

# Statement of Accounts

## Summary 2014/15

### **Introduction**

This summary provides details of the Council's spending during 2014/15, shows how the spending was funded and the financial position at the end of March 2015.

The Council's full set of accounts (the Statement of Accounts), which were approved at the Council's Audit Committee on 16<sup>th</sup> September 2015.

This summary is intended to give the reader a brief, uncomplicated view of the Council's finances in 2014/15.

The Statement of Accounts complies with accounting practice for local government. For the purpose of this statement, some modifications have been made to make them more meaningful to non-technical users.

It should be noted that these summary accounts are not subject to external audit review.

A full copy of the Council's 2014/15 detailed accounts is available on the Council's website <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>

### **Financial Performance**

The Council's financial performance for the year was reported to the Cabinet in June 2015. The reported underspend of £3.2m increased the General Fund reserves to £20.7m.

It is a legal requirement that expenditure and income relating to Local Authority housing provision be accounted for separately. The reserves held in respect of the Housing Revenue Account as at 31<sup>st</sup> March 2015 is up £0.2m to £6.1m.

### **Financial Highlights**

The Council spent £117.4m on capital schemes, an increase of 45.3% from 2013/14, mainly attributable to work on the Finningley and Rossington Regeneration Route Scheme ('FARRRS') which is nearing completion.

The Council's net worth decreased by £84.1m from £596.1m to £512.0m which is mainly due to the increase in the Council's liability relating to the Local Government Pension Scheme, which is outside of the Council's influence.

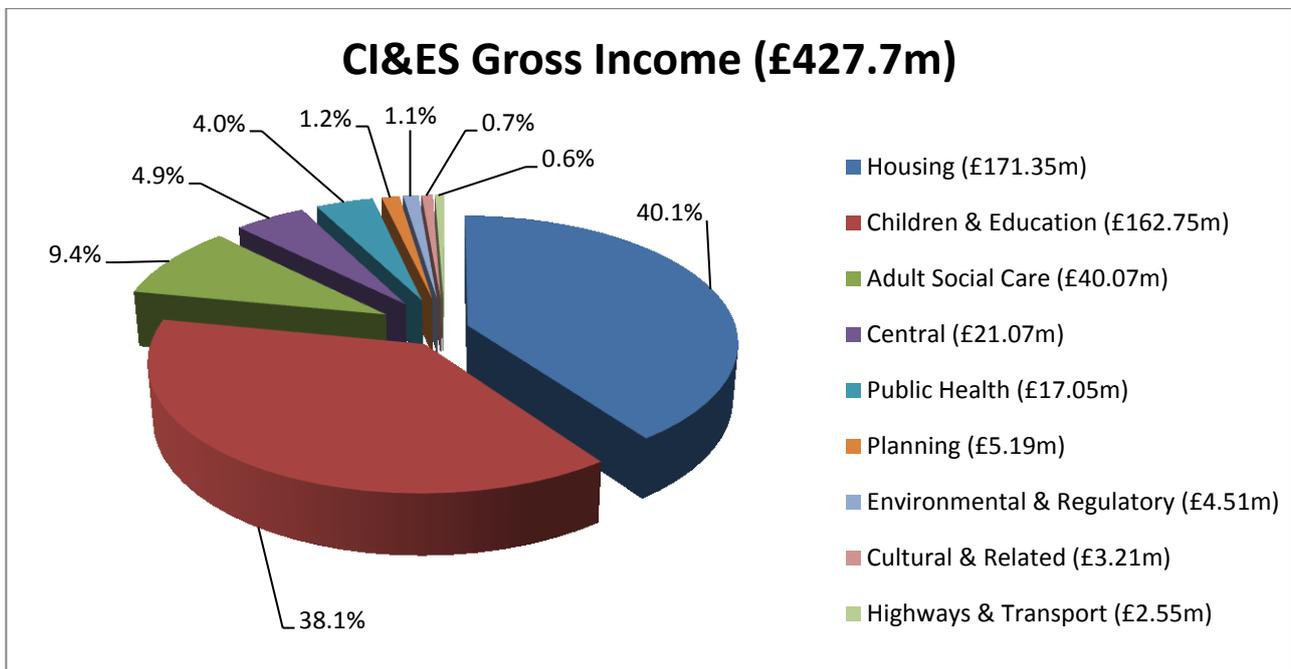
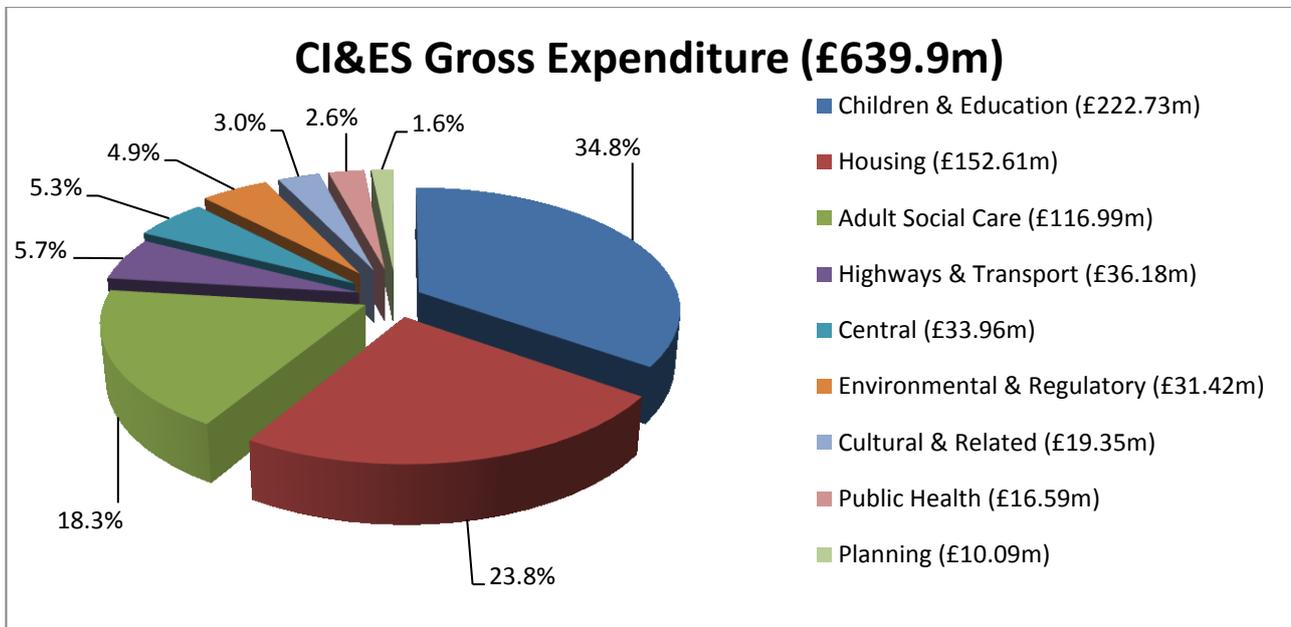
Overall expenditure on Council services was £639.9m, down £7.4m or 1.1% compared to 2013/14. Income was £427.7m, an increase of £5.4m or 1.3% compared to the previous financial year. The net cost of running the Council's services therefore reduced by £12.8m or 5.7% from 2013/14.

The Council's usable reserves increased by 2.7% to £119.4m, this includes an increase in the General Fund reserves of £3.2m or 18.3% to £20.7m.

The draft Statement of Accounts was approved by the Council's responsible financial officer on the 23<sup>rd</sup> June 2015, a week earlier than the accounts for 2013/14.

**Cost of the Council's Services**

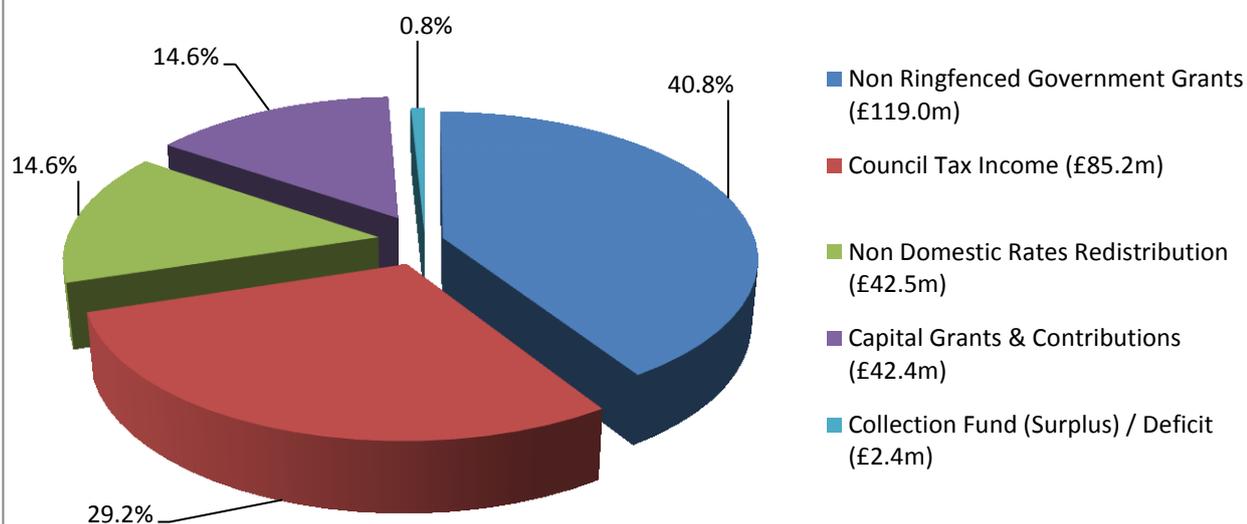
The Comprehensive Income and Expenditure Statement ('CI&ES') for 2014/15 shows the net cost of running the Council's services (£212.2m) between April 2014 and March 2015.



## (Surplus) / Deficit on Provision of Services £'m

|  |              |
|--|--------------|
| Gross Service Expenditure (as above)   | 639.9        |
| Gross Service Income (as above)  | (427.7)      |
| <b>Net Cost of Services</b>  | <b>212.2</b> |
| Other Operating Expenditure (e.g. losses on disposal of non-current assets)      | 61.3         |
| Financing and Investment Income & Expenditure (e.g. pensions interest cost)      | 26.8         |
| <b>Amount to be met by Government Grants &amp; Local Taxation</b>                | <b>300.3</b> |
| Taxation and Non-Specific Grant Income (see below)                               | (291.5)      |
| <b>Net deficit on provision of services (includes both General Fund and HRA)</b> | <b>8.8</b>   |

### Taxation and Non-Specific Grant Income (£291.5m)



It should be noted that in 2014/15, Doncaster's Council Tax was the 4<sup>th</sup> lowest Council Tax of the 91 Metropolitan Districts and Unitary Authorities in England (3<sup>rd</sup> lowest in 2013/14).

#### **Financial outturn position 2014/15**

The below table shows the reconciliation between the figure reported in the CI&ES to the position reported to Cabinet in June as part of the 2014/15 outturn report.

The CI&ES includes some costs and incomes that are not allowed to be charged as income and expenditure in the General Fund (the account used to set the level of council tax).

It is therefore necessary to adjust the surplus or deficit on the CI&ES to obtain the movement on the General Fund.

|   | Total         | General Fund  | HRA          |
|---|---------------|---------------|--------------|
|   | £m            | £m            | £m           |
| <b>(Surplus) / Deficit on Provision of Services (CI&amp;ES) (as above)</b>  | <b>8.8</b>    | <b>2.8</b>    | <b>6.0</b>   |
| Adjustments for costs not to be included within Council Tax, includes depreciation, capital grants and contributions, gains and losses on disposal of non-current assets etc. | (23.3)        | (17.1)        | (6.2)        |
| Total before transfers to / from earmarked reserves   | (14.5)        | (14.3)        | (0.2)        |
| Transfer to / (from) earmarked reserves   | 11.1          | 11.1          | 0.0          |
| <b>(Increase)/Decrease in 2014/15</b>   | <b>(3.4)</b>  | <b>(3.2)</b>  | <b>(0.2)</b> |
| Opening balance 1 <sup>st</sup> April 2014  | (23.4)        | (17.5)        | (5.9)        |
| <b>Closing balance 31<sup>st</sup> March 2015 (outturn position)</b>  | <b>(26.8)</b> | <b>(20.7)</b> | <b>(6.1)</b> |

### Cash Flow Statement

This represents the Council's movement in cash (and cash equivalents) during the year. Cash flows from operating activities are cash generated from the Council's core business activities.

Investing activities are those activities which include capital expenditure and acquisitions.

Financing activities include activities such as the issue and repayment of debt.

|   | £m          |
|---|-------------|
| <b>Cash and cash equivalents 1<sup>st</sup> April 2014</b>                            | <b>60.2</b> |
| less Net Cash Flows from Operating Activities   | (2.1)       |
| less Net Cash Flows from Investing Activities   | (93.0)      |
| plus Net Cash Flows from Financing Activities   | 38.7        |
| <b>Cash and cash equivalents 31<sup>st</sup> March 2015 (see Balance Sheet below)</b> | <b>3.8</b>  |

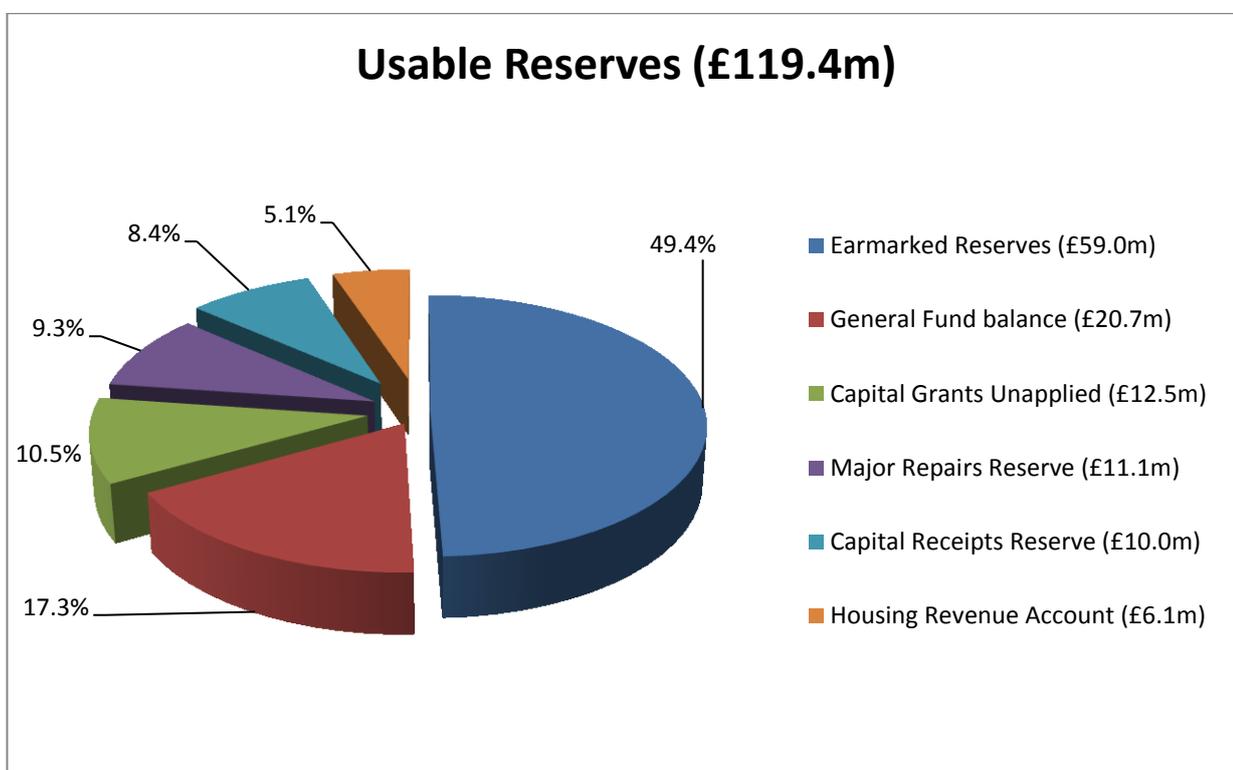
### Balance Sheet

This provides a statement of the Council's financial standing at the financial year end. It shows what the Council owns (its assets) and what it owes (its liabilities) and the funds or reserves which support them.

Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves have increased by £3.1m or 2.7% from £116.3m to £119.4m

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have fallen by £87.2m to £392.6m mainly reflecting the change in the Pensions Reserve.

| <b>Balance Sheet</b>  | <b>31<sup>st</sup> March 2015</b> |
|---|-----------------------------------|
|   | <b>£m</b>                         |
| Non-Current Assets (e.g. Property, Plant & Equipment)                 | 1,351.5                           |
| Current Assets (e.g. short term debtors)                              | 130.3                             |
| Cash and cash equivalents (net)                                       | 3.8                               |
| Current Liabilities (e.g. short term creditors, short term borrowing) | (143.3)                           |
| Long Term Liabilities (e.g. long term borrowing, pension deficit)     | (830.3)                           |
| <b>Net Worth (31<sup>st</sup> March 2013: £480.9m)</b>                | <b>512.0</b>                      |
| <b>Financed by:</b>   |                                   |
| Usable Reserves (see below)   | 119.4                             |
| Unusable Reserves   | 392.6                             |
| <b>Net Worth (31<sup>st</sup> March 2015: £512.0m)</b>                | <b>512.0</b>                      |



### **Financial ratios**

These promote the accountability of councils for their spending decisions.

These include the ratio of current assets to current liabilities, an indicator of how a council manages its short-term finances; and the ratio of usable reserves to gross revenue expenditure, highlighting how much money a council is retaining for future plans and to cover unpredictable spending.

| <b>DMBC Financial Ratios</b>                            | <b>2013/14</b> | <b>2014/15</b> | <b>Change</b> |
|---|----------------|----------------|---------------|
| Current assets to current liabilities (working capital) | 0.759          | 0.802          | +5.7%         |
| Usable reserves to gross revenue expenditure            | 9.46%          | 11.79%         | +24.6%        |

The proportion of current assets to current liabilities or 'working capital' is steadily improving indicating that the Council is managing its short term finances more effectively.

The comparison of usable reserves to gross revenue spend is now higher at 11.79% reflecting the Council's plans to increase and retain reserves for known future needs and contingencies.

**Capital Expenditure**

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.

In the year the Council spent **£117.4** on capital expenditure.

