donated Property, Plant and Equipment	6,500	1,874
Heritage Assets **	383	0
Intangible Assets ***	1,037	983
Long term loans and advances	2,800	7,710
Revenue Expenditure Funded from Capital Under Statute	5,173	2,722
Sources of Finance:		
Capital receipts	(4,011)	(5,548)
Government grants and other contributions	(46,051)	(37,110)
Donated Assets	0	(8,374)
Major Repairs Reserve	(30,713)	(29,098)
Direct revenue contributions	(10,500)	(14,839)
MRP / loans fund principal	(11,896)	(3,492)
Closing Capital Financing Requirement	547,995	582,472
Explanation of movements in year:		
Increase in underlying need to borrowing (supported by Government financial assistance)	59	0
MRP / loans fund principal	(11,896)	(3,492)
Donated Assets	6,500	(6,500)
Increase in underlying need to borrowing (unsupported by Government financial assistance)	18,644	23,968
Assets acquired under PFI/PPP contracts	0	25,733
Unfinanced expenditure	946	(5,232)
Increase / (decrease) in Capital Financing Requirement	14,253	34,477

* These figures match to the additions lines in Note 8 – Property, Plant and Equipment

** These figures match to the additions lines in Note 9 – Heritage Assets

*** These figures match to the additions lines in Note 11 – Intangible Assets

34 Leases

a) Council as lessee

Finance Leases

The Council has not classified any leases as Finance Leases.

Operating Leases

The Council has entered into a number of operating leases for vehicles, plant and equipment and land and buildings. The expenditure charged to the services line in the Comprehensive Income and Expenditure during the year in relation to these leases is as below: -

	Rent Paid in Year	
	2014/15 £'000	2015/16 £'000
Hire of plant and machinery	1,341	669
Land and buildings	1,418	1,199
Total	2,759	1,868

The future minimum lease payments due under non-cancellable leases in future years are: -

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2014/15		2015/16	
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	1,418	643	1,094	159
Between 1 and 5 years	4,763	235	3,421	82
After 5 years	9,419	0	8,643	0
Total	15,600	878	13,158	241

b) Council as lessor

Finance Leases

The Council has entered into two finance lease arrangements, one for Doncaster Racecourse and one for the Keepmoat Stadium. The Council has a gross investment in the leases made up of the minimum lease payments expected to be received over the remaining lease terms. There is no residual value anticipated at the end of either of the lease terms. The minimum lease payments comprise settlement of the long-term debtor for the interest in each property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. Both lease arrangements are for a term of 99 years. The Council entered into the lease arrangement for Doncaster Racecourse and the Keepmoat Stadium in January 2006 and August 2012 respectively.

The gross investment is made up of the following amounts: -

	31 st March 2015 £'000	31 st March 2016 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	5	5
Non-Current	4,819	4,814
Finance Income	15,974	15,755
Gross investment in the lease	20,798	20,574

The gross investment in leases and the minimum lease payments will be received over the following periods: -

	Gross Investment in the Lease		Minimum Lease Payments	
	31 st March 2015 £'000	31 st March 2016 £'000	31 st March 2015 £'000	31 st March 2016 £'000
Not later than one year	223	223	223	223
Later than one year and not later than five years	893	893	893	893
Later than five years	19,682	19,458	19,682	19,458
Total	20,798	20,574	20,798	20,574

In both of the above arrangements, the minimum lease payments do not include rents that are contingent on events taking place after the balance sheet date.

The Council currently leases a number of land and school buildings to academies on long term arrangements. Where these have been classified as finance leases the schools have subsequently been treated as disposals and are excluded from the Council's balance sheet in line with the appropriate accounting standard and accounting policy (see Note 3, Critical Judgements in Applying Accounting Policies).

Operating Leases

The Council has properties which it leases out under operating leases which generate revenue. The future minimum lease payments receivable under non-cancellable leases in future years are: -

	Land and buildings	
	2014/15 £'000	2015/16 £'000
Operating leases which expire:		
Within 1 year	1,578	1,365
Between 1 and 5 years	3,699	3,871
After 5 years	35,661	22,990
Total	40,938	28,226

35 Private Finance Initiatives and Similar Contracts

Details of the PFI arrangements entered into by the Council are disclosed below along with information relating to payments still to be made under the contracts.

Schools PFI Contracts

In 2007/08 the Council entered a contract over 25 years with Doncaster School Solutions and committed to making payments estimated at £6.8m per annum on average over the 25 years for the provision of two secondary PFI schools. The variable elements of the payment are inflated by RPIX each year. The contractor payments began in December 2008 with actual payments of £6.308m in 2015/16 (£6.275m in 2014/15). The contract is due to expire in 2033/34.

Sir Thomas Wharton College transferred to Trust Status with effect from 1st March 2010 and then to be an Academy from 1st February 2013, so the asset is no longer recognised on the Council's balance sheet in accordance with the Council's accounting policies. Mexborough Science College has also transferred to be an Academy from 1st January 2015 and the asset is also no longer recognised on the Council's balance sheet. The unitary charge will continue to be paid by the Council over the remaining contract period with the liability shown between repayment of the finance lease liability, interest and unitary charge.

Waste Management PFI Contract

Barnsley, Doncaster and Rotherham have jointly entered into a PFI contract with 3SE (Shanks, Scottish and Southern Energy) on the 30th March 2012. The contract is for the construction, development and operation of a new mechanical biological treatment plant (ITS facility) to dispose of the Councils' residual waste. The facility has a processing capacity of 250,000 tonnes p.a, and anaerobic digestion facility (AD facility) to generate power from gas emissions for use on site and produce a bio-compost for land remediation. The ITS AD facility is constructed on land at Bolton Road, Rotherham. The land was in the ownership of Rotherham MBC but was part disposed to Barnsley and Doncaster, based on 1/3rd equal shares.

The period of operation is 25 years from the Service Commencement Date which was 3rd July 2015. The local authorities have the option to extend the service element of the contract by a further 5 years. If this option is not exercised, the facility reverts to the ownership of the local authorities at the end of the 25 year contract at nil cost, otherwise it will revert after 30 years. The financing costs, operating costs and lifecycle replacement will be met through unitary payments payable by the three local authorities and third party revenue contributions.

Rotherham MBC, as lead authority, will make the unitary payment initially and then recover the proportionate shares due from Barnsley and Doncaster respectively. 62% of the unitary payment increases annually by January's RPI-X figure. The PFI asset and liability are to be shared 30% Barnsley, 40% Doncaster, and 30% Rotherham. This is considered a reasonable basis as it corresponds to each Councils share of the Guaranteed Minimum Tonnage.

Property, Plant and Equipment

The assets used to provide services at the Waste Management facility are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 8.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The Payments remaining to be made under the PFI contracts at 31st March 2016 are as follows: -

Breakdown of the Repayment of the Finance Lease Liability;

PFI Scheme	Within 1 year £'000	Within 2-5 years £'000	Within 6-10 years £'000	Within 11-15 years £'000	Within 16-20 years £'000	Within 21-25 years £'000	Total £'000
Sir Thomas Wharton College	874	3,635	3,808	6,349	3,289	0	17,955
Mexborough Science College	892	3,708	3,885	6,476	3,354	0	18,315
Waste Management PFI	327	815	1,338	2,498	4,928	8,116	18,022
Total	2,093	8,158	9,031	15,323	11,571	8,116	54,292

Breakdown of the Interest payments;

PFI Scheme	Within 1 year £'000	Within 2-5 years £'000	Within 6-10 years £'000	Within 11-15 years £'000	Within 16-20 years £'000	Within 21-25 years £'000	Total £'000
Sir Thomas Wharton College	700	2,466	2,340	1,413	215	0	7,134
Mexborough Science College	714	2,515	2,387	1,442	219	0	7,277
Waste Management PFI	2,481	9,575	11,328	9,951	7,339	2,699	43,373
Total	3,895	14,556	16,055	12,806	7,773	2,699	57,784

Breakdown of the remaining Unitary Charge;

Although the payments made to the contractor are described as unitary charge, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

PFI Scheme	Within 1 year £'000	Within 2-5 years £'000	Within 6-10 years £'000	Within 11-15 years £'000	Within 16-20 years £'000	Within 21-25 years £'000	Total £'000
Sir Thomas Wharton College	1,583	6,910	11,046	10,593	6,819	0	36,951
Mexborough Science College	1,615	7,049	11,267	10,805	6,955	0	37,691
Waste Management PFI	6,275	27,635	39,022	44,826	52,916	52,025	222,699
Total	9,473	41,594	61,335	66,224	66,690	52,025	297,341

36 Pensions Schemes Accounted For As Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme. The scheme is a Defined Benefit scheme administered by the Department for Children, Schools and Families. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

Although the scheme is unfunded, teachers' pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees so for the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/16, the Council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £6.25m (£5.87m in 2014/15), which represents 16.5% of teachers' pensionable pay (14.1% in 2014/15). In addition a further sum of £3.35m (£3.36m in 2014/15) was paid to former teachers representing the cost of added years and related increases. Amendments to the scheme came into force in 1997/98 under the Pensions Act 1995 making employers responsible for additional costs of the scheme.

NHS Pension Scheme

Public Health staff transferred into the Council on 1st April 2013. These staff are members of the NHS Pension Scheme. The scheme is a Defined Benefit scheme administered by NHS Pensions as a multi-employer scheme in which the Council's liability cannot be separated out. It provides staff with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees so for the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/16, the Council's contribution to Public Health staff in respect of retirement benefits was £0.15m (£0.17m in 2014/15) which represents 14.3% of related pensionable pay.

37 Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

Local Government Pension Scheme

The Council participates in the South Yorkshire Pension Scheme which is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge we are required to make against Council Tax is based on the cash payable in the year so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The Council has given an undertaking to assume responsibility for liabilities relating to the South Yorkshire Pension Fund relating to staff transferred to St Leger Homes of Doncaster Ltd which was formed on 1st October 2005 to provide housing management and other services on behalf of the Council and Doncaster Children's Services Trust which became operational on 1st October 2014 to provide children's services on behalf of the Council.

Local Government Pension Scheme	2014/15 £'000	2015/16 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
Current service cost	20,883	26,504
Past service costs	445	487
(gains)/loss from settlements	(3,415)	1,266
SLHD pre-transfer net pension liability	4,988	(2,287)
DCST pre-transfer net pension liability	0	3,163
Financing and Investment Income and Expenditure		
Net Interest expense	11,886	12,213
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	34,787	41,346
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(74,074)	21,322
Actuarial gains and losses arising on changes in financial assumptions	182,204	(72,731)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	108,130	(51,409)
Movement in the Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(6,159)	(13,286)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	28,628	28,060

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit plans is as follows: -

Local Government Pension Scheme	2014/15 £'000	2015/16 £'000
Present value of the defined benefit obligation	(1,326,086)	(1,314,460)
Fair value of plan assets	937,946	953,238
Net Liability arising from defined benefit obligation	(388,140)	(361,222)

Reconciliation of the Movement in the Fair Value of Scheme (Plan Assets)

Local Government Pension Scheme	2014/15 £'000	2015/16 £'000
Opening fair value of scheme assets	844,246	937,946
Interest Income	35,771	29,441
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	74,074	(21,322)
- Other - Admin Expenses & Settlements	(28,434)	(437)
Contribution from employer	51,038	16,855
Contributions from employees into the scheme	7,010	6,901
Benefits paid	(37,308)	(38,380)
Closing balance at 31st March	946,397	931,004
Movement in SLHD plan assets pre-transfer	(8,451)	(3,059)
Movement in DCST plan assets pre-transfer	0	25,293
Closing balance at 31st March	937,946	953,238

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Local Government Pension Scheme	2014/15 £'000	2015/16 £'000
Opening balance at 1 st April	(1,140,507)	(1,326,086)
Current service cost	(20,883)	(26,504)
Interest cost	(47,657)	(41,654)
Contributions from scheme participants	(7,010)	(6,901)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in financial assumptions	(182,204)	72,731
Past service cost	0	(50)
Losses/(gains) on curtailments	(948)	(1,266)
Benefits paid	37,308	38,380
Liabilities extinguished on settlement	32,352	0
Movement in SLHD scheme liabilities pre-transfer	3,463	5,346
Movement in DCST scheme liabilities pre-transfer	0	(28,456)
Closing balance at 31st March	(1,326,086)	(1,314,460)

In October 2014 the Council made a one-off payment to the Pension Fund of £28.013m to cover future deficit liabilities for the period from 2014/15 to 2016/17. In line with the Council's accounting policies £5.603m was accounted for in 2014/15, £11.205m is accounted for in 2015/16 with the remainder (£11.205m) being offset against the pension liability on the balance sheet. Over the next financial year, the pension reserve (note 20d, £372.427m) and the net pension liability (£361.222m) will be brought into line as the prepayment arrangements are accounted for in 2016/17.

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2014/15 £'000	2015/16 £'000
Cash and cash equivalents	15,288	16,694
Equity Instruments:		
UK quoted	181,024	172,030
Overseas quoted	377,523	377,406
Bonds		
UK Government fixed	7,222	564
UK Government indexed	112,554	114,188
Overseas Government fixed	23,918	25,882
UK other	48,305	47,137
Overseas other	6,002	12,874
Property		
UK Direct	88,261	96,646
Property Funds	14,069	14,790
Alternatives		
Pooled Investment Vehicles	63,780	75,027
Total	937,946	953,238

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been estimated by Mercer Human Resource Consulting Limited, an independent firm of actuaries, estimates for the Council fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary have been;

Beginning of period		End of period
	Mortality assumptions:	
	Longevity at 65 for current pensioners	
23.0	Men	23.0
25.6	Women	25.7
	Longevity at 65 for future pensioners	
25.3	Men	25.4
28.4	Women	28.5
2.0%	Rate of inflation	2.0%
3.75%	Rate of increase in salaries	3.75%
2.0%	Rate of increase in pensions	2.0%
3.3%	Rate for discounting scheme liabilities	3.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	25,329	(25,329)
Rate of inflation (increase or decrease by 0.1%)	25,436	(25,436)
Rate of salaries (increase or decrease by 0.1%)	6,023	(6,023)
Rate of pensions (increase or decrease by 0.1%)	25,436	(25,436)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(24,951)	24,951

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 21 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates paying £16.053m expected contributions to the scheme in 2016/17. The estimated weighted average duration of the defined benefit obligation for scheme members is 19 years.

West Yorkshire Superannuation Fund

Payments in 2015/16 totalling £0.059m (£0.058m in 2014/15) were made to the West Yorkshire Superannuation Fund being the Council's share of payments to employees of the former West Riding County Council incurred as a result of the Local Government Reorganisation in 1974.

38 Contingent Liabilities

St Leger Homes of Doncaster Ltd and Doncaster Children's Services Trust Pension Liability

The Council has given an undertaking to assume responsibility for liabilities relating to the South Yorkshire Pension Fund relating to staff transferred to St Leger Homes of Doncaster Ltd which was formed on 1st October 2005 to provide housing management and other services on behalf of the Council and Doncaster Children's Services Trust which became operational on 1st October 2014 to provide children's services on behalf of the Council. The element relating to the pension liability prior to the transfers is included in the Council's own accounts. The actuary has assessed the post transfer deficits at £11.828m and £1.054m respectively as at 31st March 2016. The Council considers it unlikely that these guarantees will be exercised so they are disclosed as a contingent liability in the Council's own accounts.

Doncaster Culture & Leisure Trust (DCLT) Pension Liability

The Council provides the third party guarantee for the DCLT pension deficit liability. The actuary has assessed this deficit to be in the order of at £3.0m as at 31st March 2016. The Council considers it unlikely that this guarantee will be exercised so this is disclosed as a contingent liability in the Council's own accounts.

Municipal Mutual Insurance Ltd (MMI)

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent then a claw back clause would be triggered with the Council liable to repay MMI. This Scheme of Arrangement was triggered in November 2012 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. An initial levy set at 15% by the administrators has been paid in 2013/14 with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28% at that time. However, in January 2016 MMI advised that due to volatile classes remaining uncertain the Levy range had been extended to be 15%-34%. Whilst a further Levy notice was issued in March 2016 for a further 10% repayment, the Council's provision has been set at 34%, being the upper limit as advised by MMI, totalling £1.795m. This contingent liability covers the remaining claims up to 100% (£5.881m).

Sterefibre stockpile

In Partnership with other Councils, Doncaster Council contracted for the treatment and disposal of a proportion of its residual waste. Some of the material produced from the waste has been successfully deployed but since the contractor went into administration in Autumn 2012, the majority of the material remains stockpiled at a site in Doncaster owned by a third party. The administrator has advised that contractually the ownership of the material has now been passed onto the site owner. Doncaster Council served a planning enforcement notice on the site owner to remove the fibre by 30th October 2013 and Planning Committee subsequently agreed to extend the period for compliance to 30th October 2014 for the consideration of various options but the notice has not been complied with and the fibre remains on site. The Council has obtained external legal advice that confirms there is no basis for the site owner to recover costs from the Council. Depending on a number of future events the Council may or may not need to act under its Default Powers to remove the material itself. If this is the case, the cost of removing and disposing of the material may not be insignificant and the likelihood of fully recovering the costs from the site owners is still to be verified. The value of any liability cannot be measured with sufficient reliability because it depends on the actions of the third party and subsequent decisions of the Planning Committee. The Council is in the process of considering the most appropriate course of further action which will seek to mitigate the level of risk.

39 Contingent Assets

Claims for Recovery of Tax

The Council is pursuing an outstanding claim against HMRC in respect of the recovery of landfill tax where material was put to certain uses by the landfill operator on site. The claim dates back to October 1996. The quantity and strength of the claim remains under review. There has been no change to our position during 2015/16.

40 Trust Funds

Trust Funds are held for specified purposes in which the Council has an interest but do not form part of the Council's finances. They are maintained by the Council and, where appropriate, invested by the Council as trustee either externally or in the consolidated loans and advances pool. Further details on the Trust can be obtained upon request.

41 Deferred Liabilities

These liabilities totalling £60.501m (£46.198m at 31st March 2015) are payable in a period exceeding 12 months and include the following: -

- a) £8.302m (£9.928m at 31st March 2015) in respect of debt taken over from the former South Yorkshire County Council which by arrangement are payable over a repayment period ending 31st March 2021 and for which the Council's loan management rests with Rotherham MBC;
- b) £52.199m (£36.270m at 31st March 2015) relating to PFI schemes' long term liabilities as disclosed in Note 12 and 35.

Housing Revenue Account

Comprehensive Income and Expenditure Account

The Housing Revenue Account reflects a statutory obligation to account separately for Local Authority housing provision, as defined in particular in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (maintenance and administration) and how these are met by rents, subsidy and other income.

From 1st October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arms' Length Management Organisation, limited by guarantee and wholly owned by the Council.

2014/15 £'000		Notes	2015/16	
			£'000	£'000
	Expenditure			
10,233	Repairs and maintenance		9,719	
23,499	Supervision and management		21,478	
1,051	Rents, rates, taxes and other charges		915	
	Depreciation of Property, Plant & Equipment	8		
20,100	On dwellings		20,751	
554	On other assets		780	
(5,880)	Impairment of Property, Plant & Equipment	9	2,507	
16	Debt management costs		6	
673	Increased provision for bad or doubtful debts		317	
50,246				56,473
	Income			
(72,935)	Dwelling rents (gross)		(74,870)	
(813)	Non-dwelling rents (gross)		(819)	
(860)	Charges for services and facilities		(327)	
(39)	Contributions towards expenditure		(664)	
(74,647)				(76,680)
(24,401)	Net cost of HRA Services as included in the whole authority Income and Expenditure Account			(20,207)
712	HRA share of Corporate and Democratic Core			760
(23,689)	Net Cost of HRA Services			(19,447)
	HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account			
19,390	(Gain) or Loss on sale of HRA Property, Plant & Equipment			12,647
11,746	Interest payable and similar charges			11,778
(110)	Interest receivable and similar income			(95)
(1,339)	Capital Grants and Contributions			(1,037)
5,998	(Surplus) or Deficit for the year on HRA services			3,846

Movement on the HRA Statement

This statement identifies those amounts in addition to the HRA Income and Expenditure Account surplus or deficit for the year that are required by statute to be charged to or credited to the HRA Balance. The reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.

2014/15		Notes	2015/16	
£'000			£'000	£'000
(5,929)	Balances on the HRA at the end of the previous year			(6,127)
5,998	(Surplus) or deficit for the year on the HRA Income and Expenditure statement		3,846	
(6,196)	Adjustments between accounting basis and funding basis statute		(4,579)	
(198)	(Increase) or decrease in year on the HRA			(733)
(6,127)	Balance on the HRA at the end of the current year			(6,860)

Notes to the Housing Revenue Account

1 The number and type of dwellings in the Council's housing stock

31 st March 2015		31 st March 2016
16,675	Houses and bungalows	16,629
2,428	Low-rise flats and maisonettes	2,410
1,405	Medium and high-rise flats	1,401
20,508	Total	20,440

2 Major Repairs Reserve (MRR)

2014/15		2015/16
£'000		£'000
(21,187)	Balance as at 1 st April	(11,128)
(554)	Transfer Depreciation Non Dwellings to MRR	(780)
(20,100)	Transfer Depreciation Dwellings to MRR	(20,751)
30,713	Financing of capital expenditure	29,098
(11,128)	Balance as at 31st March	(3,561)

3 Rent arrears, excluding amounts collectable on behalf of other agencies

31 st March 2015		31 st March 2016
£'000		£'000
1,472	Former Tenants Rent Arrears	1,271
2,256	Current Tenants Rent Arrears	1,968
3,728	Total	3,239

The bad debt provision in respect of all un-collectable rent arrears was £1,737,002 (£2,036,352 in 2014/15). The aggregate balance sheet provision in respect of all un-collectable debts relating to the Housing Revenue Account was £1,925,955 (£2,481,929 in 2014/15).

4 Movement of Property, Plant & Equipment

2014/15 Total £'000		Council Dwellings £'000	Other Operational Land & Buildings £'000	Other Property, Plant & Equipment £'000	2015/16 Total £'000
	Cost or Valuation				
523,732	At 1st April 2015	509,735	11,664	13,541	534,940
48,091	Additions	34,636	838	7,722	43,196
(16,466)	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,905)	1,131	(489)	(14,263)
3,170	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,213)	136	(300)	(7,377)
(3,250)	De-recognition – disposals	(3,075)	0	(2,952)	(6,027)
(20,672)	De-recognition – other	(10,461)	(59)	(974)	(11,494)
(150)	Assets reclassified (to)/from Held for Sale	0	0	0	0
485	Reclassifications within PPE	203	(579)	164	(212)
534,940	At 31st March 2016	508,920	13,131	16,712	538,763
	Accumulated Depreciation and Impairment				
(22,084)	At 1st April 2015	(21,123)	(1,299)	(919)	(23,341)
(20,654)	Depreciation charge	(20,751)	(500)	(280)	(21,531)
16,671	Depreciation & Impairment written out to the Revaluation Reserve	14,955	807	8	15,770
3,756	Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	6,168	0	0	6,168
(1,044)	impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(852)	(504)	0	(1,356)
14	De-recognition – other	0	0	0	0
12	Assets reclassified (to)/from Held for Sale	0	0	0	0
(12)	Reclassifications within PPE	(5)	20	(6)	9
(23,341)	At 31st March 2016	(21,608)	(1,476)	(1,197)	(24,281)
511,599	Net Book Value as at 31st March 2016	487,312	11,655	15,515	514,482

5 Vacant possession value of dwellings

The vacant possession value of dwellings within the HRA following annual revaluation as at 1st April 2015 was £1.544 billion. A difference arises between the vacant possession valuation £1.544 billion and the valuation used for balance sheet purposes of £479 million because the latter represents the social housing value of tenanted dwellings. The difference £1.065 billion indicates the economic cost to Government of providing Council Housing at less than open market rents.

6 Capital expenditure on land, houses and other property within the HRA and the sources of funding.

2014/15 £'000		2015/16 £'000
	Capital expenditure per asset classification:	
46,095	Council Dwellings	34,636
40	Other operational Land and Buildings	838
1,597	Vehicles Plant and equipment	3,847
359	Infrastructure	0
0	Assets Under Construction	3,875
0	Intangible Assets	65
48,091		43,261
	Sources of funding:	
(29)	Useable Capital Receipts	(32)
(1,239)	Capital Grants and Contributions	(1,309)
(30,713)	Major Repairs Reserve	(29,075)
(5,934)	Direct revenue financing	(9,172)
(10,176)	Unsupported borrowing	(3,673)
(48,091)		(43,261)

7 Capital receipts from the disposals of land, houses and other property within the HRA

2014/15 £'000		2015/16 £'000
4,431	Houses (Council Dwellings)	4,775
224	Land	95
4,655	Total	4,870

8 Depreciation charged to the HRA

2014/15 £'000		2015/16 £'000
20,100	Council Dwellings	20,751
380	Other Land and Buildings	500
174	Other PPE	280
20,654		21,531

9 Impairment charge to HRA.

2014/15 £'000		2015/16 £'000
5,250	Revaluation Loss on Council Dwellings	9,622
74	Revaluation Loss relating to non-Council Dwelling Assets	882
364	Impairment due to Council Dwelling demolition in year and proposed future	308
658	Consumption of Economic Benefit re Council Dwellings	484
(12,226)	Reversal of previous impairment loss re Council Dwellings	(8,789)
(5,880)		2,507

10 Revenue Expenditure Funded from Capital Under Statute

In 2015/16 and 2014/15 the costs to the HRA were nil.

Collection Fund

The account reflects the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund, which accounts for the income from Council Tax, National Non-Domestic Rates (NNDR). This income finances the net expenditure requirements of the authorities within the Doncaster Council area, including the Council itself, the South Yorkshire Joint Authorities and Parish Councils. The Collection Fund accounts are prepared on an accruals basis. There is no requirement for a separate Collection Fund Balance Sheet and Collection Fund balances are consolidated into the Council's balance sheet.

Collection Fund Account

2014/15 £'000		Notes	2015/16 £'000
	Amounts required by statute to be credited to the collection fund		
(104,533)	Council Tax (showing the amount receivable, net of benefits discounts for prompt payments and transitional relief)	1	(108,767)
(92,362)	NNDR (showing the amount receivable, net of discretionary and mandatory reliefs)	2	(96,006)
(3,116)	Contributions towards previous year's Collection Fund deficit - NNDR		(2,381)
(200,011)	Total Income		(207,154)
	Amounts required by statute to be debited to the collection fund		
	Precepts and demands from major preceptors and the authority – Council Tax	3	
85,215	- Doncaster Council		88,602
10,793	- South Yorkshire Police Authority		11,220
4,830	- South Yorkshire Fire and Rescue Authority		5,022
	Shares of non-domestic rating income to major preceptors and the (billing) authority – NNDR		
44,271	- Doncaster Council		45,789
903	- South Yorkshire Fire and Rescue Authority		934
45,174	Payment with respect to central share (including allowable deductions) of the non-domestic rating income to be paid to central Government by billing authorities		46,723
757	Transitional protection payments NNDR		680
	Impairment of debts/appeals for Council tax		
374	- Write-offs of uncollectable amounts		563
551	- Allowance for impairment		466
	Impairment of debts/appeals for NNDR		
1,151	- Write-offs of uncollectable amounts		2,381
3,641	- Allowance for impairment		(1,620)
370	Charge to General fund for allowable collection costs for NNDR		374
2,968	Contributions towards previous years Collection Fund surplus for Council Tax		2,968

2014/15		Notes	2015/16
200,998	Total Expenditure		204,102
	Opening fund balance		
(6,359)	- Council Tax		(6,160)
3,326	- NNDR		4,114
	Closing fund balance		
(6,160)	- Council Tax		(6,085)
4,114	- NNDR		989
	Movement on fund balance		
199	- Council Tax		75
788	- NNDR		(3,125)
	Accumulated (surplus)/deficit of the collection fund (Council Tax) is attributable to the following:		
(5,197)	- Doncaster Council		(5,134)
(664)	- South Yorkshire Police Authority		(656)
(299)	- South Yorkshire Fire and Rescue Authority		(295)
(6,160)			(6,085)
	Accumulated (surplus)/deficit of the collection fund (NNDR) is attributable to the following:		
2,016	- Doncaster Council		485
2,057	- Central Government		494
41	- South Yorkshire Fire and Rescue Authority		10
4,114			989

Notes to the Collection Fund Account

1 Council Tax

Income from Council Tax is derived from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated values as at 1st April 1991. The Tax Base calculation is based upon the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for the Local Council Tax Support (LCTS) scheme, discounts and exemptions. Individual charges are calculated by estimating the amount of income required to fund the demands on the Collection Fund and then dividing this by the Tax Base (see note 3).

The table below shows the number of properties in each band and the equivalent number of Band D properties: -

Band	Number of Dwellings in the Band	Less Local Tax Support, Exemptions, Discounts & Other Changes	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2015/16 (Excluding Parishes) £
A	79,264	(27,544)	51,720	6/9	34,480	£906.37
B	23,651	(3,616)	20,035	7/9	15,583	£1,057.47
C	14,319	(1,748)	12,571	8/9	11,174	£1,208.51
D	8,661	(654)	8,007	1	8,007	£1,359.57
E	4,197	(287)	3,910	11/9	4,779	£1,661.69
F	1,854	(60)	1,794	13/9	2,591	£1,963.83
G	825	(24)	801	15/9	1,335	£2,265.94
H	122	(61)	61	18/9	122	£2,719.14
Total	132,893	(33,994)	98,899		78,071	
					(2,342)	
					75,729	

Reconciliation of Council Tax income to the tax base

2014/15		2015/16
76,564	No of Band D properties	78,071
£1,333.56	Band D rate	£1,359.57
£1,799,109	Parish Precepts	£1,885,611
£'000		£'000
(103,902)	Estimated Income	(108,029)
(631)	In year changes	(738)
(104,533)	Income	(108,767)

The in year changes in 2015/16 are due to an increase in the number of band D properties to 76,220, compared with 75,729 used in the calculation of the budget. This is mainly attributable to 698 fewer Local Council Tax Scheme discounts being awarded and lower than expected growth of 207 dwellings.

2 NNDR

Under statutory arrangements, NNDR are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property. The multiplier is set nationally by Central Government and local rateable values are provided by the Valuation Office Agency (VOA). In 2015/16 the Standard Rate was 49.3p (48.2p in 2014/15) and the Small Business Rate was 48.0p (47.1p in 2014/15).

Since 1st April 2013 and the introduction of the Local Government Finance Act 2012, NNDR are shared between central and local Government. 50% of local NNDR income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire and Rescue Authority) and 50% is passed to Central Government. The local retention of NNDR model calculates the difference between each Council's individual NNDR baseline and their calculated baseline funding level and either a top up or a tariff will be paid to Councils from central Government. The emphasis of these reforms is to move Local Government funding away from a needs based system to one based on NNDR. Central Government have made it clear there will be no updating of needs in this new system until at least 2020. Doncaster Council received top-up funding of £26.972m, which represents the difference between our individual business rate baseline funding level of £42.339m and the calculated baseline level of £69.312m.

The NNDR collectable after reliefs and provisions was £96.0m in 2015/16 (£92.4m in 2014/15) and was based on a rateable value for the Council's area of £233,555,877 as at 30th March 2016 (£229,111,327 as at 28th March 2015). Full revaluations are carried out every five years and the next revaluation was due in April 2015, however Central Government announced in October 2012 the decision to postpone the next business rates revaluation until 2017.

3 Precepts and Demands

Expenditure requirements financed by the Collection Fund: -

	Net Budget Requirement	Band D Equivalent Dwellings	Band D Council Tax
	£'000		£
Doncaster Council Demand *	86,717	75,729	1,145.09
S Y Police Authority	11,220	75,729	148.16
S Y Fire and Rescue Authority	5,022	75,729	66.32
Total	102,959		1,359.57

* Excludes Parish Precepts of £1,855,611

Glossary

Accounting Period

The period of time covered by the accounts is normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

Accounting Policies

These are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

Amortisation

An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.

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.

Budgets

A statement of the Council's forecast spend, i.e. net revenue expenditure for the year.

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.

Capital Receipts

The proceeds from the disposal of land or other Property, Plant & Equipment. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government and up to 4% of the balance of receipts can be used to fund revenue expenditure.

Capitalisation

Capitalisation is the means by which the Department for Communities and Local Government, exceptionally, permits local authorities to treat revenue costs as capital costs. This means that these costs can be funded from capital, including by borrowing or use of capital receipts, and enables authorities to meet these costs over a number of years. Capitalisation is a relaxation of accounting convention, that revenue costs should be met from revenue resources. It also permits authorities to borrow for revenue purposes, with implications for the levels of public sector borrowing. As such, capitalisation is strictly controlled and subject to an application process, with applications assessed against clear criteria.

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.

Chartered Institute of Public Finance and Accountancy ('CIPFA')

The Chartered Institute of Public Finance and Accountancy is the professional body for people in public finance.

Collection Fund

A fund administered by the Council recording receipts from Council Tax, National Non-Domestic Rates and payments to the General Fund

Community Assets

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks, historic buildings, museum exhibits and works of art.

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.

Council Tax

A banded property tax, based on assessed property values at 1st April 1991, that is levied on domestic properties.

Credit Risk

The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

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.

Dedicated Schools Grant ('DSG')

A ring-fenced grant for schools paid by the Department for Education (DfE) to the Council.

Defined Benefit Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

De-Recognition

The process applied to assets that are no longer deemed to be controlled by the Council, either by sale, demolition or any other form of disposal.

Donated Assets

Assets that are received or acquired as gifts from other entities.

Earmarked Reserve

A sum set aside in a reserve for a specific purpose.

Equity

The Council's value of total assets less total liabilities.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

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.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease

A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Council, in return for rental payments to the legal owner of the asset.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivable (debtors) and trade payable (creditors) and the most complex ones such as derivatives.

General Fund Balances

These are accumulated surpluses on the General Fund. They can be applied to reduce borrowing, reduce the Council Tax, or be held for use in future years.

General Fund Services

This comprises all services provided by the Council with the exception of services relating to the provision of local Council housing which is accounted for in the Housing Revenue Account. The net cost of General Fund services is met by Council Tax, Government grants and National Non-Domestic Rates.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

Heritage Assets

Heritage assets are held and maintained by the Council principally for their contribution to knowledge and culture. Heritage assets can have historical, artistic, scientific, geophysical or environmental qualities.

Historic Cost

This represents the original cost of acquisition, construction or purchase of a non-current asset.

Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central Government.

Housing Revenue Account ('HRA')

This account includes all revenue expenditure and income relating to the provision, maintenance and administration of Council housing. It is a statutory requirement that the account be maintained separately ('ring-fenced') from General Fund services.

Impairment

A reduction in the value of a fixed asset not caused by general changes in market values, e.g. obsolescence or physical damage.

Infrastructure Assets

These are assets where ownership cannot be transferred and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and drainage facilities.

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.

International Financial Reporting Standards ('IFRS')

International Financial Reporting Standards are principles-based Standards, Interpretations and the Framework adopted by the International Accounting Standards Board ('IASB').

Investments

A long-term investment is an investment that is being held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can be clearly demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

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.

Liquid Resources

Current asset investments that are readily disposable by the Council without disrupting its business and are either: -

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

Local Authority (Scotland) Accounts Advisory Committee ('LASAAC')

The CIPFA/LASAAC Local Authority Code Board is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting

Long-Term Contract

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

Major Repairs Allowance

A revenue grant received as part of the Council's Housing Subsidy used to finance major housing repairs.

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

Minimum Revenue Provision ('MRP')

This is the minimum amount that must be charged to the Council's revenue account each year to provide for the repayment of loans used to finance capital expenditure.

National Non-Domestic Rates ('NNDR')

These are often referred to as Business Rates and are a levy on business properties. NNDR are collected by the Council and paid into their Collection Fund. This amount is then distributed 49% to the Council's General Fund, 1% to the SY Fire and Rescue Authority and 50% to central Government. The central Government share is then redistributed nationally, partly back to local authorities through Revenue Support Grant.

Net Book Value ('NBV')

The amount at which Property, Plant & Equipment are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

Net Expenditure

Gross expenditure less specific grants and income for charging for services.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Non-Current Assets

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.

Non-Distributed Costs

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

Operating Lease

A lease other than a finance lease. This is a method of financing assets, which allows the Council to use but not own an asset in exchange for rental payments but where the risks and rewards of ownership are not substantially transferred.

Operational Assets

These are non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a responsibility.

Post Balance Sheet Events

Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed and authorised for issue by the responsible financial officer.

Precept

The proportion of total Council Tax that is due to local parishes and various authorities, e.g. the Police, Fire and Rescue Authorities and which is collected on their behalf by the Council.

Prior Year Adjustments

Material adjustments, applicable to prior years and arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

Private Finance Initiative ('PFI')

A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.

Property, Plant & Equipment

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.

Provisions

Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.

Public Works Loan Board ('PWLB')

A Government agency that provides long-term loans to local authorities at interest rates lower than prevailing market rates. The Council is able to borrow a proportion of its capital financing requirement from this source.

Rateable Value

The annual assumed rental of a hereditament, which is used for NNDR purposes.

Recharges

The transfer of costs within the Council from one account to another to reflect work undertaken on behalf of another service.

Related Party

For the Council's purposes, related parties are deemed to include the elected Members of the Council and their partners; the Chief Officers of the Council and the companies in which the Council has an interest.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

Residual Value

The net realisable value of an asset at the end of its useful life.

Retail Price Index Excluding Mortgage Interest Payments ('RPIX')

The RPIX is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a basket of retail goods and services equivalent to the all items Retail Price Index (RPI) excluding mortgage interest payments.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revaluation Reserve

Records unrealised revaluation gains arising (since 1st April 2007) from holding non-current assets.

Revenue Contributions

A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement.

Revenue Expenditure

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

Revenue Support Grant ('RSG')

This is a Government grant paid to the Council to finance the Council's general expenditure. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Ring Fencing

This refers to the statutory requirement that certain accounts such as the Housing Revenue Account must be maintained separately from the General Fund services.

Service Reporting Code of Practice ('SeRCOP')

The Service Reporting Code of Practice is published by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and provides guidance for accounting and defines the cost data for performance indicators.

Specific Government Grants

These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.

Termination Benefits

These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Trust Funds

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

Useful Life

The period over which the Council will derive benefits from the use of a fixed asset.

Independent auditor's report to the members of Doncaster Metropolitan Borough Council

We have audited the financial statements of Doncaster Metropolitan Borough Council for the year ended 31 March 2016 on pages 12 to 96. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and Corporate Services and auditor

As explained more fully in the Statement of the Director of Finance and Corporate Services Responsibilities, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Corporate Services; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Statement for the financial year for which the financial

statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014. We have nothing to report in respect of these matters.

Conclusion on Doncaster Metropolitan Borough Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Doncaster Metropolitan Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Doncaster Metropolitan Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Doncaster Metropolitan Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Doncaster Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

Due to work on the WGA Return not being completed by the 19th August 2016

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.



Clare Partridge
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
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19 August 2016