

# STATEMENT OF ACCOUNTS 2018/19



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Doncaster  
Council

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## **Narrative Report**

### **Introduction**

The accounts of such a large and diverse authority as Doncaster Council are, by their nature, both technical and complex. The information contained within the Statement of Accounts for 2018/19 is presented in a simple and clear manner. The narrative report provides information on the Council, its main objectives and strategies and the principal risks that it faces, as well as providing a commentary on how the Council (including the Group Accounts) has used its resources to achieve its desired outcomes in line with its objectives and strategies.

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 2018/19 (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.

None of the external links contained within the Statement of Accounts are audited by the external auditors.

**We maintain 19 Parks**

4 are registered parks of special interest; these are

- Brodsworth Hall
- Cusworth Park
- Hickleton Hall
- The Dell, Hexthorpe

**The Doncaster Cup**

is the oldest continuing regulated horserace in the world. It was established in 1766, and originally called the Doncaster Gold Cup.

**It pre-dates Doncaster's St. Leger Stakes by ten years.**

Painting by John Frederick Herring Sr. (d. 1865)

**The Population figure for Doncaster as at 2017 is 308,940.**

Age 0-15	59,224
Age 16-24	30,012
Age 25-49	99,977
Age 50-64	61,725
Age 65+	58,002

**There are 125 Schools in the Borough. 52 are maintained by the Council and 73 are academies**

School Type	Maintained	Academy
Primary	46	53
Secondary	0	19
Special school	4	1
Pupil Referral Unit	1	0
Free school alternative provision	1	0

**Doncaster's Mansion House, built between 1745 and 1749, is one of only three Mansion Houses remaining in the country**

Engraving by John Rogers from a drawing By Nathaniel Whittock 1829



## Doncaster Growing Together

A lot has been achieved since Doncaster Growing Together was launched in September 2017. Along with our Team Doncaster partners, the Council has been working towards our ambitions to grow together and responded to major reforms in this ever-changing world.

### Learning

- \* Doncaster is one of 12 areas in England chosen by the government as a **Social Mobility Opportunity Area**; this means that we have received a significant amount of investment to improve learning outcomes for disadvantaged children and young people.
- \* The **Big Picture Learning (BPL) School** is a new type of alternative educational provision. It is the first school to be funded through a Social Impact Bond and the first of its kind in the UK.
- \* **'100 Things to Do Before You're 11'** includes exciting, low cost or free, activities in Doncaster for children and families.
- \* The **University Technical College (UTC)** has been officially launched; it will open in September 2020, and specialise in advanced engineering, rail, and digital design.

### Working

- \* **'Advance'** is supporting people in Doncaster to 'Thrive in Their Chosen Vocation'. It focuses on supporting people into work as well as advancing in work, changing career or exploring self-employment. The first in a series of prospectuses has been launched offering career insights around the public sector.
- \* **Major infrastructure projects**, are transforming the town, stimulating private sector growth, attracting new investment and boosting the economy. This includes the **Unity Project**, which will transform brownfield land off Junction 5 of the M18 into a new community of around 3,100 new homes and 9,000 jobs. The new **Central Library and Museum** is one of several projects supporting the vision of Doncaster as an attractive destination to live, work, and visit.
- \* The 10th **Business Showcase** event was held in February. Visitor numbers have increased year on year and this year there were over 250 exhibitors and more than 1,500 delegates in attendance. The one-day business forum is now considered to be the largest business event in South Yorkshire, and brings local and regional businesses together to showcase their business, products and services, highlight business initiatives, share knowledge and ultimately network.

### Caring

- \* **'Complex Lives'** is an integrated, multi-skilled team, which works with very vulnerable residents who have a range of complex needs. It is delivering impressive results being a major contributor to the stabilisation and growth of Doncaster Town Centre. The model is also gaining national recognition as a model of good practice from a range of sources in the Housing, Health, and Criminal Justice fields.
- \* **'Doncaster Place Plan'** sees teams from across health and social care come together to test new innovative ways of working with our communities. This will focus on new models of care for older frail people in Thorne, and support families and young people to access children's services in Denaby and Hexthorpe.
- \* A **Joint Commissioning Strategy** has been completed – demonstrating the joint work between commissioners in the CCG, Social Care, and Public health. This is an exciting development that sets out our joint commissioning journey for the next two years.

### Living

- \* **'Get Doncaster Moving'** has received over £1m from Sport England to help local people become more physically active. 'Community Explorers' are now working to understand experiences and what influences people's ability to be physically active. We research the social impact of major social events and use the findings to plan events like the Tour de Yorkshire in 2019. A Cycle Track is being constructed at the Dome and will host the UCI Road World Championships, in September.
- \* **'Housing (Homes for All)'** has carried out a major study across our communities to understand our residents' current and future housing needs. The findings will support the development of suitable accommodation.
- \* **'Vibrant Town Centres'** has established an Integrated Town Centre Management Team, with partners working together to tackle anti-social behaviour, and support homeless and vulnerable people. Football has now increased, local businesses are reporting increased custom, and major events have taken place. The newly redeveloped Wool Market and surrounding area has provided a focus for visitors and events.
- \* **'Arts and Culture'** is supporting our thriving voluntary arts scene with over 200 local arts groups.

Almost **75,000** people visited the area when we opened the new Wool Market in March



**153** (almost 91%) of our Care leavers are in suitable accommodation



### How you contacted us

- 240,500 contacted us by phone
- 102,608 visited our one stop shop
- 193,809 contacted us online

Doncaster Council has **4163** Employees



The average wage rate for Doncaster was reported at **£519.60**

**92%** of our land and highways meet required cleanliness levels



Our Household Domestic waste has a **50%** recycle rate



## The Council's Performance

A lot of great achievements have happened this past year and since the launch of Doncaster Growing Together Prospectus in September 2017 making Doncaster a very different place to where it was.

Our economy has continued to grow bringing with it new high quality jobs, increased average wage rates and increased focus on raising skill levels and attainment for our residents. Our central location and new road links mean businesses continue to make their home here and there are new educational and training opportunities are coming to fruition. A programme of Town Centre events, hosting of another stage of the Tour de Yorkshire, along with the newly revamped Wool Market attracted much increased visitor levels to the area and created a sense of local pride and community spirit.

Our ambition aside, we still maintain priority on getting the basics right. New homes, education, bin collections and street cleaning remain at the forefront and along with our partners and our communities to achieve our long-term strategic goals for the borough - to ensure Doncaster is a thriving place to learn, work, live and care.

### Key achievements during 2018/19

- \* Homes built: 1327. We have now delivered over 1000 new homes for four consecutive years.
- \* Grass cutting is consistently at 99%.
- \* Residents in highly skilled occupations have increased from 30.8% to 31.7%.
- \* The proportion of major planning applications processed within timescales has been 94% - significantly higher than the national target of 70%.
- \* The total number of people living in residential care decreased by 32 this quarter to 1,219 almost achieving the target of 1,214
- \* March saw the launch of the newly transformed Wool Market with almost 75,000 people visiting the area during the opening weekend.
- \* Launch of the Doncaster University Technical College (UTC) took place at the end of February, with the new school set to open in September 2020 specialising in advanced engineering, rail and digital design
- \* The 10th Business Showcase was held in February 2019 at the Race Course. This year there were 250 exhibitors and 1,500 delegates, making this Business Forum the largest in South Yorkshire.
- \* Our rate of Children in Need is 400.91 per 10,000 population. This equates to 2,334 children and is a reduction of 211 from last year.
- \* The average number of days to process a new Council Tax Support application is 20.44 days, below the target of 25.
- \* The average number of days to process a new housing benefit claim for the year is 19.98. This is below the target and better than the last published national average target of 22 days
- \* The number of customer services initial contact with the public (online, phone, face to face) were reported at 115,404. The average wait time was 08:24.

## Current Strategic Risks

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. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.

There are currently 18 strategic risks. Further details can be found in the 2018-19 Quarter 4 Finance and Performance Improvement Report on the Council's website: -

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

The 4 risks with the highest current score are shown below: -

### Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid

#### Current Position:

Three data quality support officers are now in post, progressing a focused cleanse of existing data quality issues identified by the data quality working group. This process is running parallel to the DIPS data migration and is focused on preventing known data quality issues being transferred to the new system, and supporting a successful data migration.

The recruitment exercise for the Service Improvement Managers has partially completed. Two officers are now in post and the resourcing for this project is being assessed.

#### Mitigating Actions:

- \* The Data Quality working group is to be converted into a project board, and will continue to monitor the implementation of the action plan.
- \* The temporary resources being put in place will reduce the risk of data quality problems in the future. A Data Quality Risk Log and Recovery Log have been put in place.

### Savings from the Adults Health and Wellbeing Transformation Programme are not delivered as quickly as anticipated or are not achievable. Therefore alternative savings plans will be required in order to achieve the Medium Term Financial forecast.

#### Current Position:

The risk score has remained the same since it was increased in quarter 2. The savings expected during the year will not all be possible since the demand for services is not decreasing. However, since Q3 the financial projection reflects a more stable financial position after the actions that have been taken in the past 6 months.

The Strategic Lead Officer is responsible for the on-going implementation of the AHWB savings plan & for working with directorate colleagues to ensure that savings are delivered. A robust savings plan is in place for 19/20

The revised Your Life Doncaster Programme is now in place with a focus on 4 core areas:

- **Points of Access**
- **Integrated Area Based Working**
- **Strategic Commissioning**
- **Strengths Based Practice**

Included within this are specific savings targets arising from the transformation Programme that form part of the savings plan referred to above.

#### Mitigating Actions:

- \* Effective assurance through the new Your Life Doncaster governance arrangements.
- \* The development of a modelling tool that can identify to what extent the Programme's proposed and in-train interventions will contribute / are contributing to the achievement of the requisite financial savings target. This is a fundamental requirement, critical to informing decision making around prioritisation of effort and the phasing of delivery.



## Children and Young People do not achieve in line with national expectation

### Current Position:

Achievement at GLD and KS1 is now broadly in line with national expectation and these figures are expected to continue a trajectory of improvement.

KS2 outcomes increased significantly in 2018, closing the gap to national considerably. However, this gap needs to continue to lessen and the focused work of officers together with a range of initiatives around Reading and Maths should help KS2 outcomes maintain their trajectory of improvement.

### Mitigating Actions:

- \* Outcomes at KS4 still require significant improvement. The work of the Opportunity Area together with the improved school improvement offer for secondary schools through peer review and the successful SSIF bid around Reading are all positive indicators around the sector's determination to improve outcomes in 2019 and in future years.

## Failure to successfully prevent a major cyber attack

### Current Position:

Likelihood - Possible (3), Impact - Critical (5), therefore score once again 15. As stated repeatedly, this is unlikely to change in this environment; however, every measure is being taken to reduce risk wherever possible.

The Council has Cabinet Office PSN accreditation. The Council's ICT Security Officer is constantly focused on ensuring the best security in place for all current and new technology implemented across the Council, SLHD, and DCST.

All new technology is also governed by a Technology Governance to ensure all procured is compliant. An extensive upgrade programme is now progressing to ensure all technology remains secure as global software changes are implemented by our global key supplier.

### Mitigating Actions:

- \* Routine security patching as issued across the technology estate, all necessary accreditations in place and renewed as required.
- \* Regular health checks and required upgrades when necessary.

## Financial Performance

### Revenue Position: £2.1m underspend

The outturn position for the Council is a £2.1m underspend. The table below represents General Fund services only. The figures differ from those shown in the Core Financial Statements as these statements include both General Fund and the Housing Revenue Account (HRA).

	Gross Budget	Net Budget	Variance	
	£m	£m	£m	% Gross Budget
Adults Health and Wellbeing	152.6	73.4	0.7	0.5
Learning & Opportunities - Children & Young People	56.1	8.1	0.5	0.9
Doncaster Children's Services Trust (DCST)*	53.2	49.2	0.0	0.0
Corporate Resources	102.6	21.3	(1.4)	(1.4)
Regeneration & Environment	120.3	34.9	(1.5)	(1.2)
<b>Sub-total Services Budgets</b>	<b>484.8</b>	<b>186.9</b>	<b>(1.7)</b>	<b>(0.4)</b>
General Financing	7.2	6.6	(0.3)	(4.2)
Other Council-Wide budgets	3.6	(87.0)	(0.1)	(2.8)
<b>Sub-total Council Wide</b>	<b>10.8</b>	<b>(80.4)</b>	<b>(0.4)</b>	<b>(3.7)</b>
<b>Grand Total</b>	<b>495.6</b>	<b>106.5</b>	<b>(2.1)</b>	<b>(0.4)</b>

\* DCST forms part of the Learning & Opportunities - Children & Young People Directorate but is shown separately for monitoring purposes.

The Council has achieved a positive outturn position of £2.1m underspend for 2018/19, with underspends across the Council and one-off grant funding being utilised to manage the significant pressures and any shortfall in the delivery of savings. The social care pressures have been managed using circa. £10m one-off funding (£4m Minimum Revenue Provision (MRP) budget previously earmarked for capital purposes and £6m one-off grants for Adult Social Care). Although significant financial challenges remain for the future including considerable savings targets for 2019/20 and a £13m budget gap for 2020/21, this is a positive outturn position and will improve general reserves.

Further details can be found in the 2018-19 Quarter 4 Finance and Performance Improvement Report on the Council's website: -

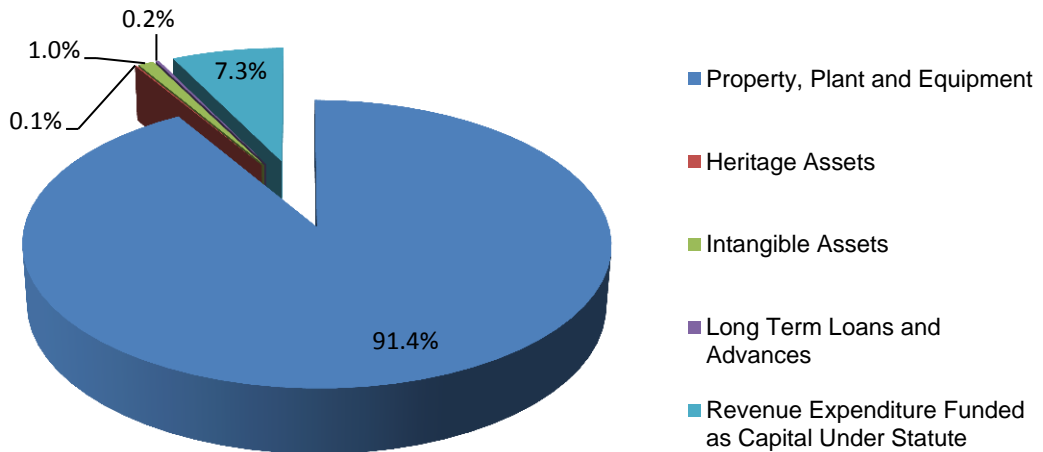
<http://www.doncaster.gov.uk/services/the-Council-democracy/corporate-plan>

## Capital Position

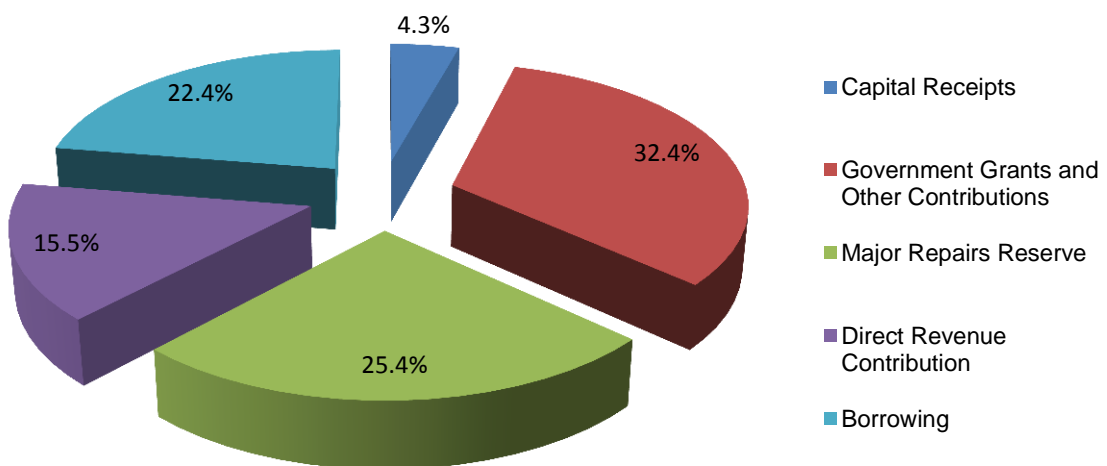
Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings, vehicles and roads. The distinction between capital and revenue expenditure is that the Council and its communities receive the benefit from capital expenditure over a longer period of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

The Council spent £87.1m on capital schemes which includes schemes such as the new central library and museum, the Herten Triangle development, adaptations for the disabled, creation of school places and the school condition programme.

### What the money was spent on (£87.1m)



### How the costs were financed (£87.1m)

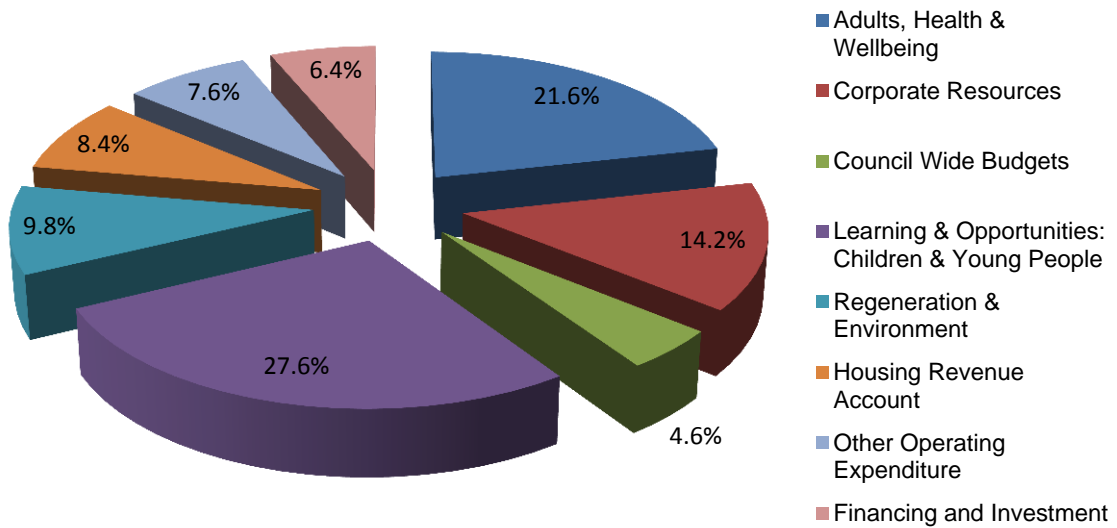


## Cost of the Council's Services

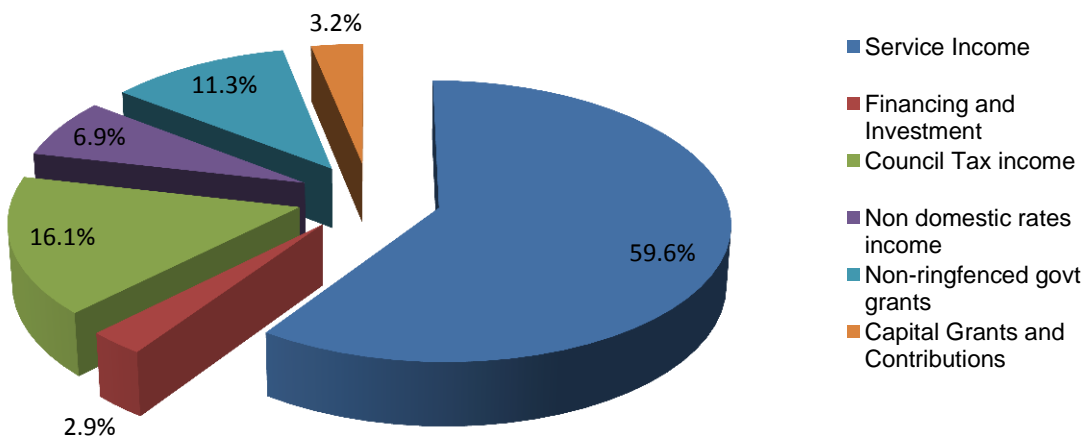
The Comprehensive Income and Expenditure Statement ('CI&ES') for 2018/19 shows the cost of running the Council's services and how that was funded between April 2018 and March 2019.

Overall expenditure on Council services was £729.6m, down £71.6m compared to 2017/18. Income was £667.7m, down £32.8m compared to 2017/18. The deficit on provision of services was £61.9m, down £38.8m compared to 2017/18. This was largely due to losses on the disposals of non-current assets in 2017/18 including Doncaster Rail College and several Sheffield City Region Investment Fund (SCRIF) capital grants in 2017/18 including Finningley and Rossington Regeneration Route Scheme extension and Doncaster Urban Centre (shown in the Grant Income note).

### CI&ES Expenditure (£729.6m)



### CI&ES Income (£667.7m)





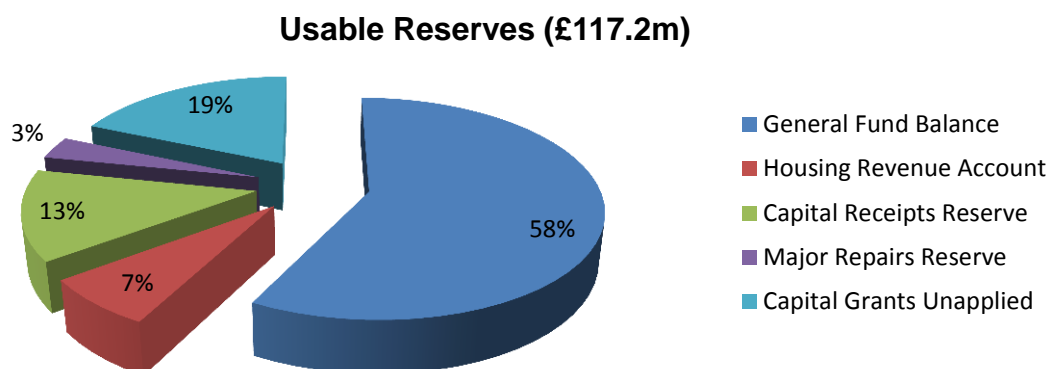
## Balance Sheet

The Council's net worth decreased by £56.8m from £552.8m to £496.0m which is mainly due to an increase in the liability related to defined benefit pension scheme, partially offset by an increase in Property, Plant & Equipment.

<b>Balance Sheet</b>	<b>31<sup>st</sup> March 2019</b>
	<b>£m</b>
Non-Current Assets (e.g. Property, Plant & Equipment)	1464.9
Current Assets (e.g. short term debtors)	139.1
Cash and cash equivalents (net)	(1.2)
Current Liabilities (e.g. short term creditors, short term borrowing)	(143.9)
Long Term Liabilities (e.g. long term borrowing, pension deficit)	(962.9)
<b>Net Worth (31<sup>st</sup> March 2018: £552.8m)</b>	<b>496.0</b>
<b>Financed by:</b>	
Usable Reserves (see below)	117.2
Unusable Reserves	378.8
<b>Net Worth (31<sup>st</sup> March 2018: £552.8m)</b>	<b>496.0</b>

## Usable Reserves

The Council's usable reserves decreased by £1.0m to £117.2m, this includes an increase in the General Fund reserves of £6.2m to £67.7m.



## Financial Outlook

### Revenue

The Council continues to face the significant challenge of setting a balanced budget with reducing funding and increasing costs, whilst continuing to invest in the borough and protecting the most vulnerable in our communities.

Whilst the financial circumstances that we face are not of our making, it is our responsibility to propose a robust, clear and balanced budget and that we face up to and deliver changes to our services to the best of our abilities in these very challenging circumstances. Difficult decisions are required to deliver the reductions to service budgets to contribute towards the overall funding gap in 2019/20, with a clear focus on early intervention and prevention, together with service demand management and targeting our resources to tackle inequalities. This includes the core areas of focus for transformational change within the 'all-age' Your Life Doncaster Programme, which are: early intervention and prevention / integrated area based working, front door, practice development and joint commissioning.

On 4<sup>th</sup> March 2019, the Council set a budget based on closing a budget gap of £21.4m in 2019/20 and £31.3m for the period 2019/20 to 2020/21. This increases the overall annual savings required from 2018/19 to £42.7m by 2021.

The £31.3m budget gap arises due to expected government grant reductions of over £22m a year from 2019/20, by 2020/21. On top of the grant reductions, the Council is facing significant expenditure pressures, including pay and price inflation, estimated at £31.3m in 2019/20 and increasing to over £38m by 2020/21. This is partially offset by expected reductions in expenditure due to grant exit strategies and increases in Council Tax income of £16.0m in 2019/20 increasing to over £28m by 2020/21.

The Council achieved a positive outturn position of £2.1m underspend for 2018/19, with underspends across the Council and one-off grant funding being utilised to manage the significant pressures and any shortfall in the delivery of savings. The social care pressures, relating to both Adults and Children, have been managed using circa. £10m one-off funding (£4m Minimum Revenue Provision (MRP) budget previously earmarked for capital purposes and £6m one-off grants for Adult Social Care). The 2019/20 budget provides the funding necessary to meet growth in the services and other service pressures, including £12.8m for Adult Social Care to meet the increasing costs of supported living placements and the impact of an ageing population across all services and providing £6.7m for children's services delivered by Doncaster Children's Services Trust (DCST).

The outturn position is a £2.1m improvement compared to the quarter 3 breakeven forecast position due to the continued close management of the budgets delivering greater savings particularly in Regeneration & Environment and Corporate Resources. Although significant financial challenges remain for the future including considerable savings targets for 2019/20 and following the use of one-off reserves, a £13m budget gap for 2020/21, this is a positive outturn position and will improve general reserves.

On 12<sup>th</sup> March, 2019, Cabinet took the decision to reconfigure the Doncaster Children's Services Trust (DCST) as an Arms Length Management Company (ALMO) which went live on the 4<sup>th</sup> April, 2019 and the contract was signed on 16<sup>th</sup> April, 2019.

On the 23<sup>rd</sup> June 2016, the United Kingdom (UK) voted to leave the European Union (EU). Article 50 was triggered on 29<sup>th</sup> March 2017 giving the UK 2 years of negotiations with the EU and the rest of the world. This deadline has been extended to 31<sup>st</sup> October 2019. The impact of leaving the EU continues to be uncertain and the Council will continue to monitor events closely.

## The Capital Programme

The Prudential Framework of Capital Finance introduced a new requirement for local authorities to prepare a Capital Strategy for the 2019/20 Capital Budget. The Capital Strategy outlines the principles and decision making process involved when approving the Capital Budget. The aim is to contribute to the achievement of the Council's priorities and objectives, through the regeneration of the Borough, improved infrastructure, improved efficiency and effective operation of services. This is to be delivered via an affordable programme of capital investment consistent with the Council's financial strategy.

Doncaster Council continues to invest in the future of the Borough despite the tough economic climate with an estimated £323m of capital investment over 2019/20 to 2022/23 that will continue to stimulate growth and prosperity, with £135.6m of spend estimated for 2019/20. The Council is investing in projects to further improve core services such as Education, Housing, Infrastructure, Leisure and Culture, as well as attracting investors and visitors to the Borough.

Prime examples of this investment are: -

- New Central Library and Museum £11.2m 2019/20 and 2020/21 (£15m overall for the programme including 2018/19). A new, combined Central Library, Archives, Museum and Art Gallery, along with other social and learning facilities located on the site of the former Girls' School on Waterdale, adjacent to the Civic Offices; scheduled for completion in 2020.
- DN7 Hatfield Link Road Project £10.9m 2019/20 (£15.9m overall for the programme including previous years). Delivery of 3km new road from J5 M18 to unlock Unity mixed use development comprising 3,100 houses, 395,000m<sup>2</sup> of commercial floor space and local centre, retail and educational facilities over a 30 year timeframe.

The Council also plans to set aside £3m in 2019/20 and a further £3m in 2020/21 under our Flexible use of Capital Receipts Strategy. This allows the Council to use capital receipts to fund expenditure that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in such a way that it reduces costs or demand for services in future years.

Further details on the Revenue Budget, Capital Strategy and Capital Budget can be found on the Council's website: -

<http://www.doncaster.gov.uk/services/the-council-democracy/revenue-and-capital-budget>

## 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 ('MiRS')** shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (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.

- **Expenditure and Funding Analysis ('EFA')** shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.



- **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 1<sup>st</sup> 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** statement 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 2018/19. The accounting policies are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There have been two significant changes in accounting policy during 2018/19: -

- IFRS 9 Financial Instruments. This covers 3 main areas: -
  - Classification and measurement of financial instruments into 3 new categories based on the business model for holding the instruments with an option to designate equity investments;
  - A new 3-stage expected credit loss model for impairment replacing the incurred loss model in IAS 39;
  - Hedge accounting
- IFRS 15 Revenue from Contracts with Customers. This introduces a 5-step approach for identifying the performance obligations in a contract and recognising revenue when or as an entity satisfies performance obligations.

## Prior Period Adjustment

The value of property, plant and equipment has been overstated since 2013/14 due to an incorrect valuation method having been used when revaluing Cast Theatre.

The Balance Sheet has been re-stated for changes to the property, plant and equipment, capital adjustment account and revaluation reserve totals. The relevant notes in the accounts supporting the values in Balance Sheet have also been re-stated.

The impact upon the CI&ES in 2017/18 would have been £0.3m. The CI&ES and notes have not been updated as this value has not been deemed to be material.

Further details are shown in Note A to the Core Financial Statements.

**Faye Tyas**  
**Head of Financial Management**  
**(Deputy Section 151 officer)**

**24<sup>th</sup> July, 2019**

## **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 Chief Financial Officer & Assistant Director - Finance;
- 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**

**24<sup>th</sup> July, 2019**

### **The Head of Financial Management - Finance Responsibilities**

The Head of Financial Management 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 Head of Financial Management 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.
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

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 31<sup>st</sup> March 2019.

**Faye Tyas  
Head of Financial Management**

**(Deputy Section 151 officer)**

**24<sup>th</sup> July, 2019**

## The Core Financial Statements

### Comprehensive Income and Expenditure Statement

2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
155,161	(74,532)	80,629	Adults, Health & Wellbeing	157,418	(80,102)	77,316
117,710	(94,533)	23,177	Corporate Resources	103,486	(80,278)	23,208
23,619	(429)	23,190	Council Wide Budgets	33,490	(998)	32,492
205,827	(135,370)	70,457	Learning & Opportunities: Children & Young People	200,977	(136,896)	64,081
75,793	(22,819)	52,974	Regeneration & Environment	71,349	(24,542)	46,807
65,377	(75,660)	(10,283)	Housing Revenue Account	61,014	(75,186)	(14,172)
<b>643,487</b>	<b>(403,343)</b>	<b>240,144</b>	<b>Net Cost of Services</b>	<b>627,734</b>	<b>(398,002)</b>	<b>229,732</b>
2,017	0	2,017	Parish Council Precepts	2,202	0	2,202
2,234	0	2,234	Payments to the Government Housing Capital Receipts Pool	2,006	0	2,006
107,796	0	107,796	(Gains) / Losses on the disposal of non-current assets	51,254	0	51,254
<b>112,047</b>	<b>0</b>	<b>112,047</b>	<b>Other operating expenditure</b>	<b>55,462</b>	<b>0</b>	<b>55,462</b>
21,574	0	21,574	Interest payable & similar charges	21,379	0	21,379
10,636	0	10,636	Pensions interest cost & expected return on pensions assets	9,649	0	9,649
0	(1,584)	(1,584)	Interest receivable & similar income	0	(2,391)	(2,391)
7	(354)	(347)	Income & expenditure in relation to investment properties & changes in their fair value	381	(179)	202
13,446	(16,128)	(2,682)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services	14,997	(16,503)	(1,506)
<b>45,663</b>	<b>(18,066)</b>	<b>27,597</b>	<b>Financing and investment income and expenditure</b>	<b>46,406</b>	<b>(19,073)</b>	<b>27,333</b>
0	(101,931)	(101,931)	Council tax income	0	(107,444)	(107,444)
0	(44,508)	(44,508)	Non domestic rates redistribution	0	(46,082)	(46,082)
0	(82,684)	(82,684)	Non-ring fenced Government grants (Note 34)	0	(75,492)	(75,492)
0	(49,945)	(49,945)	Capital grants and contributions (Note 34)	0	(21,565)	(21,565)
<b>0</b>	<b>(279,068)</b>	<b>(279,068)</b>	<b>Taxation and non-specific grant income</b>	<b>0</b>	<b>(250,583)</b>	<b>(250,583)</b>
<b>801,197</b>	<b>(700,477)</b>	<b>100,720</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>729,602</b>	<b>(667,658)</b>	<b>61,944</b>
		<b>(9,735)</b>	(Surplus) / Deficit on revaluation of non-current assets (Note 24a)			<b>(54,071)</b>
		<b>(89,882)</b>	Actuarial (gains) / losses on pension assets / liabilities (Note 24d)			<b>49,735</b>
		<b>25</b>	Available for sale financial assets (Note 24i)			<b>0</b>
		<b>0</b>	(Gains) / Losses on Revaluation of Financial Instruments (Note 24h)			<b>(858)</b>
		<b>(99,592)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(5,194)</b>
		<b>1,128</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>56,750</b>

## Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 24)	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restated Balance at 31<sup>st</sup> March 2018 brought forward</b>	<b>(61,500)</b>	<b>(6,523)</b>	<b>(13,884)</b>	<b>(7,910)</b>	<b>(28,429)</b>	<b>(118,246)</b>	<b>(434,530)</b>	<b>(552,776)</b>
<b>Movement in reserves during 2018/19</b>								
Total Comprehensive Income and Expenditure	47,843	14,101	0	0	0	61,944	(5,193)	56,751
Adjustments between accounting basis and funding basis under regulations (Note 10)	(54,085)	(15,841)	(1,735)	4,031	6,692	(60,938)	60,938	0
<b>(Increase) / Decrease in 2018/19</b>	<b>(6,242)</b>	<b>(1,740)</b>	<b>(1,735)</b>	<b>4,031</b>	<b>6,692</b>	<b>1,006</b>	<b>55,745</b>	<b>56,751</b>
<b>Balance at 31<sup>st</sup> March 2019 carried forward</b>	<b>(67,742)</b>	<b>(8,263)</b>	<b>(15,619)</b>	<b>(3,879)</b>	<b>(21,737)</b>	<b>(117,240)</b>	<b>(378,785)</b>	<b>(496,025)</b>

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 24)	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restated Balance at 31<sup>st</sup> March 2017 brought forward</b>	<b>(65,469)</b>	<b>(5,243)</b>	<b>(11,193)</b>	<b>(3,752)</b>	<b>(11,676)</b>	<b>(97,333)</b>	<b>(473,887)</b>	<b>(571,220)</b>
<b>Movement in reserves during 2017/18</b>								
Total Comprehensive Income and Expenditure	97,263	3,457	0	0	0	100,720	(99,592)	1,128
Adjustments between accounting basis and funding basis under regulations (Note 10)	(93,281)	(4,737)	(2,691)	(4,158)	(16,766)	(121,633)	121,633	0
Other Adjustments	(13)	0	0		13	0	0	0
<b>(Increase) / Decrease in 2017/18</b>	<b>3,969</b>	<b>(1,280)</b>	<b>(2,691)</b>	<b>(4,158)</b>	<b>(16,753)</b>	<b>(20,913)</b>	<b>22,041</b>	<b>1,128</b>
<b>Balance at 31<sup>st</sup> March 2018 carried forward</b>	<b>(61,500)</b>	<b>(6,523)</b>	<b>(13,884)</b>	<b>(7,910)</b>	<b>(28,429)</b>	<b>(118,246)</b>	<b>(451,846)</b>	<b>(570,092)</b>



## Balance Sheet

1 <sup>st</sup> April 2018 Restated		31 <sup>st</sup> March 2018 Restated		Notes	31 <sup>st</sup> March 2019	
£'000	£'000	£'000	£'000		£'000	£'000
1,501,649		1,410,096		Property, Plant & Equipment	12	1,437,381
10,163		10,114		Heritage Assets	13	9,273
3,725		2,503		Investment Property	14	1,738
4,311		4,462		Intangible Assets	15	4,156
7,838		4,051		Long Term Investments	16	4,909
7,605		7,468		Long Term Debtors	16	7,421
	<b>1,535,291</b>		<b>1,438,694</b>	<b>Long Term Assets</b>		<b>1,464,878</b>
540		344		Current Intangible Assets		0
17,124		53,351		Short Term Investments	16	55,295
1,500		5,601		Assets Held for Sale	20	13,355
1,590		1,054		Inventories		966
80,834		79,694		Short Term Debtors	17	69,450
6,529		16,145		Cash & Cash Equivalents	19	1,223
	<b>108,117</b>		<b>156,189</b>	<b>Current Assets</b>		<b>140,289</b>
(15,372)		0		Cash & Cash Equivalents	19	(2,466)
(22,100)		(96,558)		Short Term Borrowing	16	(83,889)
(43,772)		(49,929)		Short Term Creditors	21	(54,054)
(954)		(1,539)		Provisions	22	(1,597)
(1,921)		(903)		Revenue Grants Receipts in Advance	34	(833)
(3,851)		(4,188)		Capital Grants Receipts in Advance	34	(3,414)
	<b>(87,970)</b>		<b>(153,117)</b>	<b>Current Liabilities</b>		<b>(146,253)</b>
(14,544)		(14,879)		Provisions	22	(10,735)
(428,911)		(442,255)		Long Term Borrowing	16	(428,286)
(56,760)		(52,597)		Deferred Liabilities	16, 43	(49,075)
0		0		Donated Assets Account	34	(255)
(2,137)		(2,949)		Capital Grants Receipts in Advance	34	(3,103)
(499,510)		(376,310)		Liability related to defined benefit pension scheme	40	(471,435)
	<b>(1,001,862)</b>		<b>(888,990)</b>	<b>Long Term Liabilities</b>		<b>(962,889)</b>
	<b>553,576</b>		<b>552,776</b>	<b>Net Assets</b>		<b>496,025</b>
97,333		118,246		Usable Reserves		117,240
456,243		434,530		Unusable Reserves	24	378,785
	<b>553,576</b>		<b>552,776</b>	<b>Total Reserves</b>		<b>496,025</b>

This balance sheet was completed and authorised for issue on 24<sup>th</sup> July, 2019, the date to which events after the balance sheet date have been considered. These accounts present fairly the financial position of Doncaster Council as at 31<sup>st</sup> March 2019.

**Faye Tyas**  
**Head of Financial Management**  
**(Deputy Section 151 officer)**  
**24<sup>th</sup> July, 2019**

## Cash Flow Statement

31 <sup>st</sup> March 2018 £'000		31 <sup>st</sup> March 2019 £'000
(100,720)	Net surplus or (deficit) on the provision of services	(61,944)
162,492	Adjustments to net surplus or deficit on the provision of services for non-cash movements <b>(Note 25)</b>	160,035
(62,139)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities <b>(Note 25)</b>	(29,638)
<b>(367)</b>	<b>Net cash flows from Operating Activities</b>	<b>68,453</b>
<b>(59,251)</b>	<b>Investing Activities (Note 26)</b>	<b>(55,652)</b>
<b>84,606</b>	<b>Financing Activities (Note 27)</b>	<b>(30,189)</b>
24,988	Net increase or (decrease) in cash and cash equivalents	(17,388)
(8,843)	Cash and cash equivalents at the beginning of the reporting period	16,145
<b>16,145</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 19)</b>	<b>(1,243)</b>

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## Note A Prior Period Adjustment

The value of property, plant and equipment has been overstated since 2013/14 due to an incorrect valuation method having been used when revaluing Cast Theatre.

In 2013/14 a lease agreement should have been taken into consideration when revaluing Cast Theatre that would have reduced the value of the asset held on Balance Sheet by £17m. This caused property, plant and equipment, the revaluation reserve and the capital adjustment account all to be incorrectly stated.

An amended revaluation for 2013/14 was carried out and a prior period adjustment was completed to correct the figures.

An explanation of the differences between amounts presented in the Statement of Accounts for 2017/18 and 2018/19 is set out in the tables below: -

	<b>Approved SOA 31<sup>st</sup> March 2017</b>	<b>Valuation Restatement</b>	<b>Restated 1<sup>st</sup> April 2017</b>
	£'000	£'000	£'000
Property, Plant and Equipment	1,519,294	(17,645)	1,501,649
<b>Long Term Assets</b>	<b>1,519,294</b>	<b>(17,645)</b>	<b>1,501,649</b>
Revaluation Reserve	(281,694)	745	(280,949)
Capital Adjustment Account	(687,315)	16,900	(670,415)
<b>Unusable Reserves</b>	<b>(969,009)</b>	<b>17,645</b>	<b>(951,364)</b>

	<b>Approved SOA 31<sup>st</sup> March 2018</b>	<b>Total Including 2017/18 Restatement</b>	<b>Valuation Restatement</b>	<b>Restated 31<sup>st</sup> March 2018</b>
	£'000	£'000	£'000	£'000
Property, Plant and Equipment	1,427,412	1,409,767	329	1,410,096
<b>Long Term Assets</b>	<b>1,427,412</b>	<b>1,409,767</b>	<b>329</b>	<b>1,410,096</b>
Revaluation Reserve	(245,470)	(244,725)	0	(244,725)
Capital Adjustment Account	(615,977)	(599,077)	(329)	(599,406)
<b>Unusable Reserves</b>	<b>(861,447)</b>	<b>(843,802)</b>	<b>(329)</b>	<b>(844,131)</b>

## Note 1 Expenditure and Funding Analysis

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
76,436	4,193	80,629	Adults, Health & Wellbeing	75,196	2,120	77,316
20,352	2,825	23,177	Corporate Resources	20,488	2,720	23,208
28,131	(4,941)	23,190	Council Wide Budgets	12,974	19,518	32,492
57,843	12,614	70,457	Learning & Opportunities: Children & Young People	57,905	6,176	64,081
32,863	20,111	52,974	Regeneration & Environment	32,416	14,391	46,807
(23,515)	13,232	(10,283)	Housing Revenue Account	(22,563)	8,391	(14,172)
<b>192,110</b>	<b>48,034</b>	<b>240,144</b>	<b>Net Cost of Services</b>	<b>176,416</b>	<b>53,316</b>	<b>229,732</b>
1,786	110,261	112,047	Other Operating Expenditure	2,047	53,415	55,462
36,250	(8,653)	27,597	Financing and Investment Income and Expenditure	44,421	(17,088)	27,333
(227,457)	(51,611)	(279,068)	Taxation and Non-specific Grant income	(230,866)	(19,717)	(250,583)
<b>2,689</b>	<b>98,031</b>	<b>100,720</b>	<b>(Surplus) or deficit</b>	<b>(7,982)</b>	<b>69,926</b>	<b>61,944</b>
<b>(70,712)</b>			<b>Opening General Fund and HRA Balance</b>	<b>(68,023)</b>		
<b>2,689</b>			<b>Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	<b>(7,982)</b>		
<b>(68,023)</b>			<b>Closing General Fund and HRA Balance at 31 March*</b>	<b>(76,005)</b>		

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

## Note 2 Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31<sup>st</sup> March 2019. 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 2018/19 (the Code) 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations;
- 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.

### 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;
- 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.



## **Collection Fund**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, i.e. the Collection Fund, for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **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 Council Wide Budgets 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 Council 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 NHS Pension Scheme, administered by NHS Business Services Authority on behalf of NHS organisations;
- The Local Government Pensions Scheme, administered by South Yorkshire Pension Authority.

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

#### The Teachers Pensions Scheme and NHS Pension Scheme

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 Learning & Opportunities: Children & Young People line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year and the Adults, Health & Wellbeing 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 2.4%. Details of the rates used and assumptions made are included in Note 40 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;
  - unitised 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 to Council Wide Budgets.
  - 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: -

- 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;
- 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 Council 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 Council 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 Council 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 Council 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 Council'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 Council 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.

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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at: -

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 (CIES) 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 financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES 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 CIES 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.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

#### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

#### Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels: -

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

#### Equity Instruments Designated to Fair Value through Other Comprehensive Income

Equity Instruments not held for trading, i.e. held for strategic purposes, are elected into a FVOCI treatment rather than FVPL. Movements in fair value will not be debited/credited to the Surplus or Deficit on the Provision of Services as they arise. Instead, movements will be accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund Balance.

The fair value measurements of the financial assets are based on the following techniques:

- 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 – net worth analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels: -

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



## **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: -

- The Council will comply with the conditions attached to the payments; and
- 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 prepared where these interests are 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 and the Weighted Average Cost method. 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 Council 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 asset 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: -

- Infrastructure, community assets and assets under construction – depreciated historical cost;
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- 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: -

- 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);
- 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 1<sup>st</sup> 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: -

- 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);
- 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: -

<b>Asset Category</b>	<b>Useful Life</b>
Other Land & Building	Dependent upon the asset concerned
Vehicles, Plant & Equipment	3 - 20 years, dependent upon the asset
Infrastructure	40 years
Intangible e.g. surveys	Dependent upon the asset concerned
Council dwellings	The calculation for the depreciation of Council Dwellings uses the straight line method over 30 years. The calculation uses the value of the dwellings stock excluding the value of land.

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.

Assets that are to be abandoned or scrapped are not classified as assets held for sale.

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 for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the Government. The capital financing regulations allow disposal costs of up to 4% of capital receipt to be met from the sale proceeds. The balance of receipts remains within the Capital Receipts Reserve and can then 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 £1.5million for determining whether an asset needs to be reviewed for components. To be separately accounted for, a component has a cost of at least £300,000 or costs at least 20% of the overall asset (whichever is the higher) and has a useful life which is at least plus or minus 5 years from the main asset.

### 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 as ownership and control of the building lies with the voluntary body. The ownership of the land remains with the Council so is accounted for on the balance sheet.
- **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.

### **Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

### **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.

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

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

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

### Note 3 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 1<sup>st</sup> January of the financial year in question (i.e. on or before 1<sup>st</sup> January 2019 for 2018/19). For this disclosure the proposals for change include: -

- Amendments to IAS 40 *Investment Property: Transfers of Investment Property*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Financial Instruments: Prepayment Features with Negative Compensation*

These are not expected to have a material impact on the council's statement of accounts.

### Note 4 Critical Judgments in Applying Accounting Policies

In applying the accounting policies, 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.

#### Group Accounts

The Council has reviewed its relationship and interest with external organisations and concludes that it does have an interest in subsidiaries, associated companies and joint ventures that are material both individually and in aggregate and therefore a set of Group Accounts has been prepared. 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 31<sup>st</sup> March 2019 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.

## Note 5 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 2019 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows: -

Item and Uncertainties	Effect if actual results differ from assumptions
<p><b>Property, Plant and Equipment, HRA valuation (Note 12)</b></p> <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 2019 has been determined using an adjustment factor of 41%. A 1% decrease in this adjustment factor would have resulted in a revaluation loss of £15.652m in 2018/19.</p>
<p><b>Defined Benefit Pension Schemes Liabilities (Note 40)</b></p> <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 £471.435m (£376.310m as at 31<sup>st</sup> March 2018). A 0.1% increase in the discount rate assumption would result in a decrease in the pensions' liability of £29.074m. A 0.1% increase in the inflation rate assumption would result in an increase in the pensions' liability of £29.598m. Similarly, a one year addition to members' life expectancy as at 31<sup>st</sup> March 2019 would result in an increase in the pensions' liability of £32.381m.</p>
<p><b>Fair Value Measurements</b>  <b>Investment Properties (Note 14)</b>  <b>Financial Instruments (Note 16)</b></p> <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>

## Note 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Financial Management on 24<sup>th</sup> July, 2019. 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 24<sup>th</sup> July, 2019, 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 24<sup>th</sup> July, 2019.

## Note 7 Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis				2018/19
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
	£'000	£'000	£'000	£'000
Adults, Health & Wellbeing	716	1,401	3	2,120
Corporate Resources	1,705	1,013	2	2,720
Council Wide Budgets	172	19,346	0	19,518
Learning & Opportunities: Children & Young People	3,780	2,061	335	6,176
Regeneration & Environment	12,488	1,898	5	14,391
Housing Revenue Account	8,391	0	0	8,391
<b>Net Cost of Services</b>	<b>27,252</b>	<b>25,719</b>	<b>345</b>	<b>53,316</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	14,978	0	1,632	<b>16,610</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>42,230</b>	<b>25,719</b>	<b>1,977</b>	<b>69,926</b>

Adjustments between Funding and Accounting Basis				2017/18
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
	£'000	£'000	£'000	£'000
Adults, Health & Wellbeing	2,416	1,765	12	4,193
Corporate Resources	1,448	1,359	18	2,825
Council Wide Budgets	8,397	(13,338)	0	(4,941)
Learning & Opportunities: Children & Young People	11,172	2,842	(1,400)	12,614
Regeneration & Environment	17,585	2,562	(36)	20,111
Housing Revenue Account	13,232	0	0	13,232
<b>Net Cost of Services</b>	<b>54,250</b>	<b>(4,810)</b>	<b>(1,406)</b>	<b>48,034</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	39,449	10,636	(88)	<b>49,997</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>93,699</b>	<b>5,826</b>	<b>(1,494)</b>	<b>98,031</b>

### Note 1 Adjustment for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for: -

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices;
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year

### Note 2 Net Change for Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income: -

- For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs;
- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

### Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute: -

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

### Note 8 Segmental Income

Income received on a segmental basis is analysed below: -

	2017/18	2018/19
	Fees, charges and other service income	Fees, charges and other service income
Services	£'000	£'000
Adults, Health & Wellbeing	(26,319)	(24,558)
Corporate Resources	(5,216)	(4,452)
Council Wide Budgets	(132)	(416)
Learning & Opportunities: Children & Young People	(8,588)	(7,875)
Regeneration & Environment	(15,590)	(17,360)
Housing Revenue Account	(75,660)	(75,186)
<b>Total Fees, charges and other service income analysed on a segmental basis</b>	<b>(131,505)</b>	<b>(129,847)</b>

The amounts in the table differ from the Fees, charges and other service income in Note 9 due to income relating to Trading Operations of £16.633m (£16.240m in 2017/18).



## Note 9 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows: -

	2017/18 £'000	2018/19 £'000
<b>Expenditure / Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	185,662	207,953
Other services expenses	377,276	372,429
Support service recharges	26,386	20,121
Depreciation, amortisation, impairment	67,616	42,247
Interest payments	32,210	31,389
Precepts and levies	2,017	2,202
Payments to Housing Capital Receipts Pool	2,234	2,006
Gain on the disposal of assets	107,796	51,255
<b>Total expenditure</b>	<b>801,197</b>	<b>729,602</b>
<b>Income</b>		
Fees, charges and other service income	(147,745)	(146,480)
Interest and investment income	(1,776)	(2,391)
Income from Council tax and non-domestic rates	(146,439)	(153,527)
Government grants and contributions	(404,517)	(365,260)
<b>Total income</b>	<b>(700,477)</b>	<b>(667,658)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>100,720</b>	<b>61,944</b>

## **Note 10 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.

2018/19	Usable reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to Revenue Resources</b>					
<b>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:</b>					
Pensions costs (transferred to (or from) the Pensions Reserve)	(25,718)	0	0	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	147	0	0	0	0
Council tax & NNDR (transfers to (or from) Collection Fund)	(1,808)	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(344)	0	0	0	0
Financial Instruments Available for Sale	26	0	0	0	0
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)	(37,372)	(49,030)	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(65,069)</b>	<b>(49,030)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,641	6,015	(7,656)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(156)	156	0	0
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,006)	0	2,006	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	18,077	0	(18,077)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,930	0	0	0	0
Former SYCC debt	1,968	0	0	0	0
PFI Finance Lease - principal repayment	2,195	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	930	9,253	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>7,658</b>	<b>33,189</b>	<b>(5,494)</b>	<b>(18,077)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	3,766	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	22,108	0
Application of capital grants to finance capital expenditure	0	0	0	0	10,018
Cash payments in relation to deferred capital receipts	0	0	(8)	0	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,326	0	0	0	(3,326)
<b>Total Adjustments to Capital Resources</b>	<b>3,326</b>	<b>0</b>	<b>3,758</b>	<b>22,108</b>	<b>6,692</b>
<b>Total Adjustments</b>	<b>(54,085)</b>	<b>(15,841)</b>	<b>(1,736)</b>	<b>4,031</b>	<b>6,692</b>

2017/18	Usable reserves				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to Revenue Resources</b>					
<b>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:</b>					
Pensions costs (transferred to (or from) the Pensions Reserve)	(5,826)	0	0	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	190	0	0	0	0
Council tax & NNDR (transfers to (or from) Collection Fund)	(69)	0	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	1,406	0	0	0	0
Financial Instruments Available for Sale	(33)	0	0	0	0
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)	(125,521)	(40,843)	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(129,853)</b>	<b>(40,843)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	8,280	7,389	(15,669)	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(230)	230	0	0
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,234)	0	2,234	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	18,238	0	(18,238)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,912	0	0	0	0
Former SYCC debt	1,789	0	0	0	0
PFI Finance Lease - principal repayment	1,952	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,590	10,709	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>14,289</b>	<b>36,106</b>	<b>(13,205)</b>	<b>(18,238)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	10,519	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	14,080	0
Application of capital grants to finance capital expenditure	0	0	0	0	5,517
Cash payments in relation to deferred capital receipts	0	0	(5)	0	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	22,283	0	0	0	(22,283)
<b>Total Adjustments to Capital Resources</b>	<b>22,283</b>	<b>0</b>	<b>10,514</b>	<b>14,080</b>	<b>(16,766)</b>
<b>Total Adjustments</b>	<b>(93,281)</b>	<b>(4,737)</b>	<b>(2,691)</b>	<b>(4,158)</b>	<b>(16,766)</b>

## Note 11 Movements in Earmarked Reserves

	Balance at 31 <sup>st</sup> March 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31 <sup>st</sup> March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 <sup>st</sup> March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Health & Social Care Transformation Fund	8,520	(585)	615	8,550	(844)	667	8,373
Service Transformation Fund	11,131	(3,236)	2,000	9,895	(3,243)	0	6,652
Insurance Fund	0	0	0	0	0	5,377	5,377
Balances held by schools under a scheme of delegation	8,622	(2,859)	71	5,834	(2,073)	356	4,117
Improved Better Care Fund	0	0	2,839	2,839	(1,841)	2,293	3,291
Minimum Revenue Provision (MRP) underspend	0	0	2,863	2,863	0	390	3,253
Social Mobility Opportunity Area	0	0	426	426	0	2,225	2,651
Adult Social Care Contracts	1,545	(313)	1,500	2,732	(845)	0	1,887
New NNDR Incentive Scheme	1,374	(172)	1,000	2,202	(288)	0	1,914
Stronger Families Programme	1,215	0	407	1,622	(727)	420	1,315
Business Rates Levy Account Surplus	0	0	0	0	0	1,153	1,153
Civic Office Major Items Replacement	966	0	150	1,116	0	18	1,134
Section 106 Agreements	1,042	(196)	70	916	(119)	113	910
Essential Life Skills	0	0	1,008	1,008	(142)	20	886
Public Health	775	(243)	201	733	0	153	886
Section 278 Agreements	1,204	(53)	226	1,377	(573)	0	804
Mental Health Trailblazer	0	0	0	0	0	713	713
Critical Technology Project	0	0	0	0	0	653	653
Severance costs	5,046	(3,515)	0	1,531	(1,531)	517	517
Other	9,202	(6,632)	2,965	5,535	(2,048)	3,344	6,831
<b>Total</b>	<b>50,642</b>	<b>(17,804)</b>	<b>16,341</b>	<b>49,179</b>	<b>(14,274)</b>	<b>18,412</b>	<b>53,317</b>

### Health and Social Care Transformation Fund

This reserve has been established from joint health and social care grants, including the Better Care Fund and will be used to support the transformation of Health and Social Care and delivering the Doncaster Place Plan.

### Service Transformation Fund

This reserve was established to fund the costs of Service Transformation. It will be used to help the Council achieve its savings targets in a timely and well managed way.

### Insurance Fund

The Council continues to monitor insurance claims experience and has identified an appropriate reserve to meet other potential insurance claims Incurred But Not Reported (IBNR) and emerging risks.

### 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.

### Improved Better Care Fund

Funding to be spent in accordance with the Improved Better Care Fund conditions on meeting adult social care need, supporting pressures on the NHS and supporting the care market. It will be drawn down over 18/19 and 19/20 in accordance with the agreed plan.

**Minimum Revenue Provision (MRP) underspend**

The reserve makes use of underspends created by reprofiling Minimum Revenue Provision (MRP) to fund capital schemes.

**Social Mobility Opportunity Area**

Department for Education (DfE) grant to promote activity in the Opportunity Area that will improve the Social Mobility outcomes of children and young people.

**Adult Social Care Contracts**

The money has been set aside to meet Adult Social Care expenditure; this will include supporting future spend on domiciliary care, learning disability support contracts and the development of the Intermediate Care agenda.

**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.

**Stronger Families Programme**

The fund has been set up to support the integrated Stronger Families Programme and will be used to sustain the five year programme.

**Business Rates Levy Account Surplus**

The reserve will be used in line with Council priorities during 2019/2020 after being included in the budget report for that year.

**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.

**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.

**Essential Life Skills**

This has been set aside to fund activities that will develop essential life skills in children and young people living in Doncaster.

**Public Health**

The reserve has been established from the Public Health grant and is being used to fund any annual variations in Public Health service expenditure including any unforeseen costs, the implementation of service changes and associated savings.

**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 substantial part of the balance is to be spent on the Frenchgate Interchange over its lifetime.

**Mental Health Trailblazer**

Funding from Doncaster CCG specifically held in reserve to be spent on improving Children and Young People's Mental Health; expected to be spent in 2019/20. This links to the Mental Health green paper for Children & Young People and there are explicit outcomes expected as part of this funding. Senior management team will make a decision on the final allocation of the funds. There is a Partnership Steering group overseeing the allocation & implementation of the financial spend.

**Critical Technology Project**

The reserve will be used to fund one-off costs to deliver critical technology projects in 2019/20 including Windows 10, server and database upgrades, and Office 365.

**Severance costs**

The earmarked reserve is used to fund the redundancy and retirement costs for post reductions in subsequent years.

**Other**

A number of other reserves are earmarked for specific purposes.



## Note 12 Property, Plant and Equipment

### Movements in 2018/19

2018/19									
	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
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2018</b>	<b>665,018</b>	<b>469,723</b>	<b>54,912</b>	<b>316,142</b>	<b>6,337</b>	<b>39,574</b>	<b>13,383</b>	<b>1,565,089</b>	<b>25,655</b>
Additions	21,782	12,880	4,062	10,894	961	142	28,859	79,580	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(6,588)	19,122	0	0	129	(538)	0	12,125	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,992)	4,397	0	0	(32)	1,478	0	(4,149)	0
De-recognition – disposals	(4,366)	(24,652)	0	0	0	(203)	0	(29,221)	0
De-recognition – other	(20,580)	(5,995)	(1,460)	(3,655)	0	0	0	(31,690)	0
Assets reclassified (to)/from Held for Sale	0	(792)	0	0	(56)	(7,543)	0	(8,391)	0
Assets reclassified (to)/from Investments	0	404	0	0	0	(1)	0	403	0
Reclassification within PPE	1,085	545	0	9,332	(100)	(22)	(10,840)	0	0
<b>At 31<sup>st</sup> March 2019</b>	<b>646,359</b>	<b>475,632</b>	<b>57,514</b>	<b>332,713</b>	<b>7,239</b>	<b>32,887</b>	<b>31,402</b>	<b>1,583,746</b>	<b>25,655</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At 1<sup>st</sup> April 2018</b>	<b>(19,255)</b>	<b>(30,645)</b>	<b>(25,631)</b>	<b>(78,921)</b>	<b>(397)</b>	<b>(144)</b>	<b>0</b>	<b>(154,993)</b>	<b>(1,698)</b>
Depreciation charge	(17,113)	(9,724)	(4,497)	(6,820)	(77)	(7)	0	(38,238)	(848)
Depreciation written out to the Revaluation Reserve	16,808	24,499	0	0	13	144	0	41,464	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,447	0	0	0	0	0	0	2,447	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(223)	(393)		(8)		(142)		(766)	0
De-recognition – disposals	0	3,011	0	0	0	4	0	3,015	0
De-recognition – other	0	0	707	0	0	0	0	707	0
<b>At 31<sup>st</sup> March 2019</b>	<b>(17,336)</b>	<b>(13,252)</b>	<b>(29,421)</b>	<b>(85,749)</b>	<b>(461)</b>	<b>(145)</b>	<b>0</b>	<b>(146,364)</b>	<b>(2,546)</b>
<b>Net Book Value</b>									
<b>At 31<sup>st</sup> March 2019</b>	<b>629,023</b>	<b>462,380</b>	<b>28,093</b>	<b>246,964</b>	<b>6,778</b>	<b>32,742</b>	<b>31,402</b>	<b>1,437,382</b>	<b>23,109</b>
<b>At 31<sup>st</sup> March 2018</b>	<b>645,763</b>	<b>439,078</b>	<b>29,281</b>	<b>237,221</b>	<b>5,940</b>	<b>39,430</b>	<b>13,383</b>	<b>1,410,096</b>	<b>23,957</b>

## Comparative Movements in 2017/18

2017/18									
	Council Dwellings	Other Land and Buildings Restated	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment Restated	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2017</b>	<b>668,098</b>	<b>549,694</b>	<b>44,225</b>	<b>306,726</b>	<b>5,994</b>	<b>67,906</b>	<b>25,661</b>	<b>1,668,304</b>	<b>25,655</b>
Additions	18,681	27,120	11,393	12,598	434	505	20,256	<b>90,987</b>	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(6,471)	(4,334)	0	0	114	(15,225)	0	<b>(25,916)</b>	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,113)	(5,424)	0	0	(154)	(8,460)	0	<b>(29,151)</b>	0
De-recognition – disposals*	(6,199)	(92,306)	0	0	5	0	(21,604)	<b>(120,104)</b>	0
De-recognition – other	(5,459)	(3,964)	(895)	(3,182)	0	0	0	<b>(13,500)</b>	0
Assets reclassified (to)/from Held for Sale	0	(1,635)	0	0	(56)	(3,840)	0	<b>(5,531)</b>	0
Reclassification within PPE	11,481	572	189	0	0	(1,312)	(10,930)	<b>0</b>	0
<b>At 31<sup>st</sup> March 2018</b>	<b>665,018</b>	<b>469,723</b>	<b>54,912</b>	<b>316,142</b>	<b>6,337</b>	<b>39,574</b>	<b>13,383</b>	<b>1,565,089</b>	<b>25,655</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At 1<sup>st</sup> April 2017</b>	<b>(23,490)</b>	<b>(47,119)</b>	<b>(21,680)</b>	<b>(72,482)</b>	<b>(317)</b>	<b>(1,554)</b>	<b>(13)</b>	<b>(166,655)</b>	<b>(849)</b>
Depreciation charge	(17,263)	(11,207)	(4,090)	(6,438)	(80)	(8)	0	<b>(39,086)</b>	(849)
Depreciation written out to the Revaluation Reserve	19,268	13,739	0	0	0	1,554	0	<b>34,561</b>	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,222	0	0	0	0	0	0	<b>4,222</b>	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,979)	(4)	0	(1)	0	(137)	0	<b>(2,121)</b>	0
De-recognition – disposals	0	13,947	0	0	0	0	0	<b>13,947</b>	0
De-recognition – other	0	0	139	0	0	0	0	<b>139</b>	0
Reclassification within PPE	(13)	(1)	0	0	0	1	13	<b>0</b>	0
<b>At 31<sup>st</sup> March 2018</b>	<b>(19,255)</b>	<b>(30,645)</b>	<b>(25,631)</b>	<b>(78,921)</b>	<b>(397)</b>	<b>(144)</b>	<b>0</b>	<b>(154,993)</b>	<b>(1,698)</b>
<b>Net Book Value</b>									
<b>At 31<sup>st</sup> March 2018</b>	<b>645,763</b>	<b>439,078</b>	<b>29,281</b>	<b>237,221</b>	<b>5,940</b>	<b>39,430</b>	<b>13,383</b>	<b>1,410,096</b>	<b>23,957</b>
<b>At 31<sup>st</sup> March 2017</b>	<b>644,608</b>	<b>502,575</b>	<b>22,545</b>	<b>234,244</b>	<b>5,677</b>	<b>66,352</b>	<b>25,648</b>	<b>1,501,649</b>	<b>24,806</b>

\* Assets under construction - The construction of the Rail College was completed in year. It was then leased to The National College of High Speed Rail on a 125 year lease and treated as a disposal by the Council.

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policies.

### Capital Commitments

At 31<sup>st</sup> March 2019, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018/19 and future years budgeted to cost £25.334m. Similar commitments at 31<sup>st</sup> March 2018 were £21.661m. The major commitments are: -

	<b>£'000</b>
DN7 Hatfield Link Road	13,083
Doncaster Culture & Learning Centre	10,745
Council House Thomson & Dixon	1,506
<b>Total</b>	<b>25,334</b>

### 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 note.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at Historical Cost</b>	0	0	28,093	246,964	1,584	0	31,402	<b>308,043</b>
<b>Valued at Fair Value as at:</b>								
<b>31<sup>st</sup> March 2019</b>	629,023	301,903	0	0	426	32,724	0	<b>964,094</b>
<b>31<sup>st</sup> March 2018</b>	0	56,216	0	0	1,105	0	0	<b>57,321</b>
<b>31<sup>st</sup> March 2017</b>	0	56,844	0	0	2,477	0	0	<b>59,321</b>
<b>31<sup>st</sup> March 2016</b>	0	24,380	0	0	185	0	0	<b>24,565</b>
<b>31<sup>st</sup> March 2015</b>	0	23,036	0	0	1,001	0	0	<b>24,037</b>
<b>Total Cost or Valuation</b>	<b>629,023</b>	<b>462,379</b>	<b>28,093</b>	<b>246,964</b>	<b>6,778</b>	<b>32,742</b>	<b>31,402</b>	<b>1,437,381</b>

### Council Dwellings

Council Dwellings were initially valued as at 1<sup>st</sup> April 2018. The District Valuer estimated that as at 31<sup>st</sup> March 2019 the housing stock had increased between 0% and 2%. A further 1% increase was applied to the initial housing stock valuation, the midpoint of the valuers estimate. The impact of this adjustment equates to an increase in asset value of £6.4m.

### Fair Value Hierarchy – Surplus Assets

All surplus assets were valued at Level 2 of the fair value hierarchy in 2017/18 and 2018/19.

Valuation Techniques used to Determine Level 2 Fair Values for surplus assets – 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.

## Note 13 Heritage Assets

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

2018/19	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1<sup>st</sup> April 2018</b>	<b>136</b>	<b>2,628</b>	<b>5,631</b>	<b>12</b>	<b>204</b>	<b>3,073</b>	<b>11,684</b>
Additions	0	0	53	0	15	0	68
Disposals	0	0	0	0	0	(215)	(215)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	(68)	(1,566)	0	0	(289)	(1,923)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	(244)	0	0	0	(244)
De-recognition	0	0	(21)	0	0	0	(21)
<b>At 31<sup>st</sup> March 2019</b>	<b>136</b>	<b>2,560</b>	<b>3,853</b>	<b>12</b>	<b>219</b>	<b>2,569</b>	<b>9,349</b>
<b>Depreciation &amp; Impairment</b>							
<b>At 1<sup>st</sup> April 2018</b>	<b>0</b>	<b>0</b>	<b>(1,555)</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>(1,570)</b>
Depreciation	0	0	(70)	0	0	0	(70)
Depreciation written out to the Revaluation Reserve	0	0	1,549	0	0	0	1,549
Disposals	0	0	0	0	0	15	15
<b>At 31<sup>st</sup> March 2019</b>	<b>0</b>	<b>0</b>	<b>(76)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(76)</b>
<b>Net Book Value At 31<sup>st</sup> March 2019</b>	<b>136</b>	<b>2,560</b>	<b>3,777</b>	<b>12</b>	<b>219</b>	<b>2,569</b>	<b>9,273</b>

2017/18	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1<sup>st</sup> April 2017</b>	<b>136</b>	<b>2,617</b>	<b>5,619</b>	<b>12</b>	<b>44</b>	<b>3,073</b>	<b>11,501</b>
Additions	0	11	25	0	16	0	52
Donations	0	0	0	0	144	0	144
De-recognition	0	0	(13)	0	0	0	(13)
<b>At 31<sup>st</sup> March 2018</b>	<b>136</b>	<b>2,628</b>	<b>5,631</b>	<b>12</b>	<b>204</b>	<b>3,073</b>	<b>11,684</b>
<b>Depreciation &amp; Impairment</b>							
<b>At 1<sup>st</sup> April 2017</b>	<b>0</b>	<b>0</b>	<b>(1,323)</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>(1,338)</b>
Depreciation	0	0	(232)	0	0	0	(232)
<b>At 31<sup>st</sup> March 2018</b>	<b>0</b>	<b>0</b>	<b>(1,555)</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>(1,570)</b>
<b>Net Book Value At 31<sup>st</sup> March 2018</b>	<b>136</b>	<b>2,628</b>	<b>4,076</b>	<b>12</b>	<b>204</b>	<b>3,058</b>	<b>10,114</b>

### **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 with dramatic views across the town. The site which was extensively restored between 2003 and 2007 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 because they are used as office accommodation and 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.

## **Note 14 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: -

	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Rental income from investment property	162	179
Direct operating expenses arising from investment property	(7)	(20)
<b>Net gain/(loss)</b>	<b>155</b>	<b>159</b>

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: -

	2017/18 £'000	2018/19 £'000
<b>Balance at start of the year</b>	<b>3,725</b>	<b>2,503</b>
Net gains/(losses) from fair value adjustments	192	(361)
Transfers to/from Property, Plant and Equipment	0	(403)
Transfers to/from Assets Held for Sale	(1,414)	(1)
<b>Balance at end of the year</b>	<b>2,503</b>	<b>1,738</b>

#### Fair Value Hierarchy

All investment properties were valued at level 2 of the fair value hierarchy. Details as at 31<sup>st</sup> March 2019 are as follows:

Recurring fair value measurement using:	Fair Value as at 31 <sup>st</sup> March 2019 £'000
Commercial Unit	366
Industrial Unit	1,372
<b>Total</b>	<b>1,738</b>

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.

#### Note 15 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: -

	2017/18 £'000	2018/19 £'000
<b>Other Assets</b>		
Balance at start of year		
- Gross carrying amounts	8,448	9,518
- Accumulated amortisation	(4,137)	(5,056)
Net carrying amount at start of year	<b>4,311</b>	<b>4,462</b>
Additions – Purchases	1,070	927
Amortisation for the period	(919)	(1,233)
Net carrying amount at end of year	<b>4,462</b>	<b>4,156</b>
Comprising:		
- Gross carrying amounts	9,518	10,445
- Accumulated amortisation	(5,056)	(6,289)
	<b>4,462</b>	<b>4,156</b>



## Note 16 Financial Instruments and Nature and Extent of Risks Arising from Financial Instruments

### Categories of Financial Instruments

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

#### Financial Assets

	Non-Current				Current				Total	
	Investments		Debtors		Investments		Debtors		Total	
	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	0	0	577	583	28,241	0	0	0	28,818	583
Amortised Cost	0	0	6,891	6,838	25,110	55,295	19,620	19,686	51,621	81,819
Fair value through other comprehensive income - designated equity instruments	4,051	4,909	0	0	0	0	0	0	4,051	4,909
<b>Total financial assets</b>	<b>4,051</b>	<b>4,909</b>	<b>7,468</b>	<b>7,421</b>	<b>53,351</b>	<b>55,295</b>	<b>19,620</b>	<b>19,686</b>	<b>84,490</b>	<b>87,311</b>

#### Financial Liabilities

	Non-Current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors		Total	
	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	(494,852)	(477,360)	0	0	(100,721)	(87,411)	(10,773)	(18,085)	(606,346)	(582,856)
<b>Total financial liabilities</b>	<b>(494,852)</b>	<b>(477,360)</b>	<b>0</b>	<b>0</b>	<b>(100,721)</b>	<b>(87,411)</b>	<b>(10,773)</b>	<b>(18,085)</b>	<b>(606,346)</b>	<b>(582,856)</b>

#### Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

The council owns shares in a number of companies. These shareholdings are held for strategic purposes rather than investment purposes and are therefore treated as equity instruments designated at fair value through other comprehensive income. The fair value of the shareholdings are shown in the table below: -

#### Fair Value of Equity instruments designated at fair value through other comprehensive income include the following: -

These financial assets are measured at fair value on a recurring basis at level 2: -

	2017/18	2018/19
	£'000	£'000
Non-current assets (long term)		
Non-listed securities		
Arthur Street Developments	1,645	2,221
BDR Property Limited	405	143
Doncaster Estates Partnership Limited	1	11
Doncaster Racecourse	2,000	2,533
<b>Total</b>	<b>4,051</b>	<b>4,908</b>

## Income, Expense, Gains and Losses

	2017/18		2018/19	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
<b>Net gains/Losses on:</b>				
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	(858)
<b>Total net gains/losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(858)</b>
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	(1,519)	0	(2,304)	0
Other financial assets measured at fair value through other comprehensive income	(64)	0	(87)	0
<b>Total Interest revenue</b>	<b>(1,583)</b>	<b>0</b>	<b>(2,391)</b>	<b>0</b>
<b>Interest expense</b>	<b>21,574</b>	<b>0</b>	<b>21,379</b>	<b>0</b>

## Changes in the Valuation Technique

There has been a change in the valuation technique used for equity investments designated at FVOCI during the year. They are now valued at level 2 - equity shares with no quoted market prices – net worth analysis rather than level 3 - purchase cost. The latter approach is no longer permitted under IFRS 9.

## The Fair Values of Financial Assets and Financial Liabilities that Are Not Measured at Fair Value (but for which Fair Value Disclosures Are Required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows: -

Financial Liabilities	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities Held at Amortised Cost:				
Lender Option Borrower Options Loans	39,284	57,836	39,282	58,959
Market Debt	184,099	186,259	157,595	159,892
PWLB Loan - Maturity	307,438	433,947	307,439	440,636
PWLB Loan - Equal Instalments Principal	2,155	2,292	1,968	2,120
Matured Local Bonds	4	4	4	4
SYCC Metropolitan Debt	4,545	4,545	2,381	2,381
PFI and finance lease liabilities	48,052	48,052	46,694	46,694
<b>Total</b>	<b>585,577</b>	<b>732,935</b>	<b>555,363</b>	<b>710,686</b>

The fair value of borrowings 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 prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2019) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Assets held at amortised cost:				
Cash & Cash Equivalents	5,003	5,003	1,200	1,205
Fixed Term Deposits	25,106	25,113	45,223	45,243
Certificates of Deposit	0	0	10,072	10,072
Available for Sale Financial Assets held at Fair Value	28,241	28,241	0	0
Long Term debtors	7,468	7,468	6,866	6,866
<b>Total</b>	<b>65,819</b>	<b>65,825</b>	<b>63,361</b>	<b>63,386</b>

The fair value of the financial assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31st March 2019) attributable to the commitment to receive interest above current market rates.

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

### Financial Guarantees – Pensions

The Council provides financial guarantees to the South Yorkshire Pension Authority (SYPA) for a number of community admission bodies following TUPE (Transfer of Undertakings Protection of Employment) regulations.

The Council has agreed to assist St Leger Homes of Doncaster (StLHD) in meeting its pension liabilities as and when they fall due and guarantees the full amount of StLHD's pension deficit.

The likelihood of the above guarantees being realised is considered remote and therefore the financial guarantees are not considered material.

## Nature and Extent of Risks Arising From Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks, including: -

- **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;
- **Re-financing and Maturity Risk** - the possibility that the Council might need 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 or stock market 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.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which was approved by Council on 4<sup>th</sup> March, 2019 and is available on the Council's website.

### Credit Risk Management Practices

The Council's credit risk management practices are set out on pages 75 to 87 of the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £55.3m 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 31<sup>st</sup> March, 2019 that this was likely to crystallise.

The credit criteria in respect of financial assets held by the Council are detailed below: -

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

All credit ratings are monitored daily and changes to ratings are notified to the Council by Link Asset Treasury Solutions, creditworthiness service. If a downgrade results in the financial institution/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

The Council also has trade debtors of £19.686m outstanding at the year end. The Council does not generally allow credit for its trade debtors, such that £12.126m of the balance is past its due date for payment (£13.769m of £19.620m in 2017/18). The past due amount can be analysed by age as follows: -

<b>31st March 2018</b>	<b>Aged Debt Analysis</b>	<b>31st March 2019</b>
<b>£'000</b>		<b>£'000</b>
4,978	Less than three months	4,653
1,808	Three to six months	1,749
1,818	Six months to one year	1,940
5,165	More than one year	3,784
<b>13,769</b>		<b>12,126</b>

#### Credit Risk Exposure

The Council has the following exposure to credit risk at 31 March 2019: -

	<b>Credit risk rating</b>	<b>Gross Carrying Amount</b>
		<b>£</b>
12 month expected credit losses	Historic Risk of Default	5,358

#### **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 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 (£55.3m) from financial assets are due to be paid in less than one year.

## 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 (approved by Council in the Treasury Management Strategy Statement 02/03/2017 Appendix A tables 11 to 13).

Maturity Profile	Lower Limit	Upper Limit	Actual 31 <sup>st</sup> March 2018		Actual 31 <sup>st</sup> March 2019	
	%	%	%	£'000	%	£'000
Less than one year	0	30	17.78	94,757	15.47	77,690
Between one and two years	0	50	6.98	37,187	10.69	53,687
Between two and five years	0	50	8.55	45,560	4.04	20,288
Between five and ten years	0	75	5.25	27,982	4.63	23,253
Between ten and twenty years	10	95	10.13	53,988	10.71	53,802
Between twenty and thirty years			3.44	18,325	3.65	18,325
Over thirty years			47.88	255,181	50.81	255,181
<b>Total</b>			<b>100.00</b>	<b>532,980</b>	<b>100.00</b>	<b>502,227</b>

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.

## Market Risk

### Interest Rate 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 liabilities 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 on the balance sheet, 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.

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 Treasury Management team 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.

According to this assessment strategy, at 31<sup>st</sup> March, 2019, if all interest rates had been 1% higher with all other variables held constant, the financial effect would be: -

	<b>£'000</b>
Increase in interest receivable on variable rate investments	274
Decrease in fair value of fixed rate investment assets	(90)
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(88,261)

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

#### Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £4.9m in a number of joint ventures and in local industry. The Council is consequently exposed to losses arising from movements in the prices of the shares. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The £4.9m shares are all classified at fair value through other comprehensive income – designated equity instruments, meaning that all movements in price will not impact on gains and losses recognised in the Surplus or Deficit on the Provision of Services.

#### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in a foreign currency and thus has no exposure to loss arising from movement in exchange rates.

### **Note 17 Debtors**

	<b>31<sup>st</sup> March 2018 £'000</b>	<b>31<sup>st</sup> March 2019 £'000</b>
<b>Debtors</b>		
Central Government bodies	8,337	7,226
Other local authorities	5,185	9,772
NHS bodies	9,306	10,430
Other entities and individuals	39,352	34,679
<b>Sub Total</b>	<b>62,180</b>	<b>62,107</b>
Payments in advance	17,514	7,343
<b>Total</b>	<b>79,694</b>	<b>69,450</b>



## Note 18 Debtors for Local Taxation

Impairment is determined using an analysis of historic collection rates relating to the age of the debt. Outstanding debt is considered as a whole for a financial year when determining impairment. In addition, individual accounts are considered for impairment where there is a significant risk of insolvency.

Council Tax				
31 <sup>st</sup> March 2018		After due date	31 <sup>st</sup> March 2019	
Arrears £'000	Impairment £'000		Arrears £'000	Impairment £'000
6,246	1,249	Less than 1 year	6,797	1,339
5,744	1,149	1 to 2 years	5,529	1,089
4,051	1,884	3 to 5 years	4,327	2,016
1,440	1,113	6 to 8 years	1,424	1,076
1,216	1,216	More than 8 years	1,265	1,265
<b>18,697</b>	<b>6,611</b>	<b>Total</b>	<b>19,340</b>	<b>6,785</b>

National Non-Domestic Rates (NNDR)				
31 <sup>st</sup> March 2018		After due date	31 <sup>st</sup> March 2019	
Arrears £'000	Impairment £'000		Arrears £'000	Impairment £'000
2,544	763	Less than 1 year	2,044	613
1,791	537	1 to 2 years	1,732	520
1,006	755	3 to 5 years	1,009	757
645	645	More than 6 years	739	739
<b>5,986</b>	<b>2,700</b>	<b>Total</b>	<b>5,525</b>	<b>2,629</b>

## Note 19 Cash and Cash Equivalents

	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
Cash held by the Council	11,145	23
Bank overdraft	0	(2,466)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	5,000	1,200
<b>Total Cash and Cash Equivalents</b>	<b>16,145</b>	<b>(1,243)</b>

## Note 20 Assets Held for Sale

	2017/18 £'000	2018/19 £'000
<b>Balance outstanding at start of year</b>	<b>1,500</b>	<b>5,601</b>
Assets newly classified as held for sale:		
• Property, Plant and Equipment	5,531	8,391
• Other Assets/Liabilities in Disposal Group	1,414	1
Revaluation Losses	0	(45)
Revaluation Gains	1,091	906
Assets sold	(3,935)	(1,499)
<b>Balance outstanding at year-end</b>	<b>5,601</b>	<b>13,355</b>

## Note 21 Creditors

	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
<b>Creditors</b>		
Central Government bodies	(8,441)	(8,165)
Other local authorities	(2,189)	(2,263)
NHS bodies	(2,909)	(4,830)
Other entities	(30,120)	(30,871)
<b>Sub Total</b>	<b>(43,659)</b>	<b>(46,129)</b>
Receipts in advance	(6,270)	(7,925)
<b>Total</b>	<b>(49,929)</b>	<b>(54,054)</b>

## Note 22 Provisions

	Insurance Fund	NNDR	Municipal Mutual Insurance	Grant Claw-back	Stadium Management Company	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2018</b>	<b>9,410</b>	<b>4,208</b>	<b>1,013</b>	<b>1,547</b>	<b>240</b>	<b>16,418</b>
<b>Additional provisions made in 2018/19</b>	664	1,546	555	0	0	<b>2,765</b>
<b>Amounts used in 2018/19</b>	(1,375)	(610)	0	0	(90)	<b>(2,075)</b>
<b>Unused amounts reversed in 2018/19</b>	(4,775)	0	0	0	0	<b>(4,775)</b>
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>3,924</b>	<b>5,144</b>	<b>1,568</b>	<b>1,547</b>	<b>150</b>	<b>12,333</b>
<b>Short Term Provisions</b>	1,507	0	0	0	90	1,597
<b>Long Term Provisions</b>	2,417	5,144	1,568	1,547	60	10,736

### 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 and QBE. 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 legal liability, as at 28 February 2019 this was estimated to be approximately £4.7m and it is estimated that the cost to the Council of settling these claims will be £3.9m based on previous claims experience.

### NNDR alteration to list and 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 and 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 Valuations Office Agency can also make amendments to the rating list. The total provision for alteration to list and appeals as at 31st March 2019 is £10.498m. The Council's share is £5.144m (49%). The increase in provision is largely due to the level of appeals outstanding from the 2010 rating list reducing (-£2.271m) offset by increase in provision from the 2017 rating list as no appeals have been settled but can be backdated to the 01/04/17 (£4.182m). Past trends are that appeals are at a low level in the early years following a revaluation and so the provision is being maintained on the expectation of appeals in later years.

### 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 clawback 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%. A

further Levy notice was issued in March 2016 for a further 10% repayment (£823k). The Council's provision has been set at 40%, being the upper limit as advised by MMI. The remaining provision totalling £1.568m represents 15% against paid claims, 40% of outstanding claims.

#### Grant Claw-back

The provision has been established to meet the cost of 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. Provision for ERDF grants is no longer required.

#### Stadium Management Company

The provision covers liabilities for the deferred income from Keepmoat Stadium naming rights. The liabilities were accepted by the Council as part of the negotiations with new leaseholders (Doncaster Rovers FC). The provision has reduced by £90k as one year's naming rights have been paid.

### Note 23 Usable Reserves

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

### Note 24 Unusable Reserves

31 <sup>st</sup> March 2018 £'000		31 <sup>st</sup> March 2019 £'000
244,725	Revaluation Reserve (Note 24a)	279,710
599,406	Capital Adjustment Account (Note 24b)	585,258
(964)	Financial Instruments Adjustment Account (Note 24c)	(817)
(415,454)	Pension Reserve (Note 24d)	(490,907)
4,824	Deferred Capital Receipts Reserve (Note 24e)	4,816
3,854	Collection Fund Adjustment (Note 24f)	2,046
(1,835)	Accumulated Absences Account (Note 24g)	(2,179)
0	Financial Instruments Revaluation Reserve (Note 24h)	858
(26)	Available for Sale Financial Instruments Reserve (Note 24i)	0
<b>434,530</b>	<b>Total Unusable Reserves</b>	<b>378,785</b>

### 24a 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 1<sup>st</sup> 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.

2017/18 Restated £'000		2018/19 £'000
<b>280,949</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>244,725</b>
52,632	Upward revaluation of assets	75,973
(42,897)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(21,903)
<b>9,735</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>54,070</b>
(4,070)	Difference between current value depreciation and historical cost depreciation	(3,287)
(41,889)	Accumulated gains on assets sold or scrapped	(15,798)
<b>(45,959)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(19,085)</b>
<b>244,725</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>279,710</b>

## 24b 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 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2017/18 Restated £'000		2018/19 £'000	
670,743	Balance at 1 <sup>st</sup> April		599,406
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
(22,384)	Charges for depreciation of non-current assets	(21,194)	
(17,263)	Charges for depreciation on Council dwellings	(17,113)	
(2,122)	Charges for impairment of non-current assets	(765)	
(24,927)	Revaluation gains / (losses) on Property, Plant and Equipment	(1,946)	
(919)	Charges for amortisation of non-current assets	(1,233)	
(8,194)	Revenue expenditure funded from capital under statute	(6,358)	
(123,466)	Amounts of non-current asset written off on disposal or sale as part of P/L on disposal to CI&ES	(58,911)	
0	Revaluation gains / (losses) on Assets Held for Sale	4	
<b>(199,275)</b>			<b>(107,516)</b>
45,959	Adjusting amounts written out of the Revaluation Reserve	19,085	
<b>(153,316)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(88,431)</b>
<b>Capital financing applied in the year:</b>			
10,519	Use of the Capital Receipts Reserve to finance new capital expenditure	3,766	
14,080	Use of the Major Repairs Reserve to finance new capital expenditure	22,108	
29,397	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	18,200	
5,517	Application of grants to capital financing from the Capital Grants Unapplied Account	10,018	
16,620	Capital expenditure charged against the General Fund and HRA balances	13,459	
1,913	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	2,930	
1,952	Write down of PFI Finance Liabilities	2,195	
1,789	Former South Yorkshire County Council debt repayment	1,968	
<b>81,787</b>			<b>74,644</b>
192	Movements in the market value of Investment Properties debited or credited to the CI&ES	(361)	
<b>599,406</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>585,258</b>

## 24c 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 31<sup>st</sup> March 2019 will be charged to the General Fund over future years.

2017/18 £'000		2018/19 £'000	
<b>(1,154)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(964)</b>
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(28)	
190	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	175	
<b>190</b>	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		<b>147</b>
<b>(964)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(817)</b>

## 24d 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.

2017/18 £'000		2018/19 £'000
<b>(499,510)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(415,454)</b>
89,882	Actuarial gains or losses on pensions assets and liabilities	(49,735)
(30,781)	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 40)	(52,376)
24,955	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 40)	26,658
<b>(415,454)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(490,907)</b>

## 24e 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.

2017/18 £'000		2018/19 £'000
4,828	<b>Balance at 1<sup>st</sup> April</b>	4,824
(4)	Transfer to the Capital Receipts Reserve upon receipt of cash	(8)
4,824	<b>Balance at 31<sup>st</sup> March</b>	4,816

## 24f Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rates 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.

2017/18 £'000		2018/19 £'000
3,923	<b>Balance at 1<sup>st</sup> April</b>	3,854
(69)	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	(1,808)
3,854	<b>Balance at 31<sup>st</sup> March</b>	2,046

## 24g 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 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2017/18 £'000		2018/19 £'000
(3,241)	<b>Balance at 1<sup>st</sup> April</b>	(1,835)
3,241	Settlement or cancellation of accrual made at the end of the preceding year	1,835
(1,835)	Amounts accrued at the end of the current year	(2,179)
1,406	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	(344)
(1,835)	<b>Balance at 31<sup>st</sup> March</b>	(2,179)



## 24h Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are: -

- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

2017/18 £'000		2018/19 £'000	
0	<b>Balance at 1<sup>st</sup> April</b>		<b>0</b>
0	Upward revaluation of investments	1,120	
0	Downward revaluation of investments	(262)	
0	Change in impairment loss allowances	0	
<b>0</b>			<b>858</b>
0	Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0	
0	Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to fair value through other comprehensive income	0	
<b>0</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>858</b>

## 24i Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are: -

- revalued downwards or impaired and the gains are lost;
- disposed of and the gains are realised.

2017/18 £'000		2018/19 £'000	
<b>33</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(26)</b>
28	Upward revaluation of investments	0	
(53)	Downward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	0	
<b>(25)</b>	<b>Surplus or deficit on revaluation of investments not posted to the Surplus or Deficit on the Provision of Services</b>		<b>0</b>
(34)	Accumulated gains on investments sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		26
<b>(26)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>0</b>

## Note 25 Cash Flow Statement – Operating Activities

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

2017/18 £'000		2018/19 £'000
1,452	Interest received	2,073
(20,979)	Interest paid	(21,386)
0	Dividends received	87

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

2017/18 £'000		2018/19 £'000
39,647	Depreciation	38,307
27,049	Impairment and valuations	2,707
919	Amortisation	1,233
(144)	Donated Assets	0
4,005	Increase/(Decrease) in creditors	3,850
22	(Increase)/Decrease in debtors	12,929
732	(Increase)/Decrease in inventories	88
(33,318)	Movement in pension liability	45,930
123,466	Carrying amount of non-current assets held for sale, sold or de-recognised	58,911
114	Other non-cash items charged to the net surplus or deficit on the provision of services	(3,380)
<b>162,492</b>		<b>160,035</b>

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

2017/18 £'000		2018/19 £'000
5,066	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(418)
(15,669)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,655)
(51,536)	Capital Grants credited to surplus or deficit on the provision of services	(21,565)
<b>(62,139)</b>		<b>(29,638)</b>

## Note 26 Cash Flow Statement – Investing Activities

2017/18 £'000		2018/19 £'000
(92,110)	Purchase of property, plant and equipment, investment property and intangible assets	(80,575)
(54,102)	Purchase of short-term and long-term investments	(55,000)
(12)	Other payments for investing activities	(155)
15,673	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,663
17,000	Proceeds from short-term and long-term investments	53,241
54,056	Capital grant received	24,248
244	Other capital cash receipts	(5,074)
<b>(59,251)</b>	<b>Net cash flows from investing activities</b>	<b>(55,652)</b>

## Note 27 Cash Flow Statement – Financing Activities

2017/18 £'000		2018/19 £'000
105,946	Cash receipts of short and long term borrowing	66,023
(1,953)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,195)
(20,572)	Repayments of short- and long-term borrowing	(94,448)
1,140	Other payments for financing activities	431
<b>84,561</b>	<b>Net cash flows from financing activities</b>	<b>(30,189)</b>

## Note 28 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 position before the IAS19 pension adjustment for services to the public included in expenditure of continuing operations was a surplus of £1.644m and support services recharged to expenditure of continuing operations was a deficit of £0.685m.

	2017/18			2018/19		
	Turnover	Expenditure	(Surplus) / Deficit	Turnover	Expenditure	(Surplus) / Deficit
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Services to the public included in Expenditure of Continuing Operations</b>						
Markets	(1,164)	1,712	548	(930)	1,968	1,038
Bereavement Services	(3,035)	1,908	(1,127)	(2,871)	1,874	(997)
Parking	(2,306)	1,807	(499)	(2,382)	2,011	(371)
Trade Waste	(2,412)	1,319	(1,093)	(2,512)	1,255	(1,257)
<b>Total Services to the public included in Expenditure of Continuing Operations</b>	<b>(8,917)</b>	<b>6,746</b>	<b>(2,171)</b>	<b>(8,695)</b>	<b>7,108</b>	<b>(1,587)</b>
<b>Support services recharged to Expenditure of Continuing Operations</b>						
Metro Clean	(5,225)	5,483	258	(5,127)	5,575	448
Schools Catering	(8,601)	9,511	910	(8,765)	9,465	700
<b>Total Support services recharged to Expenditure of Continuing Operations</b>	<b>(13,826)</b>	<b>14,994</b>	<b>1,168</b>	<b>(13,892)</b>	<b>15,040</b>	<b>1,148</b>
<b>Net surplus credited to Other Operating Expenditure</b>	<b>(22,743)</b>	<b>21,740</b>	<b>(1,003)</b>	<b>(22,587)</b>	<b>22,148</b>	<b>(439)</b>

### Services to the public included in Expenditure of Continuing Operations

#### 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.

#### 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.

## 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.

## Note 29 Pooled Budget Arrangements

The Council 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 Council or Doncaster CCG depending on the client requirements. The Council and Doncaster CCG have an annual agreement in place for funding these services that will run for two years from 2017/18, with partners contributing funds to the agreed budget in line with funding allocations, taking responsibility for its own deficit or surplus. Doncaster CCG budgeted to spend £15.168m and spent £15.168m resulting in no surplus or deficit. The Council budgeted to spend £21.294m and spent £20.842m resulting in a net surplus of £0.452m.

	2017/18			2018/19		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Funding provided to the pooled budget:						
the Council	8,380	2,298	<b>10,678</b>	11,492	2,500	13,992
Doncaster CCG	22,334	0	<b>22,334</b>	22,759	0	22,759
	<b>30,714</b>	<b>2,298</b>	<b>33,012</b>	<b>34,251</b>	<b>2,500</b>	<b>36,751</b>
Expenditure met from the pooled budget:						
the Council	13,609	2,298	<b>15,907</b>	18,342	2,500	<b>20,842</b>
Doncaster CCG	15,168	0	<b>15,168</b>	15,457	0	<b>15,457</b>
	<b>28,777</b>	<b>2,298</b>	<b>31,075</b>	<b>33,799</b>	<b>2,500</b>	<b>36,299</b>
Net surplus arising on the pooled budget during the year	1,937	0	1,937	452	0	452
<b>Council share of the net surplus arising on the pooled budget</b>	<b>1,937</b>	<b>0</b>	<b>1,937</b>	<b>452</b>	<b>0</b>	<b>452</b>

## Note 30 Members' Allowances

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

2017/18		2018/19
£		£
899,118	Allowances	923,135
3,467	Expenses	3,292
2,361	Co-opted members	1,914
<b>904,946</b>	<b>Total</b>	<b>928,341</b>

## Note 31 Officers' Remuneration

### Senior Officer Remuneration

Title / Name	Year	Gross Salary	Additional payments	Employer Pension Contribution	Total
		£	£	£	£
<b>Chief Executive</b> J Miller	<b>2018/19</b>	161,018	0	24,475	<b>185,493</b>
	<b>2017/18</b>	157,861	0	22,101	<b>179,962</b>
<b>Director of People</b> D Allen	<b>2018/19</b>	120,000	12,000	20,064	<b>152,064</b>
	<b>2017/18</b>	120,000	12,000	18,480	<b>150,480</b>
<b>Director of Regeneration &amp; Environment</b> P Dale	<b>2018/19</b>	120,964	0	18,387	<b>139,351</b>
	<b>2017/18</b>	120,379	0	16,853	<b>137,232</b>
<b>Director of Corporate Resources</b> D Hogg – Note 1	<b>2018/19</b>	121,257	0	18,431	<b>139,688</b>
	<b>2017/18</b>	4,154	0	582	<b>4,736</b>
<b>Director of Finance &amp; Corporate Services</b> S Wiles – Note 2	<b>2017/18</b>	79,476	0	11,127	<b>90,603</b>
<b>Director of Public Health</b> R Suckling	<b>2018/19</b>	100,308		14,424	<b>114,732</b>
	<b>2017/18</b>	100,308	0	14,424	<b>114,732</b>
<b>Monitoring Officer</b> S Fawcus	<b>2018/19</b>	91,063	0	13,842	<b>104,905</b>
	<b>2017/18</b>	89,277	0	12,499	<b>101,776</b>
<b>Section 151 Officer</b> S Mawson	<b>2018/19</b>	91,437	0	13,898	<b>105,335</b>
	<b>2017/18</b>	91,437	0	12,801	<b>104,238</b>

**Note 1** - D Hogg started work with the Council on 19<sup>th</sup> March 2018, as Director of Corporate Resources. This role was previously called Director of Finance & Corporate Services

**Note 2** - S Wiles left the Council as Director of Finance & Corporate Services on the 28th January 2018.

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: -

2017/18			Salary Banding £	2018/19		
DMBC	Schools	Total		DMBC	Schools	Total
17	14	31	50,000 - 54,999	28	23	51
7	19	26	55,000 - 59,999	16	14	30
18	18	36	60,000 - 64,999	14	20	34
1	11	12	65,000 - 69,999	1	11	12
2	6	8	70,000 - 74,999	3	4	7
1	1	2	75,000 - 79,999	0	2	2
1	1	2	80,000 - 84,999	1	1	2
4	1	5	85,000 - 89,999	0	1	1
6	0	6	90,000 - 94,999	12	1	13
0	0	0	95,000 - 99,999	0	0	0
0	0	0	100,000 - 104,999	0	0	0
0	0	0	105,000 - 109,999	0	0	0
0	0	0	110,000 - 114,999	0	0	0
1	0	1	115,000 - 119,999	0	0	0
0	0	0	120,000 - 154,999	0	0	0
0	0	0	155,000 - 159,999	1	0	1
<b>58</b>	<b>71</b>	<b>129</b>	<b>Total</b>	<b>76</b>	<b>77</b>	<b>153</b>

The table above excludes the senior employees and posts shown above, whose remuneration for 2017/18 and 2018/19 is shown in the senior officer remuneration analysis. The increase in DMBC posts for 18/19 is due to staff receiving 2% pay inflation, which has placed them above the £50k threshold.

### 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 (£)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	18	11	17	54	35	65	275,672	427,847
£20,001 - £40,000	0	3	9	7	9	10	228,360	228,237
<b>Total</b>	<b>18</b>	<b>14</b>	<b>26</b>	<b>61</b>	<b>44</b>	<b>75</b>	<b>504,032</b>	<b>656,084</b>

### Note 32 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: -

	2017/18 £'000	2018/19 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year*	165	127
Fees payable for the certification of grant claims and returns for the year**	27	11
Fees payable in respect of other services provided by external audit during the year	1	0
<b>Total</b>	<b>193</b>	<b>138</b>

\*KPMG in 2017/18 and Grant Thornton in 2018/19

\*\*KPMG have completed all the work in both years

### Note 33 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018.

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 2018/19 are as follows: -

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2018/19 before academy and high needs recoupment	29,984	213,249	243,233
Academy and high needs figure recouped for 2018/19	3,104	138,570	141,674
<b>Total DSG after academy and high needs recoupment for 2018/19</b>	<b>26,880</b>	<b>74,679</b>	<b>101,559</b>
Plus: Brought Forward from 2017/18	2,266	0	2,266
<b>Agreed initial budgeted distribution in 2018/19</b>	<b>29,146</b>	<b>74,679</b>	<b>103,825</b>
In-year adjustments	785	0	785
<b>Final budgeted distribution for 2018/19</b>	<b>29,931</b>	<b>74,679</b>	<b>104,610</b>
Less: Actual central expenditure	29,499	0	29,499
Less: Actual ISB deployed to schools	0	74,679	74,679
<b>Carry forward to 2019/20</b>	<b>432</b>	<b>0</b>	<b>432</b>

### Note 34 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19: -

	2017/18 £'000	2018/19 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Capital Grants and Contributions</b>		
Sheffield City Region Investment Fund (SCRIF) - DN7	0	2,988
Homes and Communities Agency - Empty Property	3,017	2,746
Department for Education - New Pupil Places (Basic Need)	10,212	2,388
Department for Transport - Local Transport Plan (Maintenance)	4,643	2,248
Department for Transport - Additional Highways Maintenance 2018/19	0	2,239
Department for Education - Local Authority Capital Maintenance	1,966	1,569
SCRIF - Urban Centre Quality Streets	0	1,350
Department for Transport - Local Transport Plan (LTP) Central Pot	1,110	829
SCRIF - Finningley and Rossington Regeneration Route Scheme extension	7,587	455
SCRIF - Urban Centre Doncaster Market	3,030	159
SCRIF - Urban centre St Sepulchre Gate/station Forecourt	6,220	0
Department for Business, Innovation and Skills - National College's Investment Fund	3,271	0
SCRIF - Urban Centre Colonnades	2,114	0
Early Years Capital Fund	1,789	0
Sheffield City Region Local Growth Fund for Rail College	1,000	0
Other Grants and Contributions	3,986	4,594
<b>Total</b>	<b>49,945</b>	<b>21,565</b>
<b>Non-Ring fenced Government Grants</b>		
Business Rates Retention Top Up Grant	32,546	33,531
Revenue Support Grant	36,150	28,131
Business Rate Relief: Reimbursement for Local Authority Income Loss Payments	4,448	5,660
New Homes Bonus	4,946	4,459
Levy Account Surplus	0	1,153
Troubled Families	1,580	909
Other	3,014	1,649
<b>Total</b>	<b>82,684</b>	<b>75,492</b>

	2017/18 £'000	2018/19 £'000
<b>Credited to Services</b>		
Dedicated Schools Grant (DSG)	102,913	102,344
Mandatory Rent Allowance: subsidy	45,074	37,241
Mandatory Rent Rebates: subsidy	39,005	34,157
Public Health Grant	24,437	23,809
Improved Better Care Fund Announcement 2015	1,333	7,176
Pupil Premium	7,254	6,502
Improved Better Care Fund Announcement 2017	7,046	4,316
Private Finance Initiative (PFI) Annuity Grant	3,478	3,478
Opportunity Area Social Mobility Grant	450	3,400
Disabled Facilities Grant	2,298	3,250
Department for Environment, Food and Rural Affairs (Defra) Waste Infrastructure Grant	2,385	2,385
Universal Infant Free School Meals (UIFSM) Funding	2,417	1,904
Essential Life Skills	1,008	1,750
Winter Pressure Grant	0	1,510
Housing Benefit & Council Tax Admin Benefit Subsidy	1,203	1,074
PE & Sports Grant	913	1,029
Adult Social Care Grant 18/19	0	944
Skills Funding Agency Safeguarded Learning	528	912
Discretionary Housing Payments	886	784
Independent Living Fund Grant	726	703
Skills Funding Agency Sixth Forms	673	669
Youth Justice Board	605	604
Other Grants	5,534	6,685
<b>Total</b>	<b>250,166</b>	<b>246,626</b>
<b>Contributions</b>		
Better Care Fund Income	7,166	7,302
Primary Care Trust Continuing Healthcare Contribution to care packages	3,387	4,553
Other Health Contributions	3,082	3,747
Primary Care Trust - Section 256	2,077	1,952
Other	6,010	4,023
<b>Total</b>	<b>21,722</b>	<b>21,577</b>

The Council has received a number of grants and contributions 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	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
<b>Revenue Grants Receipts in Advance</b>				
Other	903	833	0	0
<b>Total</b>	<b>903</b>	<b>833</b>	<b>0</b>	<b>0</b>
<b>Capital Grants &amp; Contributions Receipts in Advance</b>				
Department for Transport - Local Transport Plan (Maintenance Block)	318	1,540	0	248
Northern Powerhouse Investment Fund - A630 Westmoor Link	0	941	0	0
Section 106	973	549	2,772	2,032
Devolved Formula Capital	300	300	177	673
Homes and Communities Agency (HCA) Empty Property Match	2,133	0	0	0
Other Grant & Contribution	464	84	0	150
<b>Total</b>	<b>4,188</b>	<b>3,414</b>	<b>2,949</b>	<b>3,103</b>
<b>Donated Assets Account</b>				
DN7 Waystone Donated Asset	0	0	0	255
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>255</b>

## Note 35 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.

### 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 the Grant Income note.

### Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2018/19 is shown in the Members' Allowances note. Members have disclosed material transactions with related parties during 2018/19 see table below: -

Organisations	Amount £'000
Doncaster Children's Services Trust	58,967
South Yorkshire Pensions Authority	22,236
RDASH FT	17,098
South Yorkshire Fire & Rescue	6,852
Doncaster & Bassetlaw Hospital	2,613
Doncaster Deaf Trust	2,325
Doncaster Culture & Leisure Trust	1,698
Yorkshire Purchasing Organisation	1,590
Doncaster East Internal Drainage Board	641
Thorne Moorends Town Council	571
Danvm Drainage Commissioners	412
Doncaster Performance Venue Ltd	347

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

### Officers

Officers have disclosed material transactions in 2018/19 see table below: -

Organisations	Amount £'000
Living Ambitions	7,701
Doncaster Community Solutions	1,209
Club Doncaster Community Sports Foundation and Education Foundation	804
Zurich	546

### 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 2018/19 was £12.937 m (£13.265m in 2017/18).

### 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 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council.

- Details of the relationship with this company are shown within the Group Accounts.

### Arthur Street Developments

In 2017/18 Doncaster Council bought all the shares in Arthur Street Developments.

The accounts for the year ended 31<sup>st</sup> July 2018 show net assets valued at £1,554,584 (£1,665,495 in 2017). The company made a loss for the year of £110,911 after tax (a profit £40,078 after tax for the year ended 31<sup>st</sup> July 2017).

The figures are not included in the group accounts as they are not material.

- **Joint Venture**

#### **Doncaster Racecourse Management Company Limited**

The company was formed on 1<sup>st</sup> 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 31<sup>st</sup> December 2017 show net assets valued at £12,570,163 (£12,537,914 in 2016). The company made a profit for the year of £32,249 after tax (£1,296,598 after tax for the year ended 31<sup>st</sup> December 2016). 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.

The figures are not included in the group accounts as they are not material.

## Note 36 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/PP 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. The CFR is analysed within this note.

	2017/18 £'000	2018/19 £'000
<b>Opening Capital Financing Requirement</b>	<b>584,232</b>	<b>604,171</b>
<b>Capital investment:</b>		
Property, Plant and Equipment *	90,987	79,580
Heritage Assets **	52	68
Donated Heritage Assets	144	0
Intangible Assets ***	1,070	927
Long Term Loans and Advances	0	150
Investment in related company	1,279	0
Revenue Expenditure Funded from Capital Under Statute	8,194	6,358
<b>Sources of Finance:</b>		
Capital receipts	(10,519)	(3,766)
Government grants and other contributions	(34,770)	(28,218)
Donated Assets	(144)	0
Major Repairs Reserve	(14,080)	(22,108)
Direct revenue contributions	(16,620)	(13,459)
MRP / loans fund principal	(5,654)	(7,093)
<b>Closing Capital Financing Requirement</b>	<b>604,171</b>	<b>616,610</b>
<b>Explanation of movements in year:</b>		
MRP / loans fund principal	(5,654)	(7,093)
Increase in underlying need to borrowing (unsupported by Government financial assistance)	26,795	14,284
Un-financed expenditure	(1,202)	5,248
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>19,939</b>	<b>12,439</b>

\* These figures match to the additions lines in Note 12 – Property, Plant and Equipment

\*\* These figures match to the additions lines in Note 13 – Heritage Assets

\*\*\* These figures match to the additions lines in Note 15 – Intangible Assets

## Note 37 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	
	2017/18 £'000	2018/19 £'000
Hire of plant and machinery	73	9
Land and buildings	1,153	875
<b>Total</b>	<b>1,226</b>	<b>884</b>

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

	Land and buildings		Other operating leases	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
<b>Operating leases which expire:</b>				
Within 1 year	1,124	818	2	0
Between 1 and 5 years	3,100	3,020	0	0
After 5 years	7,131	6,369	0	0
<b>Total</b>	<b>11,355</b>	<b>10,207</b>	<b>2</b>	<b>0</b>

### 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 arrangements 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 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
<b>Finance lease debtor (net present value of minimum lease payments):</b>		
Current	5	5
Non-Current	4,806	4,800
Finance Income	15,317	15,099
<b>Gross investment in the lease</b>	<b>20,128</b>	<b>19,904</b>

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 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'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	19,012	18,788	19,012	18,788
<b>Total</b>	<b>20,128</b>	<b>19,904</b>	<b>20,128</b>	<b>19,904</b>

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.

### 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	
	2017/18 £'000	2018/19 £'000
<b>Operating leases which expire:</b>		
Within 1 year	2,265	2,205
Between 1 and 5 years	6,332	6,512
After 5 years	25,122	24,765
<b>Total</b>	<b>33,719</b>	<b>33,482</b>

## Note 38 Private Finance Initiatives (PFI) 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 element of the payments are inflated by RPIX each year. The contractor payments began in December 2008 with actual payments of £6.514m in 2018/19 (£6.454m in 2017/18). 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 converted to 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 converted to 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 and unitary charge.

### Waste Management PFI Contract

Barnsley, Doncaster and Rotherham jointly entered into a PFI contract with 3SE (Shanks, Scottish and Southern Energy) on the 30<sup>th</sup> 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, this 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 3<sup>rd</sup> 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, 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 RPIX figure. The PFI asset and liability are shared 30% Barnsley, 40% Doncaster, and 30% Rotherham. This is considered a reasonable basis as it corresponds to each Council's 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 Council's Balance Sheet. Movements in their value over the year are detailed in the Property, Plant and Equipment Note.

### 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 31<sup>st</sup> March 2019 are as follows: -

#### **Breakdown of the Repayment of the Finance Lease Liability**

<b>PFI Scheme</b>	<b>Within 1 year £'000</b>	<b>Within 2-5 years £'000</b>	<b>Within 6-10 years £'000</b>	<b>Within 11-15 years £'000</b>	<b>Within 16-20 years £'000</b>	<b>Within 21-25 years £'000</b>	<b>Total £'000</b>
Sir Thomas Wharton College	769	2,777	5,630	6,144	0	0	<b>15,320</b>
Mexborough Science College	785	2,832	5,743	6,267	0	0	<b>15,627</b>
Waste Management PFI	(196)	1,374	2,041	4,534	7,094	2,258	<b>17,105</b>
<b>Total</b>	<b>1,358</b>	<b>6,983</b>	<b>13,414</b>	<b>16,945</b>	<b>7,094</b>	<b>2,258</b>	<b>48,052</b>

#### **Breakdown of the Interest payments**

<b>PFI Scheme</b>	<b>Within 1 year £'000</b>	<b>Within 2-5 years £'000</b>	<b>Within 6-10 years £'000</b>	<b>Within 11-15 years £'000</b>	<b>Within 16-20 years £'000</b>	<b>Within 21-25 years £'000</b>	<b>Total £'000</b>
Sir Thomas Wharton College	597	2,037	1,858	641	0	0	<b>5,133</b>
Mexborough Science College	609	2,077	1,895	653	0	0	<b>5,234</b>
Waste Management PFI	2,372	9,281	10,578	8,620	4,913	304	<b>36,068</b>
<b>Total</b>	<b>3,578</b>	<b>13,395</b>	<b>14,331</b>	<b>9,914</b>	<b>4,913</b>	<b>304</b>	<b>46,435</b>

#### **Breakdown of the remaining Unitary Charge**

<b>PFI Scheme</b>	<b>Within 1 year £'000</b>	<b>Within 2-5 years £'000</b>	<b>Within 6-10 years £'000</b>	<b>Within 11-15 years £'000</b>	<b>Within 16-20 years £'000</b>	<b>Within 21-25 years £'000</b>	<b>Total £'000</b>
Sir Thomas Wharton College	1,921	8,750	10,479	11,126	0	0	<b>32,276</b>
Mexborough Science College	1,959	8,925	10,689	11,349	0	0	<b>32,922</b>
Waste Management PFI	7,415	29,539	42,166	48,660	58,668	16,727	<b>203,175</b>
<b>Total</b>	<b>11,295</b>	<b>47,214</b>	<b>63,334</b>	<b>71,135</b>	<b>58,668</b>	<b>16,727</b>	<b>268,373</b>

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. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows: -

	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Balance outstanding at start of year</b>	<b>52,199</b>	<b>50,247</b>
Payments during the year	1,952	2,195
<b>Balance outstanding at year-end</b>	<b>50,247</b>	<b>48,052</b>

## Note 39 Pensions Schemes Accounted for as Defined Contribution Schemes

### Teachers' Pension Scheme

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

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

In 2018/19, the Council's contribution to the Department for Education in respect of teachers' retirement benefits was £4.67m (£4.99m in 2017/18), which represents 16.48% of teachers' pensionable pay (16.48% in 2017/18). In addition, a further sum of £3.23m (£3.22m in 2017/18) 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 to 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 member's 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. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2018/19, the Council's contribution to Public Health staff in respect of retirement benefits was £0.109m (£0.110m in 2017/18) which represents 14.38% of related pensionable pay.

## Note 40 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. However, the charge the Council is 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 following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balances via the Movement in Reserves Statement during the year:

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
<b>Service cost comprising:</b>		
Current service cost	30,992	30,348
Past service costs	417	15,122
(gains)/loss from settlements and curtailments	(11,264)	(2,743)
<b>Financing and Investment Income and Expenditure</b>		
Net Interest expense	10,636	9,649
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>30,781</b>	<b>52,376</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
<b>Remeasurement of the net defined benefit liability comprising:</b>		
Return on plan assets (excluding the amount included in the net interest expense)	(15,179)	(34,576)
Actuarial gains and losses arising on changes in financial assumptions	(74,703)	84,311
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(89,882)</b>	<b>49,735</b>
<b>Movement in the Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(5,826)	(25,718)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employers' contributions payable to scheme	24,955	26,658

#### **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: -

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Present value of the defined benefit obligation	(1,522,285)	(1,646,334)
Fair value of plan assets	1,145,975	1,174,899
<b>Net Liability arising from defined benefit obligation</b>	<b>(376,310)</b>	<b>(471,435)</b>

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

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Opening fair value of scheme assets</b>	<b>1,076,977</b>	<b>1,145,975</b>
Interest Income	27,983	29,349
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	15,179	34,576
- Other - Admin Expenses & Settlements	(3,876)	(3,053)
Contribution from employer	64,099	6,986
Contributions from employees into the scheme	6,021	6,153
Benefits paid	(40,408)	(45,087)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>1,145,975</b>	<b>1,174,899</b>

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

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Opening balance at 1<sup>st</sup> April</b>	<b>(1,576,487)</b>	<b>(1,522,285)</b>
Current service cost	(30,992)	(30,348)
Interest cost	(38,619)	(38,998)
Contributions from scheme participants	(6,021)	(6,153)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in financial assumptions	74,703	(84,311)
Past service cost	(36)	(14,731)
Losses/(gains) on curtailments	(527)	(1,002)
Benefits paid	40,408	45,087
Liabilities extinguished on settlement	15,286	6,407
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,522,285)</b>	<b>(1,646,334)</b>

In April 2017 the Council made a one-off payment to the Pension Fund of £27.352m to cover future deficit liabilities and £31.146m for 80% of the future service rate contributions for the period from 2017/18 to 2019/20. In line with the Council's accounting policies £9.117m and £10.237m was accounted for in 2017/18, £9,117m and £10,555m is accounted for in 2018/19, with the remainder being offset against the pension liability on the balance sheet. Over the next financial year, the pension reserve (note 24d, £490.907m) and the net pension liability (£471.435m) will be brought into line as the prepayment arrangements are accounted for in 2019/20.

**Local Government Pension Scheme assets comprised:**

	<b>Fair value of scheme assets</b>	
	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Cash and cash equivalents</b>	55,465	38,889
<b>Equity Instruments:</b>		
UK quoted	170,406	167,541
Global quoted	469,850	429,896
<b>Bonds</b>		
UK Government indexed	129,954	152,384
Overseas Government fixed	29,566	31,957
UK other	54,205	56,160
Overseas other	30,368	31,135
<b>Property</b>		
UK Direct	90,876	102,686
Property Funds	13,866	10,927
<b>Alternatives</b>		
Pooled Investment Vehicles	101,419	153,324
<b>Total</b>	<b>1,145,975</b>	<b>1,174,899</b>

**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 2017.

The significant assumptions used by the actuary have been: -

Beginning of period		End of period
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners</b>	
23.0	Men	23.1
25.8	Women	25.9
	<b>Longevity at 65 for future pensioners</b>	
25.2	Men	25.3
28.1	Women	28.3
2.1%	Rate of inflation	2.2%
3.35%	Rate of increase in salaries	3.45%
2.2%	Rate of increase in pensions	2.3%
2.6%	Rate for discounting scheme liabilities	2.4%

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 £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	32,381	(32,381)
Rate of inflation (increase or decrease by 0.1%)	29,598	(29,598)
Rate of salaries (increase or decrease by 0.1%)	3,905	(3,905)
Rate of pensions (increase or decrease by 0.1%)	29,598	(29,598)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(29,074)	29,074

#### 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 maintain a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2019.

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 £17.041m expected contributions to the scheme in 2019/20. The estimated weighted average duration of the defined benefit obligation for scheme members is 18 years.

#### West Yorkshire Superannuation Fund

Payments in 2018/19 totalling £0.004m (£0.006m in 2017/18) 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.

## Note 41 Contingent Liabilities

### 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 clawback 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 40%, totalling an outstanding amount of £1.568m. This contingent liability covers the remaining claims up to 100% (£5,492m).

### 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 operated by a third party. The administrator has advised that contractually the ownership of the material has now been passed onto the third party. Doncaster Council served a planning enforcement notice on the site operator 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 third party 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. If this is the case, the cost of removing and disposing of the material could be significant and it is possible that the full cost will not be recoverable. 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.

## Note 42 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.

	2017/18	2018/19
	£'000	£'000
Adult Trust Funds	6,381	6,140
Other Trust Funds	339	337
<b>Total</b>	<b>6,720</b>	<b>6,477</b>

## Note 43 Deferred Liabilities

These liabilities totalling £49.075m (£52.597m at 31st March 2018) are payable in a period exceeding 12 months and include the following: -

- £2.381m (£4.545m at 31<sup>st</sup> March 2018) in respect of debt taken over from the former South Yorkshire County Council which by arrangement are payable over a repayment period ending 31<sup>st</sup> March 2021 and for which the Council's loan management rests with Rotherham MBC;
- £46.694m (£48.052m at 31<sup>st</sup> March 2018) relating to PFI schemes' long term liabilities as disclosed in Note 16 and 38.



## 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 Part 6, 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 the 1 October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arm's Length Management Organisation, limited by guarantee and wholly owned by the Council.

2017/18		Notes	2018/19	
£'000			£'000	£'000
	<b>Expenditure</b>			
10,188	Repairs and maintenance		10,342	
21,054	Supervision and management		21,705	
1,470	Rents, rates, taxes and other charges		1,394	
	Depreciation of Property, Plant & Equipment	8		
17,263	On dwellings		17,113	
938	On other assets		926	
16,757	Impairment of Property, Plant and Equipment	9	13,865	
(3,525)	Reversal of previous Impairment loss	9	(5,475)	
38	Amortisation of Intangible assets		38	
13	Debt management costs		10	
780	Movement in the allowance for bad debts		717	
<b>64,976</b>	<b>Total Expenditure</b>			<b>60,635</b>
	<b>Income</b>			
(73,714)	Dwelling rents (gross)		(73,277)	
(833)	Non-dwelling rents (gross)		(811)	
(558)	Charges for services and facilities		(574)	
(554)	Contributions towards expenditure		(524)	
<b>(75,659)</b>	<b>Total Income</b>			<b>(75,186)</b>
<b>(10,683)</b>	<b>Net cost of HRA Services as included in the whole authority Income and Expenditure Account</b>			<b>(14,451)</b>
401	HRA share of Corporate and Democratic Core		378	
<b>(10,282)</b>	<b>Net Income/(Cost) for HRA Services</b>			<b>(14,173)</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account</b>			
5,002	Gain or (loss) on sale of HRA non-current assets		19,503	
11,825	Interest payable and similar charges		11,837	
(70)	Interest receivable and similar income		(111)	
(3,018)	Capital Grants and Contributions receivable		(2,955)	
<b>3,457</b>	<b>(Surplus) or Deficit for the year on HRA services</b>			<b>14,101</b>

## 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.

2017/18		Notes	2018/19	
£'000			£'000	£'000
(5,243)	<b>Balances on the HRA at the end of the previous year</b>			(6,523)
3,457	(Surplus) or deficit for the year on the HRA Income and Expenditure statement		14,101	
(4,737)	Adjustments between accounting basis and funding basis under statute (note10)		(15,841)	
(1,280)	Net (increase) or decrease before transfers to or from reserves		(1,740)	
(1,280)	(Increase) or decrease in year on the HRA			(1,740)
(6,523)	<b>Balance on the HRA at the end of the current year</b>			(8,263)

## Notes to the Statement of Movement on the Housing Revenue Account Balance

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

31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019
16,464	Houses and bungalows	16,387
2,309	Low-rise flats and maisonettes	2,340
1,397	Medium and high-rise flats	1,398
<b>20,170</b>	<b>Total</b>	<b>20,125</b>

### 2 Major Repairs Reserve (MRR)

2017/18		2018/19
£'000		£'000
(3,752)	<b>Balance as at 1<sup>st</sup> April</b>	(7,910)
(975)	Transfer Depreciation Non Dwellings to MRR	(964)
(17,263)	Transfer Depreciation Dwellings to MRR	(17,113)
14,080	Financing of capital expenditure	22,108
(7,910)	<b>Balance as at 31<sup>st</sup> March</b>	(3,879)

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

31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019
£'000		£'000
1,226	Former Tenants Rent Arrears	1,231
2,050	Current Tenants Rent Arrears	2,105
<b>3,276</b>	<b>Total</b>	<b>3,336</b>

The bad debt provision in respect of all un-collectable rent arrears was £2,566,765 (£2,167,278 in 2017/18). The aggregate balance sheet provision in respect of all un-collectable debts relating to the Housing Revenue Account was £2,713,340 (£2,317,438 in 2017/18).

#### 4 Movement of Property, Plant & Equipment

2017/18 Total £'000		Council Dwellings £'000	Other Operational Land & Buildings £'000	Other Property, Plant & Equipment £'000	2018/19 Total £'000
	<b>Cost or Valuation</b>				
<b>694,165</b>	<b>At 1<sup>st</sup> April 2018</b>	<b>665,018</b>	<b>14,818</b>	<b>10,950</b>	<b>690,786</b>
<b>29,097</b>	Additions	21,782	814	14,726	<b>37,322</b>
<b>(4,609)</b>	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(6,588)	(522)	234	<b>(6,876)</b>
<b>(15,475)</b>	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,992)	(55)	(175)	<b>(10,222)</b>
<b>(6,199)</b>	De-recognition – disposals	(4,366)	(73)	(70)	<b>(4,509)</b>
<b>(6,193)</b>	De-recognition – other	(20,580)	(94)	(336)	<b>(21,010)</b>
<b>0</b>	Reclassifications within PPE	1,085	0	(1,085)	<b>0</b>
<b>690,786</b>	<b>At 31<sup>st</sup> March 2019</b>	<b>646,359</b>	<b>14,888</b>	<b>24,244</b>	<b>685,491</b>
	<b>Accumulated Depreciation and Impairment</b>				
<b>(27,165)</b>	<b>At 1<sup>st</sup> April 2018</b>	<b>(19,255)</b>	<b>(2,272)</b>	<b>(2,063)</b>	<b>(23,590)</b>
<b>(18,201)</b>	Depreciation charge	(17,113)	(510)	(416)	<b>(18,039)</b>
<b>19,533</b>	Depreciation written out to the Revaluation Reserve	16,808	642	0	<b>17,450</b>
<b>4,222</b>	Depreciation written out to the Surplus/Deficit on the Provision of Services	2,447	0	0	<b>2,447</b>
<b>(1,979)</b>	impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(223)	(392)	0	<b>(615)</b>
<b>0</b>	De-recognition – disposals	0	3	0	<b>3</b>
<b>(23,590)</b>	<b>At 31<sup>st</sup> March 2019</b>	<b>(17,336)</b>	<b>(2,529)</b>	<b>(2,479)</b>	<b>(22,344)</b>
<b>667,196</b>	<b>Net Book Value as at 31<sup>st</sup> March 2019</b>	<b>629,023</b>	<b>12,359</b>	<b>21,765</b>	<b>663,147</b>

#### 5 Vacant possession value of dwellings

The vacant possession value of dwellings within the HRA following annual revaluation as at 1st April 2018 was £1.535 billion. A difference arises between the vacant possession valuation £1.535 billion and the valuation used for balance sheet purposes of £0.629 billion because the latter represents the social housing value of tenanted dwellings. The difference £0.906 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.

2017/18 £'000		2018/19 £'000
	<b>Capital expenditure per asset classification:</b>	
18,681	Council Dwellings	21,782
265	Other operational Land and Buildings	814
1,155	Vehicles Plant and equipment	707
8,996	Assets Under Construction	14,019
0	Intangible Assets	12
<b>29,097</b>		<b>37,334</b>
	<b>Sources of funding:</b>	
(466)	Useable Capital Receipts	(1,962)
(3,368)	Capital Grants and Contributions	(2,967)
(14,031)	Major Repairs Reserve	(22,108)
(10,252)	Direct revenue financing	(9,253)
(980)	Unsupported borrowing	(1,044)
<b>(29,097)</b>		<b>(37,334)</b>

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

2017/18 £'000		2018/19 £'000
7,097	Houses (Council Dwellings)	4,998
220	Land	1,019
73	Other Property	0
<b>7,390</b>	<b>Total</b>	<b>6,017</b>

## 8 Depreciation charged to the HRA

2017/18 £'000		2018/19 £'000
17,263	Council Dwellings	17,113
491	Other Land and Buildings	510
447	Other PPE	416
<b>18,201</b>		<b>18,039</b>

## 9 Impairment charge to HRA.

2017/18 £'000		2018/19 £'000
14,380	Revaluation Loss on Council Dwellings	12,883
176	Revaluation Loss relating to non-Council Dwelling Assets	765
456	Impairment due to Council Dwelling demolition in year and proposed future demolitions	59
1,524	Consumption of Economic Benefit re Council Dwellings	164
(3,304)	Reversal of previous revaluation loss	(5,481)
<b>13,232</b>		<b>8,390</b>

The regional adjustment factor, applied to ascertain the value of social housing stock, has remained at 41%.

## 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) and residual Community Charge. 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 Statement

2017/18 £'000		Notes	2018/19 £'000
	<b>Amounts required by statute to be credited to the Collection Fund</b>		
(120,707)	Council Tax (showing the amount receivable, net of benefits discounts for prompt payments and transitional relief)	1	(128,277)
(98,295)	Non-Domestic Rates (showing the amount receivable, net of discretionary and mandatory reliefs)	2	(98,307)
(996)	Contribution towards previous year's Collection Fund deficit - Non-Domestic Rates		(619)
<b>(219,998)</b>	<b>Total Income</b>		<b>(227,203)</b>
	<b>Amounts required by statute to be debited to the Collection Fund</b>		
	Precepts and demands from major preceptors and the authority - Council Tax	3	
99,921	- Doncaster Council		106,043
12,510	- South Yorkshire Police Authority		13,727
5,454	- South Yorkshire Fire and Rescue Authority		5,729
	Shares of Non-Domestic Rating income to major preceptors and the (billing) authority - Non-Domestic Rates		
44,379	- Doncaster Council		46,504
906	- South Yorkshire Fire and Rescue Authority		949
45,285	Payment with respect to central share (including allowable deductions) of the Non-Domestic Rating income to be paid to central government by billing authorities		47,453
4,152	Transitional protection payments Non-Domestic Rates		1,404
	Impairment of debts/appeals for Council Tax		
694	- write-offs of uncollectable amounts		966
(254)	- allowance for impairment		174
	Impairment of debts/appeals for Non-Domestic Rates:		
2,221	- write-offs of uncollectable amounts		1,004
1,119	- allowance for impairment		1,840
371	Charge to General Fund for allowable collection costs for Non-Domestic Rates		372

2017/18 £'000		Notes	2018/19 £'000
2,996	Contributions towards previous year's Collection Fund surplus for Council Tax		3,379
<b>219,754</b>	<b>Total Expenditure</b>		<b>229,544</b>
	<b>Opening fund balance:</b>		
(6,013)	- Council Tax		(5,398)
2,340	- Non-Domestic Rates		1,482
	<b>Closing fund balance:</b>		
(5,398)	- Council Tax		(3,657)
1,482	- Non-Domestic Rates		2,083
	<b>Movement on fund balance:</b>		
615	- Council Tax		1,741
(858)	- Non-Domestic Rates		601
	Accumulated surplus/deficit of the Collection Fund (Council Tax) is attributable to the following:-		
(4,555)	- Doncaster Council		(3,101)
(580)	- South Yorkshire Police Authority		(371)
(263)	- South Yorkshire Fire and Rescue Authority		(185)
<b>(5,398)</b>			<b>(3,657)</b>
	Accumulated surplus/deficit of the Collection Fund (Non-Domestic Rates) is attributable to the following:-		
726	- Doncaster Council		1,021
741	- Central Government		1,041
15	- South Yorkshire Fire and Rescue Authority		21
<b>1,482</b>			<b>2,083</b>



## Notes to the Collection Fund Statement

### 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 LCTS, Exemptions, Discounts & Other Changes	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2017/18 (Excluding Parishes) £
A	80,138	(25,581)	54,557	6/9	36,371	£1,018.91
B	24,523	(3,607)	20,916	7/9	16,268	£1,188.74
C	14,847	(1,733)	13,114	8/9	11,657	£1,358.55
D	9,087	(660)	8,427	1	8,427	£1,528.37
E	4,470	(271)	4,199	11/9	5,132	£1,868.00
F	2,062	(56)	2,006	13/9	2,897	£2,207.65
G	896	(43)	853	15/9	1,422	£2,547.28
H	127	(55)	72	18/9	144	£3,056.74
<b>Total</b>	136,150	(32,006)	104,144		82,318	
Less allowance for non-collection					(1,646)	
<b>Tax base for the calculation of Council Tax</b>					80,672	

Reconciliation of Council Tax income to the tax base: -

2017/18		2018/19
80,710	No of Band D properties	82,318
£1,464.93	Band D rate	£1,528.37
£2,016,571	Parish Precepts	£2,202,391
<b>£'000</b>		<b>£'000</b>
(120,251)	Estimated Income	(128,015)
(456)	In year changes	(262)
(120,707)	Income	(128,277)

The in year changes in 2018/19 are due to an increase in the number of band D properties to 80,812, compared with 80,672 used in the calculation of the budget. This is mainly attributable to 569 fewer Local Council Tax Scheme discounts being awarded and lower than expected growth of 429 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 2018/19 the Standard Rate was 49.3p (47.9p in 2017/18) and the Small Business Rate was 48.0p (46.6p in 2017/18).

Since 1st April 2013 and the introduction of the Local Government Finance Act 2012, business rates are shared between Central and Local government. 50% of local business rates 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 business rates model calculates the difference between each Council's individual business rate 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 business rates. Doncaster Council received top-up funding of £33.527m, which represents the difference between our individual business rate baseline funding level of £39.931m and the calculated baseline level of £73.458m.

The Business Rates collectable after reliefs and provisions was £98.3m in 2018/19 (£98.3m in 2017/18) and was based on a rateable value for the Council's area of £245,992,343 as at 27th March 2019 (£245,007,049 as at 30th March 2018). The Government is continuing to develop the Business Rates system for 75% retention by Local Government in 2020/21.

## 3 Precepts and Demands

Expenditure requirements financed by the Collection Fund: -

	<b>Net Budget Requirement</b>	<b>Band D Equivalent Dwellings</b>	<b>Band D Council Tax</b>
	<b>£'000</b>		<b>£</b>
Doncaster Council Demand *	103,841	80,672	1,287.20
S Y Police Authority	13,727	80,672	170.16
S Y Fire and Rescue Authority	5,729	80,672	71.02
<b>Total</b>	<b>123,297</b>		<b>1,528.38</b>

\* Excludes Parish Precepts of £2,202,391

# Group Accounts

## The Core Financial Statements

### Group Comprehensive Income and Expenditure Statement

2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
155,161	(74,532)	80,629	Adults, Health & Wellbeing	157,418	(80,102)	77,316
117,710	(94,533)	23,177	Council Wide Budgets	103,486	(80,278)	23,208
23,619	(429)	23,190	Corporate Resources	33,490	(998)	32,492
205,827	(135,370)	70,457	Learning & Opportunities: Children & Young People	200,977	(136,896)	64,081
75,793	(22,819)	52,974	Regeneration & Environment	71,349	(24,542)	46,807
68,779	(75,660)	(6,881)	Housing Revenue Account	67,099	(75,186)	(8,087)
<b>646,889</b>	<b>(403,343)</b>	<b>243,546</b>	<b>Net Cost of Services</b>	<b>633,819</b>	<b>(398,002)</b>	<b>235,817</b>
2,017	0	2,017	Parish Council Precepts	2,202	0	2,202
2,234	0	2,234	Payments to the Government Housing Capital Receipts Pool	2,006	0	2,006
107,796	0	107,796	(Gains) / Losses on the disposal of non-current assets	51,254	0	51,254
<b>112,047</b>	<b>0</b>	<b>112,047</b>	<b>Other operating expenditure</b>	<b>55,462</b>	<b>0</b>	<b>55,462</b>
21,574	0	21,574	Interest payable & similar charges	21,379	0	21,379
11,688	0	11,688	Pensions interest cost & expected return on pensions Assets	10,467	0	10,467
0	(1,584)	(1,584)	Interest receivable & similar income	0	(2,391)	(2,391)
7	(354)	(347)	Income & expenditure in relation to investment properties & changes in their fair value	381	(179)	202
13,006	(15,688)	(2,682)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services	14,562	(16,068)	(1,506)
<b>46,275</b>	<b>(17,626)</b>	<b>28,649</b>	<b>Financing and investment income and expenditure</b>	<b>46,789</b>	<b>(18,638)</b>	<b>28,151</b>
0	(101,931)	(101,931)	Council tax income	0	(107,444)	(107,444)
0	(44,508)	(44,508)	Non domestic rates redistribution	0	(46,082)	(46,082)
0	(82,684)	(82,684)	Non-ring fenced Government grants	0	(75,492)	(75,492)
0	(49,945)	(49,945)	Capital grants and contributions	0	(21,565)	(21,565)
<b>0</b>	<b>(279,068)</b>	<b>(279,068)</b>	<b>Taxation and non-specific grant income</b>	<b>0</b>	<b>(250,583)</b>	<b>(250,583)</b>
<b>805,211</b>	<b>(700,037)</b>	<b>105,174</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>736,070</b>	<b>(667,223)</b>	<b>68,847</b>
		(9,735)	(Surplus) / Deficit on revaluation of non-current assets			(54,071)
		(104,456)	Actuarial (gains) / losses on pension assets / liabilities			56,791
		25	(Surplus) / Deficit on revaluation of available for sale financial assets			0
		0	(Gains) / Losses on Revaluation of Financial Instruments			(858)
		<b>(114,166)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>1,862</b>
		<b>(8,992)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>70,709</b>

## Group Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	(Group) Share of Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> March 2018 brought forward</b>	<b>(61,500)</b>	<b>(6,523)</b>	<b>(13,884)</b>	<b>(7,910)</b>	<b>(28,429)</b>	<b>(118,246)</b>	<b>(434,530)</b>	<b>(552,776)</b>	<b>31,573</b>	<b>(521,203)</b>
<b>Movement in reserves during 2018/19</b>										
Total Comprehensive Income and Expenditure	47,843	14,101	0	0	0	61,944	(5,193)	56,751	13,938	70,689
Adjustments between accounting basis and funding basis under regulations	(54,085)	(15,841)	(1,735)	4,031	6,692	(60,938)	60,938	0	0	0
<b>(Increase) / Decrease in 2018/19</b>	<b>(6,242)</b>	<b>(1,740)</b>	<b>(1,735)</b>	<b>4,031</b>	<b>6,692</b>	<b>1,006</b>	<b>55,745</b>	<b>56,751</b>	<b>13,938</b>	<b>70,689</b>
<b>Balance at 31<sup>st</sup> March 2019 carried forward</b>	<b>(67,742)</b>	<b>(8,263)</b>	<b>(15,619)</b>	<b>(3,879)</b>	<b>(21,737)</b>	<b>(117,240)</b>	<b>(378,785)</b>	<b>(496,025)</b>	<b>45,511</b>	<b>(450,514)</b>

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	(Group) Share of Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> March 2017 brought forward</b>	<b>(65,469)</b>	<b>(5,243)</b>	<b>(11,193)</b>	<b>(3,752)</b>	<b>(11,676)</b>	<b>(97,333)</b>	<b>(473,887)</b>	<b>(571,220)</b>	<b>41,693</b>	<b>(529,527)</b>
<b>Movement in reserves during 2017/18</b>										
Total Comprehensive Income and Expenditure	97,263	3,457	0	0	0	100,720	(99,592)	1,128	(10,120)	(8,992)
Adjustments between accounting basis and funding basis under regulations	(93,281)	(4,737)	(2,691)	(4,158)	(16,766)	(121,633)	121,633	0	0	0
Other Adjustments	(13)	0	0		13	0	0	0	0	0
<b>(Increase) / Decrease in 2017/18</b>	<b>3,969</b>	<b>(1,280)</b>	<b>(2,691)</b>	<b>(4,158)</b>	<b>(16,753)</b>	<b>(20,913)</b>	<b>22,041</b>	<b>1,128</b>	<b>(10,120)</b>	<b>(8,992)</b>
<b>Balance at 31<sup>st</sup> March 2018 carried forward</b>	<b>(61,500)</b>	<b>(6,523)</b>	<b>(13,884)</b>	<b>(7,910)</b>	<b>(28,429)</b>	<b>(118,246)</b>	<b>(451,846)</b>	<b>(570,092)</b>	<b>31,573</b>	<b>(538,519)</b>

## Group Balance Sheet

### Balance Sheet

1 <sup>st</sup> April 2018 Restated		31 <sup>st</sup> March 2018 Restated		Notes	31 <sup>st</sup> March 2019	
£'000	£'000	£'000	£'000		£'000	£'000
1,502,174		1,410,380		c	1,437,531	
10,163		10,114			9,273	
3,725		2,503			1,738	
4,311		4,462			4,156	
7,838		4,051			4,909	
7,605		7,468			7,421	
	<b>1,535,816</b>		<b>1,438,978</b>			<b>1,465,028</b>
540		344			0	
17,124		53,351			55,295	
1,500		5,601			13,355	
2,323		1,804			1,642	
75,949		76,956		d	67,863	
10,770		17,313		e	1,743	
	<b>108,206</b>		<b>155,369</b>			<b>139,898</b>
(15,372)		0		e	(2,466)	
(22,100)		(96,558)			(83,889)	
(44,039)		(49,243)		f	(53,363)	
(954)		(1,539)			(1,597)	
(1,921)		(903)			(833)	
(3,851)		(4,188)			(3,414)	
	<b>(88,237)</b>		<b>(152,431)</b>			<b>(145,562)</b>
(14,891)		(15,029)			(11,185)	
(428,911)		(442,255)			(428,286)	
(56,760)		(52,597)			(49,075)	
0		0			(255)	
(2,137)		(2,949)			(3,103)	
(541,203)		(407,883)		g	(516,946)	
	<b>(1,043,902)</b>		<b>(920,713)</b>			<b>(1,008,850)</b>
	<b>511,883</b>		<b>521,203</b>			<b>450,514</b>
<b>97,333</b>		<b>118,246</b>			<b>117,240</b>	
<b>414,550</b>		<b>402,957</b>			<b>333,274</b>	
	<b>511,883</b>		<b>521,203</b>			<b>450,514</b>

## Group Cash Flow Statement

<b>31<sup>st</sup> March 2018 £'000</b>		<b>31<sup>st</sup> March 2019 £'000</b>
(100,720)	Net surplus or (deficit) on the provision of services	(61,944)
159,419	Adjustments to net surplus or deficit on the provision of services for non-cash movements	159,457
(62,139)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(29,638)
<b>(3,440)</b>	<b>Net cash flows from Operating Activities</b>	<b>67,875</b>
<b>(59,251)</b>	<b>Investing Activities</b>	<b>(55,722)</b>
<b>84,606</b>	<b>Financing Activities</b>	<b>(30,189)</b>
21,915	Net increase or (decrease) in cash and cash equivalents	(18,036)
(4,602)	Cash and cash equivalents at the beginning of the reporting period	17,313
<b>17,313</b>	<b>Cash and cash equivalents at the end of the reporting period (Note e)</b>	<b>(723)</b>

## Notes to the Group Core Financial Statements

### a Details of the Group

#### 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 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council.

SLHD has been consolidated by combining like items of assets, liabilities, equity, income, expenses and cash flows of the Council with those of SLHD and eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transaction between entities of the group.

### b Accounting Policies

#### Statement of Accounting Policies

The group accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as those for the Council. As far as can be ascertained, there are no material differences between the accounting policies of the group entity and the Council which require realignment.

### c Property, Plant and Equipment

#### Movements in 2018/19

2018/19									
	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
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2018</b>	<b>665,018</b>	<b>469,723</b>	<b>56,117</b>	<b>316,142</b>	<b>6,337</b>	<b>39,574</b>	<b>13,383</b>	<b>1,566,294</b>	<b>25,655</b>
Additions	21,782	12,880	4,132	10,894	961	142	28,859	79,650	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(6,588)	19,122	0	0	129	(538)	0	12,125	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,992)	4,397	0	0	(32)	1,478	0	(4,149)	0
De-recognition – disposals	(4,366)	(24,652)	0	0	0	(203)	0	(29,221)	0
De-recognition – other	(20,580)	(5,995)	(1,460)	(3,655)	0	0	0	(31,690)	0
Assets reclassified (to)/from Held for Sale	0	(792)	0	0	(56)	(7,543)	0	(8,391)	0
Assets reclassified (to)/from Investments	0	404	0	0	0	(1)	0	403	0
Reclassification within PPE	1,085	545	0	9,332	(100)	(22)	(10,840)	0	0
<b>At 31<sup>st</sup> March 2019</b>	<b>646,359</b>	<b>475,632</b>	<b>58,789</b>	<b>332,713</b>	<b>7,239</b>	<b>32,887</b>	<b>31,402</b>	<b>1,585,021</b>	<b>25,655</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At 1<sup>st</sup> April 2018</b>	<b>(19,255)</b>	<b>(30,645)</b>	<b>(26,552)</b>	<b>(78,921)</b>	<b>(397)</b>	<b>(144)</b>	<b>0</b>	<b>(155,914)</b>	<b>(1,698)</b>
Depreciation charge	(17,113)	(9,724)	(4,701)	(6,820)	(77)	(7)	0	(38,442)	(848)
Depreciation written out to the Revaluation Reserve	16,808	24,499	0	0	13	144	0	41,464	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,447	0	0	0	0	0	0	2,447	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(223)	(393)		(8)		(142)		-766	0
De-recognition – disposals	0	3,011	0	0	0	4	0	3,015	0
De-recognition – other	0	0	707	0	0	0	0	707	0
<b>At 31<sup>st</sup> March 2019</b>	<b>(17,336)</b>	<b>(13,252)</b>	<b>(30,546)</b>	<b>(85,749)</b>	<b>(461)</b>	<b>(145)</b>	<b>0</b>	<b>(147,489)</b>	<b>(2,546)</b>
<b>Net Book Value</b>									
<b>At 31<sup>st</sup> March 2019</b>	<b>629,023</b>	<b>462,380</b>	<b>28,243</b>	<b>246,964</b>	<b>6,778</b>	<b>32,742</b>	<b>31,402</b>	<b>1,437,532</b>	<b>23,109</b>
<b>At 31<sup>st</sup> March 2018</b>	<b>645,763</b>	<b>439,078</b>	<b>29,565</b>	<b>237,221</b>	<b>5,940</b>	<b>39,430</b>	<b>13,383</b>	<b>1,410,380</b>	<b>23,957</b>



## Comparative Movements in 2017/18

2017/18									
	Council Dwellings	Other Land and Buildings Restated	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment Restated	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2017</b>	<b>668,098</b>	<b>568,325</b>	<b>45,430</b>	<b>306,726</b>	<b>5,994</b>	<b>67,906</b>	<b>25,661</b>	<b>1,688,140</b>	<b>25,655</b>
Additions	18,681	27,120	11,393	12,598	434	505	20,256	<b>90,987</b>	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(6,471)	(4,334)	0	0	114	(15,225)	0	<b>(25,916)</b>	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,113)	(5,424)	0	0	(154)	(8,460)	0	<b>(29,151)</b>	0
De-recognition – disposals*	(6,199)	(92,306)	0	0	5	0	(21,604)	<b>(120,104)</b>	0
De-recognition – other	(5,459)	(3,964)	(895)	(3,182)	0	0	0	<b>(13,500)</b>	0
Assets reclassified (to)/from Held for Sale	0	(1,635)	0	0	(56)	(3,840)	0	<b>(5,531)</b>	0
Reclassification within PPE	11,481	572	189	0	0	(1,312)	(10,930)	<b>0</b>	0
<b>At 31<sup>st</sup> March 2018</b>	<b>665,018</b>	<b>488,354</b>	<b>56,117</b>	<b>316,142</b>	<b>6,337</b>	<b>39,574</b>	<b>13,383</b>	<b>1,584,925</b>	<b>25,655</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At 1<sup>st</sup> April 2017</b>	<b>(23,490)</b>	<b>(48,105)</b>	<b>(22,360)</b>	<b>(72,482)</b>	<b>(317)</b>	<b>(1,554)</b>	<b>(13)</b>	<b>(168,321)</b>	<b>(849)</b>
Depreciation charge	(17,263)	(11,536)	(4,331)	(6,438)	(80)	(8)	0	<b>(39,656)</b>	(849)
Depreciation written out to the Revaluation Reserve	19,268	13,739	0	0	0	1,554	0	<b>34,561</b>	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,222	0	0	0	0	0	0	<b>4,222</b>	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,979)	(4)	0	(1)	0	(137)	0	<b>(2,121)</b>	0
De-recognition – disposals	0	13,947	0	0	0	0	0	<b>13,947</b>	0
De-recognition – other	0	0	139	0	0	0	0	<b>139</b>	0
Reclassification within PPE	(13)	(1)	0	0	0	1	13	<b>0</b>	0
<b>At 31<sup>st</sup> March 2018</b>	<b>(19,255)</b>	<b>(31,960)</b>	<b>(26,552)</b>	<b>(78,921)</b>	<b>(397)</b>	<b>(144)</b>	<b>0</b>	<b>(157,229)</b>	<b>(1,698)</b>
<b>Net Book Value</b>									
<b>At 31<sup>st</sup> March 2018</b>	<b>645,763</b>	<b>456,394</b>	<b>29,565</b>	<b>237,221</b>	<b>5,940</b>	<b>39,430</b>	<b>13,383</b>	<b>1,427,696</b>	<b>23,957</b>
<b>At 31<sup>st</sup> March 2017</b>	<b>644,608</b>	<b>520,220</b>	<b>23,070</b>	<b>234,244</b>	<b>5,677</b>	<b>66,352</b>	<b>25,648</b>	<b>1,519,819</b>	<b>24,806</b>

\* Assets under construction - The construction of the Rail College was completed in year. It was then leased to The National College of High Speed Rail on a 125 year lease and treated as a disposal by the Council.

## d Debtors

	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
<b>Debtors</b>		
Central Government bodies	8,337	7,226
Other local authorities	5,185	9,772
NHS bodies	9,306	10,430
Other entities and individuals	36,184	32,688
<b>Sub Total</b>	<b>59,012</b>	<b>60,116</b>
Payments in advance	17,944	7,747
<b>Total</b>	<b>76,956</b>	<b>67,863</b>

## e Cash and Cash Equivalents

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

	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
Cash held by the Group	11,145	23
Bank balance / (overdraft)	1,168	(1,946)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	5,000	1,200
<b>Total Cash and Cash Equivalents</b>	<b>17,313</b>	<b>(723)</b>

## f Creditors

	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
<b>Creditors</b>		
Central Government bodies	(8,684)	(9,748)
Other local authorities	(2,189)	(2,263)
NHS bodies	(2,909)	(4,830)
Other entities	(28,230)	(27,212)
<b>Sub Total</b>	<b>(42,012)</b>	<b>(44,053)</b>
Receipts in Advance	(7,231)	(9,310)
<b>Total</b>	<b>(49,243)</b>	<b>(53,363)</b>

## g Officers' Remuneration

### Senior Officer Remuneration

Title / Name	Year	Gross Salary	Additional payments	Employer Pension Contribution	Total
		£	£	£	£
<b>Chief Executive</b>	<b>2018/19</b>	161,018	0	24,475	<b>185,493</b>
J Miller	<b>2017/18</b>	157,861	0	22,101	<b>179,962</b>
<b>Director of People</b>	<b>2018/19</b>	120,000	12,000	20,064	<b>152,064</b>
D Allen	<b>2017/18</b>	120,000	12,000	18,480	<b>150,480</b>
<b>Director of Regeneration &amp; Environment</b> P Dale	<b>2018/19</b>	120,964	0	18,387	<b>139,351</b>
	<b>2017/18</b>	120,379	0	16,853	<b>137,232</b>
<b>Director of Corporate Resources</b>	<b>2018/19</b>	121,257	0	18,431	<b>139,688</b>
D Hogg – Note 1	<b>2017/18</b>	4,154	0	582	<b>4,736</b>
<b>Director of Finance &amp; Corporate Services</b> S Wiles – Note 2	<b>2017/18</b>	79,476	0	11,127	<b>90,603</b>
<b>Director of Public Health</b>	<b>2018/19</b>	100,308		14,424	<b>114,732</b>
R Suckling	<b>2017/18</b>	100,308	0	14,424	<b>114,732</b>
<b>Monitoring Officer</b>	<b>2018/19</b>	91,063	0	13,842	<b>104,905</b>
S Fawcus	<b>2017/18</b>	89,277	0	12,499	<b>101,776</b>
<b>Section 151 Officer</b>	<b>2018/19</b>	91,437	0	13,898	<b>105,335</b>
S Mawson	<b>2017/18</b>	91,437	0	12,801	<b>104,238</b>
<b>St Leger Homes Executive Management Team</b>	<b>2018/19</b>	384,971	0	50,816	<b>435,787</b>
	<b>2017/18</b>	377,421	0	46,800	<b>424,221</b>

**Note 1** - D Hogg started work with the Council on 19<sup>th</sup> March 2018, as Director of Corporate Resources. This role was previously called Director of Finance & Corporate Services

**Note 2** - S Wiles left the Council as Director of Finance & Corporate Services on the 28th January 2018.

The Group'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: -

2017/18			Salary Banding	2018/19		
Group	Schools	Total	£	Group	Schools	Total
17	14	31	50,000 - 54,999	28	23	51
15	19	34	55,000 - 59,999	23	14	37
18	18	36	60,000 - 64,999	14	20	34
1	11	12	65,000 - 69,999	1	11	12
2	6	8	70,000 - 74,999	3	4	7
1	1	2	75,000 - 79,999	0	2	2
1	1	2	80,000 - 84,999	1	1	2
4	1	5	85,000 - 89,999	0	1	1
6	0	6	90,000 - 94,999	12	1	13
0	0	0	95,000 - 99,999	0	0	0
0	0	0	100,000 - 104,999	0	0	0
0	0	0	105,000 - 109,999	0	0	0
0	0	0	110,000 - 114,999	0	0	0
1	0	1	115,000 - 119,999	0	0	0
0	0	0	120,000 - 154,999	0	0	0
0	0	0	155,000 - 159,999	1	0	1
<b>66</b>	<b>71</b>	<b>137</b>	<b>Total</b>	<b>83</b>	<b>77</b>	<b>160</b>

The table above excludes the senior employees and posts shown in the first table above, whose remuneration for 2017/18 and 2018/19 is shown in the senior officer remuneration analysis. The increase in DMBC posts for 18/19 is due to staff receiving 2% pay inflation, which has placed them above the £50k threshold.

### 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 (£)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	19	11	19	54	38	65	288,854	427,847
£20,001 - £40,000	0	5	9	7	9	12	228,360	248,956
<b>Total</b>	<b>19</b>	<b>16</b>	<b>28</b>	<b>61</b>	<b>47</b>	<b>77</b>	<b>517,214</b>	<b>676,803</b>

## h Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group 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 Group participates in the South Yorkshire Pension Scheme which is a funded defined benefit final salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Group 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. However, the charge the Council is 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 following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balances via the Movement in Reserves Statement during the year.

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
<b>Service cost comprising:</b>		
Current service cost	36,642	35,849
Past service costs	490	18,174
(gains)/loss from settlements and curtailments	(11,252)	(2,743)
<b>Financing and Investment Income and Expenditure</b>		
Net Interest expense	11,688	10,467
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>37,568</b>	<b>61,747</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(17,012)	(38,527)
Actuarial gains and losses arising on changes in financial assumptions	(87,444)	95,297
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(104,456)</b>	<b>56,770</b>
<b>Movement in the Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(10,280)	(32,621)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employers' contributions payable to scheme	27,288	29,126

#### **Pension Assets and Liabilities Recognised in the Balance Sheet**

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

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Present value of the defined benefit obligation	(1,676,675)	(1,823,181)
Fair value of plan assets	1,268,792	1,306,235
<b>Net Liability arising from defined benefit obligation</b>	<b>(407,883)</b>	<b>(516,946)</b>

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

<b>Local Government Pension Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Opening fair value of scheme assets</b>	<b>1,192,499</b>	<b>1,268,792</b>
Interest Income	31,020	32,683
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	17,012	38,527
- Other - Admin Expenses & Settlements	(3,949)	(3,128)
Contribution from employer	66,432	9,454
Contributions from employees into the scheme	7,199	7,356
Benefits paid	(41,421)	(47,449)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>1,268,792</b>	<b>1,306,235</b>

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

Local Government Pension Scheme	2017/18 £'000	2018/19 £'000
<b>Opening balance at 1<sup>st</sup> April</b>	<b>(1,733,702)</b>	<b>(1,676,675)</b>
Current service cost	(36,642)	(35,849)
Interest cost	(42,708)	(43,150)
Contributions from scheme participants	(7,199)	(7,356)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in financial assumptions	87,444	(95,297)
Past service cost	(36)	(17,708)
Losses/(gains) on curtailments	(539)	(1,002)
Benefits paid	41,421	47,449
Liabilities extinguished on settlement	15,286	6,407
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,676,675)</b>	<b>(1,823,181)</b>

In April 2017 the Council made a one-off payment to the Pension Fund of £27.352m to cover future deficit liabilities and £31.146m for 80% of the future service rate contributions for the period from 2017/18 to 2019/20. In line with the Council's accounting policies £9.117m and £10.237m was accounted for in 2017/18, £9,117m and £10,555m is accounted for in 2018/19, with the remainder being offset against the pension liability on the balance sheet. Over the next financial year, the pension reserve (note 24d, £490.907m) and the net pension liability (£471.435m) will be brought into line as the prepayment arrangements are accounted for in 2019/20.

## Local Government Pension Scheme assets comprised

	Fair value of scheme assets	
	2017/18 £'000	2018/19 £'000
<b>Cash and cash equivalents</b>	61,360	43,223
<b>Equity Instruments:</b>		
UK quoted	188,679	186,251
Overseas quoted	520,232	477,904
<b>Bonds</b>		
UK Government indexed	143,862	169,429
Overseas Government fixed	32,730	35,532
UK other	60,030	62,413
Overseas other	33,631	34,601
<b>Property</b>		
UK Direct	100,572	114,201
Property Funds	15,346	12,152
<b>Alternatives</b>		
Pooled Investment Vehicles	112,350	170,529
<b>Total</b>	<b>1,268,792</b>	<b>1,306,235</b>

## 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 2017.

The significant assumptions used by the actuary have been:

Beginning of period		End of period
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners</b>	
23.0	Men	23.1
25.8	Women	25.9
	<b>Longevity at 65 for future pensioners</b>	
25.2	Men	25.3
28.1	Women	28.3
2.1%	Rate of inflation	2.2%
3.35%	Rate of increase in salaries	3.45%
2.2%	Rate of increase in pensions	2.3%
2.6% Council 2.7% SLHD	Rate for discounting scheme liabilities	2.4% Council 2.5% SLHD

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 £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	35,650	(35,650)
Rate of inflation (increase or decrease by 0.1%)	33,534	(33,534)
Rate of salaries (increase or decrease by 0.1%)	4,826	(4,826)
Rate of pensions (increase or decrease by 0.1%)	33,534	(33,534)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(32,924)	32,924

### Impact on the Group's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Group has agreed a strategy with the scheme's actuary to maintain a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2019.

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 Group anticipates paying £19.639m expected contributions to the scheme in 2019/20. The estimated weighted average duration of the defined benefit obligation for scheme members is 18 years.

### West Yorkshire Superannuation Fund

Payments in 2018/19 totalling £0.004m (£0.006m in 2017/18) 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.

## Glossary

### Accounting Period

The period of time covered by the accounts is normally a period of twelve months commencing on 1<sup>st</sup> 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 (CDC) 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 1<sup>st</sup> 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 1<sup>st</sup> 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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Doncaster Metropolitan Borough Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2019 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Financial Management's (Deputy Section 151 Officer) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Financial Management (Deputy Section 151 Officer) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Head of Financial Management (Deputy Section 151 Officer) is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, other than the Authority and group financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



financial statements or our knowledge of the group and Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report 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
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters

#### **Responsibilities of the Authority, the Head of Financial Management (Deputy Section 151 Officer) and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities, the Authority 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 authority, that officer is the Chief Financial Officer. The Chief Financial Officer 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Financial Management (Deputy Section 151 Officer) is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.



The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

#### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing 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 for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Report on other legal and regulatory requirements - Certificate**

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2019. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the

Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

**Use of our report**

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 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members 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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Dossett, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
Leeds  
29 July 2019