

Appendices:

Appendix 1 Final NBC 2016-17
Statement of Accounts

Appendix 2 Table of Changes
between the September 2017 draft
accounts and the final audited
accounts



AUDIT COMMITTEE REPORT

Report Title	Final 2016-17 Statement of Accounts
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 28 January 2019

Policy Document: Statement of Accounts

Directorate: Chief Finance Officer

Accountable Cabinet Member: Cllr Brandon Eldred

1. Purpose

- 1.1.1 This report presents to the Audit Committee the final 2016-17 Statement of Accounts for the Committee's review and approval.
- 1.1.2 The issues relating to the delayed sign off of the accounts have been reported to and discussed by the Audit Committee at previous meetings. Therefore this report is focussed on presenting the accounts for review and approval identifying the changes that have been made since the previous version of the accounts presented in September 2017.

2. Recommendations

- 2.1 That the Committee note the changes made to the Statement of Accounts for 2016-17 following the conclusion of the external audit by KPMG.
- 2.2 That the Committee approves the Statement of Accounts for 2016-17.
- 2.3 That the committee notes, that the delay in delivering these accounts relates to primarily to technical accounting, asset valuation and information presentation issues. It has not and does not impact on the funding and financial sustainability of the Council or its prime financial controls and governance.

3. Issues and Choices

3.1 Report Background

3.1.1 The Council's Statement of Accounts is produced in accordance with the Code of Practice (CoP) on Local Authority Accounting in the United Kingdom 2016-17 (supported by International Financial Reporting Standards (IFRS)), and includes a full balance sheet and statement of cash flow movements.

3.1.2 The Statement of Accounts are made up of the following sections:

- **The Narrative Report** - providing a summary of the most significant matters reported within the accounts and of the Council's financial position, this section is intended to outline the overall context within which the Council operates and provide a commentary on the Council's performance in 2016-17.
- **Statement of Responsibilities** – provides details of the formal responsibilities assigned to the Council and the Chief Finance Officer in respect of the Statements and the financial management of the Council.
- The **Core Financial Statements** – providing a financial snapshot at 31 March 2017 of the Council's position and activity during the preceding year, comprising of the:

Comprehensive Income and Expenditure Statement (CIES)

Reports the net cost for the year of all of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

Movement in Reserves Statement (MIRS)

Shows the movement in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

Balance Sheet

Presents the value of the Council's current and non-current assets and liabilities as at 31 March 2017 with the bottom line effectively being the net worth of the organisation.

Cash Flow Statement

Summarising the inflows and outflows of cash arising from transactions with third parties, this analysis shows how the Council generates and uses cash and cash equivalents.

Expenditure and Funding Analysis (EFA)

Demonstrating to council tax payers how the funding available to the Council has been used to provide services, the EFA also shows how this expenditure is allocated between the Council's directorates.

- Notes to the Core Financial Statements, which provide further supporting details on aspects of the accounts and which are largely defined by the CoP.
- Accounting Policies – this section details the accounting policies followed by the Council throughout the year and applied in producing the Statement of Accounts.
- Glossary – the Statement inevitably includes a number of technical terms and this section provides an explanation of their meaning.

3.2 Statement of Accounts 2016-17

3.2.1 The final 2016-17 NBC accounts for approval are provided at Appendix 1.

3.2.2 At the Audit Committee on 27 September 2017 the Committee received a set of accounts which included changes from the draft accounts presented in June 2017. The report and accounts at the time presented to the Committee contained changes relating to the valuation of housing stock due to an incorrect discount factor initially being applied in the valuation, changes to some other land and building issues, amendments to the narrative statement and the inclusion of additional disclosure notes that were omitted from the June draft accounts.

The papers and reports from 27 September 2017 can be found at the following link:

[27 September 2017 Audit Committee Agenda and Reports](#)

3.2.3 As previously reported to the Committee back in September 2017 and in update reports since then, the vast majority of the changes required to the accounts are related to audit of the asset valuations, in particular relating to the Housing Stock and Investment Properties. Following the audit challenge in these areas, revised valuations were required to correct for items such as the discount factor applied by the valuers on the Housing Stock valuation and to remove purchase costs from the valuations of Investment Properties.

3.2.4 As a result of these changes and detailed audit work there have been movements in many areas of the accounts where the asset valuations and associated accounting entries have an impact. These include changes to the value of assets, gains and losses figures resulting from the revised valuations and the depreciation charges. Ultimately these changes have a ripple effect through the accounts which is why it is critical to ensure that they are correct. The areas of the accounts affected by the asset valuation issues can be summarised as follows:

- The core Statements including the Comprehensive Income and Expenditure Statement (CIES), the Balance Sheet, the Cash Flow Statement and the Expenditure and Funding Analysis;
- The subsequent notes relating to these core statements where numbers have changed, for example the Other Comprehensive Income

and Expenditure note, the Plant, Property and Equipment note, Financing and Investment Income and Expenditure note, the Adjustment between the Accounting Basis and Funding under Regulation note and other assets notes;

- Due to a large proportion of the changes being linked to the Housing Stock valuations changes to the Housing Revenue Account were needed to reflect the revised position; and
- The Group Accounts which consolidates the NBC accounts with NPH due to the changes relating to the areas above.

3.2.5 Other changes and audit adjustments of a more minor nature were also identified and amended.

3.2.6 A detailed schedule of all changes between the version of accounts presented to the Committee on 27 September 2017 and the final audited Statement of Accounts is provided at Appendix 2.

3.3 Conclusions

3.3.1 As a high risk audit coupled with some key issues in asset valuations, this has been a particularly challenging set of accounts to conclude. Areas for improvement have been identified, which will be applied in the production of the 2017-18 and future year's accounts.

3.3.2 The Audit Committee are recommended to approve the 2016-17 Statement of Accounts.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications from this report. However Northampton Borough Council will be responding at the next Audit Committee to the formal observations and recommendations raised by the auditor, KPMG. Where appropriate and required, policies may be changed or improved.

4.2 Resources and Risk

4.2.1 There are no specific resources implications from this report. However the audit challenges and high risk nature of the audit have led to significant additional costs being incurred which KPMG will report on separately.

4.2.2 The Council is also reviewing its resourcing of the Year End / Closedown team and asset management team to ensure improved processes and quality of information presented.

4.3 Legal

4.3.1 There are no specific legal implications from this report.

4.4 Equality

4.4.1 There are no specific equality implications from this report

4.5 Consultees (Internal and External)

4.5.1 The primary consultee has been the Audit Committee during the course of the delayed audit.

4.6 Other Implications

4.6.1 None specifically

5. Background Papers

5.1 Various previous Audit Committee agenda packs which provide details on the reasons and causes of the delays to the 2016-17 accounts.

Stuart McGregor
Chief Finance Officer (Section 151 Officer)

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Introduction

This Statement of Accounts presents the statutory financial statements for Northampton Borough Council (the Council) for the period 1 April 2016 to 31 March 2017 and gives a comprehensive summary of the overall financial position of the Council, providing a true and fair view.

The Council has a statutory duty to approve and publish this complex document, which sets out to ensure that the accounts of all Government funded bodies provide comparable information through complying with International Financial reporting Standards. The accounts are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code). Our core financial statements use this format and meet the conditions of the Code.

The final Statement of Accounts will be approved by Audit Committee at its meeting on 28 January 2019.

The Statements

The financial statements which make up these accounts are listed below and further details of their purpose are provided with each statement:

Core Financial Statements

- Movements in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- All supported by Notes to the Core Financial Statements

Supplementary Financial Statements

- Housing Revenue Account (HRA) Income and Expenditure Account
- Movement in Housing Revenue Account Reserve
- Both supported by Notes to the HRA Accounts
- The Collection Fund Income and Expenditure Account
- Notes to the Collection Fund

Group Accounts

- Northampton Partnership Homes is a wholly owned subsidiary of the Council and, in order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and Northampton Partnership Homes have been consolidated. Full details can be found in the Group Accounts section.

This narrative statement provides a summary of the most significant matters reported within the accounts and of the Council's financial position.

The Council's Strategic / Corporate Priorities

The Council adopts a Corporate Plan each year as part of its policy and management framework. This sets out the future direction of the Council and commitments for action on behalf of the elected Administration.

The Corporate Plan 2016-2020 is relevant to the period of these accounts and can be found on the Council's website using this link:

<http://www.northampton.gov.uk/downloads/file/9285/corporate-plan-2016>

The Corporate Plan outlines the key priorities set by the Council for that period, as follows:

- Northampton Alive – providing a vibrant successful town for now and the future;
- Safer Communities – making you feel safe and secure;
- Housing for Everyone – helping those that need it to have a safe and secure home;
- Protecting our Environment – a clean and attractive town for residents and visitors;
- Love Northampton – enhancing leisure activities for local people and encouraging participation;
- Working Hard and Spending Money Wisely – delivering quality modern services.

In addition, the Corporate Plan identifies three Business Development Priorities designed to support the delivery of corporate plan commitments and manage the Council's future financial challenge. These focus on:

- Empowering Communities
- Economic Growth
- Partnership Working

The Council's 2016-17 Performance

In order to provide an overview of the Council's performance during the 2016/17 financial year and the position as at 31 March 2017, significant matters and variances are summarised in this section and supported by the detail included in the statement of the accounts and core financial statements.

• Financial Performance

The Council's budget is divided across two accounts as required by statute. The General Fund, the Housing Revenue Account (HRA), and their respective sources of funding are kept entirely separate.

The Council set a balanced budget for 2016/17. The main sources for funding of the 2016/17 **General Fund budget** were as follows:

- Revenue Support Grant £3.3m
- Business Rates Retention Scheme £7.5m
- New Homes Bonus £4.9m
- Council Tax £13.4m

At the end of the 2016/17 year, the General Fund outturn for controllable service budgets shows an underspend of £1.4m as detailed below:

Table 1 - Controllable Budget Outturn	Revised Budget £000	Actual Outturn £000	(Under) / Over Spend £000
Director of Regeneration, Enterprise and Planning	2,620	2,668	48
Housing and Wellbeing	1,104	1,647	543
Borough Secretary	2,737	2,737	0
Director of Customers and Communities	11,503	10,175	(1,328)
Corporate and LGSS	11,404	11,214	(190)
Total Service Controllable Spending	29,368	28,441	(927)
Debt Financing	1,904	1,448	(456)
Total	31,272	29,889	(1,383)

The main variations were as follows:

- Regeneration, Enterprise and Planning - this overspend mainly relates to additional temporary staff covering vacant positions and professional services employed to carry out property valuations. This additional expenditure is offset by the overachievement of Non-Domestic Rates rebates and a higher than expected level of development control income.
- Housing and Wellbeing - this overspend is mainly due to additional costs associated with Homeless Prevention schemes, Refuge funding and Temporary Accommodation, together with a reduction in Licensing Income.
- Customers and Communities - this underspend arises largely from active management of the Environmental Services Contract and additional car parking income.
- Corporate and LGSS - this underspend is due to lower than expected pension severance costs and a higher pension deficit recharge to the HRA, both offset by additional costs for Temporary Accommodation.

In 2015/16, the Council impaired the outstanding loan provided to Northampton Town Football Club due to the clubs failure to make payments between May and September 2015. In line with Cabinet decisions, the Council has sought to recover the lost monies and incurred professional fees in relation to this matter.

The Council's final approved budget for General Fund capital expenditure in 2016/17 was £19.0m, a net increase of £5.8m from the original budget of £13.2m. The increases were due to carry forwards from 2015/16, increases in external financing and the increased costs for the restoration of Delapre Abbey.

Capital expenditure for 2016/17 totalled £12.4m against the final approved budget of £19.0m, a net underspend of £6.6m (35%). Of this, £6.1m relates to schemes that are currently underway or still planned to take place and these budgets will be carried forward into the next financial year. The majority of this carry forward is due to the timing of approvals, funding agreements and the letting of contracts.

The 2016/17 capital programme was funded as follows:

- Borrowing £4.7m
- Capital Receipts £0.8m
- Grants £2.5m
- Third Party Contributions £3.0m
- Revenue Contributions £1.4m

The **HRA budget** for 2016/17 was set at £52.7m. There are strict rules around the costs and income allowable against the HRA and this budget is funded through the rents collected on HRA properties.

At the end of the 2016/17 year, the HRA outturn position showed an underspend on controllable spending of £0.249m. After technical accounting adjustments this position moves to an underspend of £0.366, reducing the required contribution from reserves from the budgeted amount of £7.517m to £7,151m. The HRA working balance remains unchanged at £5m.

Further details of the budget that was set for 2016/17 can be found on the Council's website here:
<http://www.northamptonboroughcouncil.com/councillors/ieListDocuments.aspx?CId=242&MIId=7967>

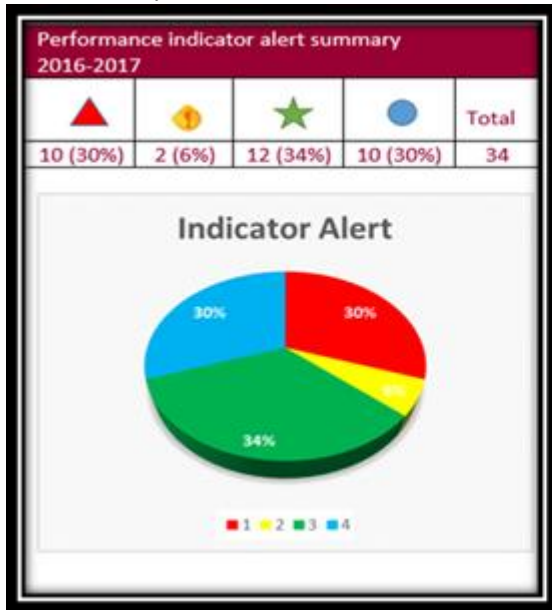
Further details of the Council's outturn position for 2016/17 can be found on the Council's website here (item 12 on the agenda):
<http://www.northamptonboroughcouncil.com/councillors/ieListDocuments.aspx?CId=528&MIId=8155>

- **Non-Financial Performance**

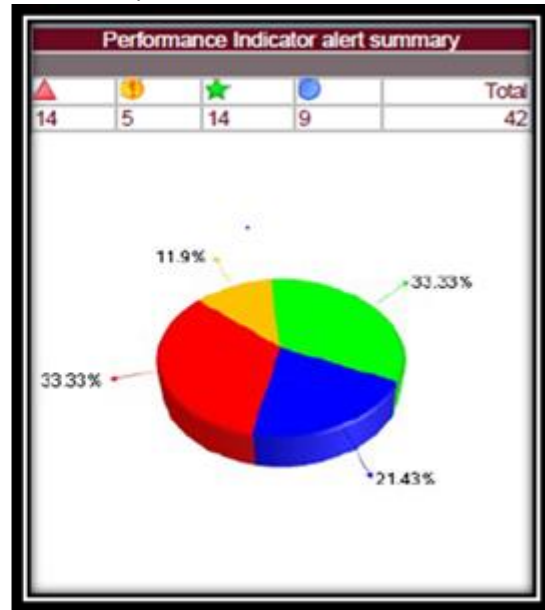
The Council monitors' progress against a number of key performance indicators on a periodic basis and an annual outturn report is produced, summarising how well the Council performed against each of the targets set. An extract of the overall indicator performance against targets is included below, together with the equivalent performance from the previous year. Performance in 2016/17 is showing improvements in several areas.

The number of KPIs reported reduced in 2016/17, as some KPIs are no longer required or could not be reported accurately. The Assets KPIs are being revised to reflect the monitoring and reporting needs of the service.

16/17 Performance Data



15/16 Performance Data



Report Key

- Exceptional or over performance
- ★ On or exceeding target
- ⚠ Within agreed tolerances
- ▲ Outside agreed target tolerance

This extract highlights a number of areas for concern identified by a red indicator, including homelessness, serious acquisitive crime, and environmental services:

- Homelessness and crime have shown increases, which are in line with national trends.
- The environmental services contract was being let and new KPIs are required in order to measure performance under the new contract.

The Council will continue to work with any service areas returning red KPIs to better understand where limited resources need to be focussed and to ensure that reporting gives a true reflection of the issues being faced. The full annual outturn report was approved by cabinet on 19th July 2017 and has been uploaded to the [NBC website](#) for public scrutiny.

THE 2016-17 ACCOUNTS

The Core Financial Statements consist of the following, which are supported by the details provided in the associated notes to the accounts:

Comprehensive Income and Expenditure Statement (CIES) – provides a summary of the resources which have been applied and generated during the year through the process of delivering services and managing the Council. The statement analyses total expenditure and income by major category or type of service and shows that Housing is the largest area of expenditure.

- The headline figure for the CIES is an overall Surplus on the Cost of Services of £58m.
- The Other Comprehensive Income and Expenditure category includes technical items that are not reflected in the Surplus or Deficit on the Provision of Services. Major components are £34.9m income from Financing and Taxation, an increase due to revaluation gains of £44.8m both offset by an increase in pension liabilities of £25.3m.
- **Expenditure and Funding Analysis** – produced to provide further context to the CIES, this is a new disclosure in 2016/17 and shows the difference between the net expenditure chargeable to the Council's General Fund and earmarked reserves and the income and expenditure in the CIES. The analysis also demonstrates how the Council's resources are allocated between directorates.

The net expenditure chargeable to the Council's General Fund is £4.6m. This differs from the income and expenditure shown in the CIES due to a number of technical accounting adjustments which the Council is required to make by the Code. These include capital charges such as depreciation, actuarial pension adjustments and adjustments to the Collection Fund.

Balance Sheet – setting out the assets and liabilities recognised by the Council at the balance sheet date, the bottom line is effectively the net worth of the organisation at that date. The net assets of the Council (the assets less the liabilities) are matched by the Reserves held by the Council – net assets increased over the year by £95.9m.

The key points to note from this statement are:

- The value of property, plant and equipment has increased by £120.7m, largely due to an increase in the adjustment factor for social housing, as directed within the 2016 DCLG guidance for valuers.
- Movements in the value of short-term investments and cash and cash equivalents reflect a greater proportion of the council's surplus cash balances being held in order to meet day-to-day operational demands.
- Long-term liabilities have increased by £21.96m, which predominantly results from the increase in the pension liability following the annual assessment of the fund by independent actuaries. There is a corresponding reduction in the value of unusable reserves.

Movement in Reserves Statement – analyses the movements on reserves held by the Council during the financial year, split between 'usable reserves', which are those that can be applied to fund expenditure or reduce local taxation and 'unusable' reserves. The 'surplus or (deficit) on provision of services' line shows the true economic cost of providing the Council's services, more details of which

are shown in the CIES. This cost is different from the amounts required to be charged to the General Fund balance for Council Tax setting purposes. The 'net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The main message from this statement in 2016/17 is that the council's net worth increased by £95.9m. The main changes in this statement reflected during the year are the movement in the pension reserve of £25.3m arising from the latest actuary valuation, the increase of £44.8m arising from revaluation gains and £82m resulting from changes to the Capital Adjustment Account. All of these are unusable reserves as outlined in the Unusable Reserves note.

Cash Flow Statement – outlines the changes in the cash and cash equivalents during the year. For example, changes in debtor and creditor balances during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Supplementary Financial Statements – the Housing Revenue Account shows the in-year cost of providing housing services in accordance with generally accepted accounting practices. The transactions of the Council, acting as billing authority for Council Tax and NNDR are shown on the Collection Fund Statement in accordance with the code of accounting practice.

In addition, certain changes in **Accounting Policies** were required in 2016/17. These were approved by the Audit Committee at its meeting of 6th March 2017 and the details are as follows:

- IFRS 13 (Fair Value Measurement) was adopted in 2015-16, prescribing the valuation method for assets and liabilities. The surplus assets category was omitted from this change and has now been included in policy L.
- The review of policy L also highlighted the need to amend the stated valuation methodology for Vehicles and Assets under Construction. This has been amended from fair value to depreciated historic cost for vehicles and historic cost for assets under construction. These asset categories have always been held on the newly stated basis, however, and there is no financial impact arising from this amendment.
- The change in the format of CIES required by the Code is supported by a change in policy C, which requires that Overheads and Support Costs be allocated to service segments in accordance with the authority's arrangements for accountability and performance.

RISK MANAGEMENT

The Council takes a proactive approach to risk management and this has been significantly enhanced during 2016/17 following a number of internal and external audit reports. The management of risk and governance is undertaken at officer level through Directorate risk registers, which are subsequently reported to the Risk Management Board as a corporate risk register. The registers identify key risks together with any existing or planned measures to mitigate them. This analysis is then interpreted through an assessment based on a combination of impact and likelihood of occurrence. Member involvement is through Cabinet, Audit Committee and Council approval of policies and review of risk areas.

GOVERNANCE

A number of policies and procedures are in place to govern financial management and decision making, with the constitution being the principal one as it includes financial regulations and contract procedures. The Council has been reviewing many of its policies since January 2017 to ensure they are fit for purpose.

The draft Annual Governance Statement makes particular reference to the Governance Action Plan which was developed in the second quarter of 2016/17, with implementation commencing immediately. The focus of this action plan is to improve the governance of decision-making and project management and to ensure that organisational structures are robust.

THE 2017/18 BUDGET AND MEDIUM TERM OUTLOOK

Economic Context

The national and global economic outlook has shifted over the last 12 months, due to the outcome of the EU referendum on June 23rd 2017 and more recently the outcome of the presidential election in the United States. The impact on the Borough Council's budget and medium term financial plan are:

- Reductions in GDP growth forecasts;
- Demand for housing remaining strong;
- Inflation is expected to increase; and
- Interest rates are forecast to stay low over the medium term.

Sources of Funding – Medium Term Forecasts

The main sources of funding for the Council's net General Fund revenue budget are Council Tax, Business Rates, New Homes Bonus and Revenue Support Grant.

- Council Tax – In addition to the annual increase in Band D Council Tax of £5, the amount of Council Tax income also increases due to increases in the number of chargeable properties, which is forecast to grow by 1% per annum from 2018/19 onwards.
- Business Rates – following the introduction of the Business Rate Retention Scheme in April 2013, the Council now benefits from growth in the rateable value in the Borough. On the flipside, the Council also bears the risk of volatility, including successful appeals by business against their rateable value. The five-year forecasts reflect an average inflationary increase in business rates income of 1.2% per year.
- New Homes Bonus – this has been a significant source of funding in recent years. Although the revision of the scheme has led to a significant reduction in this source of income for the Council, this is mitigated by continued housing growth.

Medium Term Financial Plan

The Medium Term Financial Plan provides a forecast of the Council's expenditure and income over the next five years. The forecasts show the need to make substantial year-on-year savings, rising to £5.8m by 2020/21. The focus of activity is on the delivery of the Efficiency Plan in order to eliminate this medium term gap.

The Efficiency Plan is essential to the delivery of a balanced budget over the medium term. The scale of the savings that the Council needs to find require a fundamental review of the way in which

services are provided, as well as the range and scope of those services. Work has begun and is progressing across the following themes, as detailed in the Efficiency Plan:

- Economic Growth – to prioritise new ways of delivering investment and sustaining revenue streams
- Partnership – to build on existing successful delivery partnerships such as LGSS, Northampton Partnership Homes and the Leisure Trust.
- Community Empowerment – to deliver a clearly defined community-led approach that enables the delivery of ongoing service improvements and financial savings.
- Exploiting Commercial Opportunities – The Council will use its substantial asset base to deliver commercial income, through a combination of redefining an asset's use in order to maximise income and the disposal of under-utilised assets. This work stream will also look at options to invest in new assets that generate a good rate of return. There may be a need for significant capital investment, which will need to be closely scrutinised to ensure that it is affordable, prudent and sustainable.
- Being more efficient - All services will continue to review their working practices to ensure that they deliver high quality services at the lowest possible net cost.

The 2017/18 Budget

The Council's 2017/18 budget was agreed on 27th February 2017 and included the following headlines:

- An annual Council Tax increase of £5 per band D property and an indicative increase at the same level for planning purposes in future years.
- A General Fund Budget of £29.06m, excluding parish precepts.

The agreed General Fund net budget for 2017/18 is summarised in the table below:

Description	2017/18 £000s
Service Base Budget	28,517
Savings	(45)
Growth	113
Corporate Budgets	(174)
Contribution to Reserves	649
Net Budget	29,060
Revenue Support Grant	(1,793)
Transition Grant	(24)
Business Rates	(7,595)
New Homes Bonus	(4,229)
Council Tax	(15,035)
Collection Fund Surplus	(384)
Total Funding	(29,060)
Savings to be identified	0

The value of the General Fund Capital Programme for 2017/18 is £20.679m, including £17.770m within the Development Pool, which consists of schemes for which either costs need to be firmed up

and/or confirmation of funding sources is required. These schemes will be moved from the Development Pool into the approved programme during the year as and when these details are approved by the Capital Programme Board, in line with the enhanced governance processes

The table below summarises the General Fund Capital Programme and Funding for 2017/18:

Description	2017/18 £000s
Disabled Facilities Grants	1,475
IT Improvements	150
Town Centre Improvements	367
Block Programmes	800
Other (as detailed in Appendix 6)	117
Development Pool	17,770
Total GF Capital Programme	20,679
Funding Source:	
Borrowing (incl. self-funded)	4,395
Growing Places Fund/ Local Infrastructure Fund	1,000
Capital Receipts	6,679
Revenue and Reserves	487
Grants & Developer Contributions	8,118
Total Funding	20,679

The headlines for the 2017/18 Housing Revenue Account budget are as follows:

- Proposing rent decrease in line with legislation and national rent policy of 1%;
- A HRA budget for 2017/18 of £52.7m, including invest to save proposals put forward by NPH and reflected in the NPH Management Fee.
- A Total Fee for NPH for the delivery of services over the six fee elements including a Capital Sum.

The HRA Capital Programme has been developed within the context of the 30-year Business Plan and the latest stock condition-survey information. The Capital Programme has a direct impact on the revenue position of the HRA and is summarised below:

Description	2017/18 £000s
Capital Programme 2017-18	
External Improvements	7,470
Internal Works	4,300
Major Projects	8,092
Environmental Improvements	1,775
Structural Works and Compliance	550
Disabled Adaptations	1,300
IT Development	500
New Build / Buy Backs / RTB 141 receipts	11,027
Total HRA Capital Programme	35,014
Funding Source:	
Major Repairs Reserve/Depreciation	13,437
Capital Receipts - Right to Buy (excluding 1-4-1)	1,569
Capital Receipts - RTB 1-4-1 Receipts	3,107
Revenue/Earmarked Reserve	8,671
Section 106 - New Build	630
Additional Borrowing Cap re New Build	7,600
Total Funding	35,014

Full details of the Medium Term Financial Plan and the budgets that have been set for 2017/18 can be found on the Council's website here:

<http://www.northamptonboroughcouncil.com/councillors/ieListDocuments.aspx?CId=242&MIId=8162>

VALUE FOR MONEY STATEMENT

Northampton Borough Council strives to achieve Value for Money (VfM) through:

- Delivering services that are fit for purpose and meeting statutory requirements;
- Applying cost effective delivery models for services, be they provided directly, in partnership or commissioned through a third party;
- Holding a clear understanding of costs and what drives them;
- Applying changes and investment to reduce costs and overheads, improving efficiency and the customer experience; and
- Delivering improved outcomes and value for money for local people, through a framework of strategic and local partnerships which cooperate effectively to meet shared goals.

The Council has developed a range of integrated approaches and organisational processes which together help to drive the delivery of VfM. For example:

- An Efficiency Plan and a specific officer board focussed on the delivery of the Efficiency Plan
- Performance Management reporting
- Procurement rules that ensure VfM is delivered through the Councils procurement of goods and services
- A Governance Action Plan to ensure that proper and effective governance happens in practice at all times.

The Council will continue to maintain the focus on Value for Money whilst striving to achieve its key outcomes.

FURTHER INFORMATION

For information please contact:

Stuart McGregor
Chief Finance Officer
Northampton Borough Council
Guildhall
St Giles Square
Northampton
NN1 1DE

You have the right to inspect our accounts each year before the external audit is completed. We advertise the dates during which you can inspect the accounts in the local press. Our accounts are audited by KPMG LLP. They are the auditors appointed by the Audit Commission.

This Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

The Authority's Responsibilities

The Authority is required to:

- Arrange 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 Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Chief Financial Officer

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities
- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice on Local Authority Accounting

Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its income and expenditure for the year ended 31st March 2017.

Stuart McGregor –Chief Finance Officer
Date:

Approval by Audit Committee

I confirm that these audited accounts were approved by the Audit Committee at the meeting held on 28th January 2019.

Ian Orrell CPFA – Independent Chair of Audit Committee
Date:

A. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHAMPTON BOROUGH COUNCIL







These financial statements, and accompanying notes, have been prepared using the relevant level of rounding according to individual notes. In some instances this has led to a variance in totals/sub-totals. Any variances of 1 unit (£'000 etc.) have been ignored when they are caused by the rounding of the financial data.

D1 MOVEMENT IN RESERVES STATEMENT

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

The Statement is shown on the next page.

Movement in Reserves Statement	Single Entity Accounts									
	General Fund Balance £000s	Earmarked GF Reserves £000s	Housing Revenue Account £000s	Earmarked HRA Reserves £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Total Unusable Reserves £000s	Total Authority Reserves £000s
Balance at 31 March 2015 Brought forward	-5,470	-27,127	-5,000	-19,830	-9,288	-11,972	-5,064	-83,751	-165,894	-249,646
Movement in reserves during 2015/16										
Total Comprehensive Expenditure and Income	10,350	0	-19,989	0	0	0	0	-9,637	-33,977	-43,614
Adjustments between accounting basis and funding basis under regulations (Note 2)	-5,888	0	21,609	0	9,288	1,020	472	26,500	-26,500	0
Transfers (to)/from Earmarked Reserves (Note 3)	-4,464	4,464	-1,619	1,619	0	0	0	0	0	0
(Increase) / Decrease in Year	-2	4,464	1	1,619	9,288	1,020	472	16,862	-60,477	-43,615
Balance at 31 March 2016 Carried forward	-5,472	-22,663	-4,999	-18,211	0	-10,952	-4,592	-66,888	-226,373	-293,261
Movement in reserves during 2016/17										
(Surplus) or deficit on provision of services (Note D5)	5,044	0	-81,376	0	0	0	0	-76,332	0	-76,332
Other Comprehensive Expenditure and Income (Note 1b)	0	0	0	0	0	0	0	0	-19,572	-19,572
Total Comprehensive Expenditure and Income	5,044	0	-81,376	0	0	0	0	-76,332	-19,572	-95,904
Net (Increase)/Decrease before transfers	5,044	0	-81,376	0	0	0	0	-76,332	-19,572	-95,904
Adjustments between accounting basis and funding basis under regulations (Note 2)	-7,596	0	88,527	0	-12	-1,554	1,285	80,651	-80,651	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-2,552	0	7,151	0	-12	-1,554	1,285	4,318	-100,223	-95,905
Transfers (to)/from Earmarked Reserves (Note 3)	2,519	-2,519	-7,151	7,151	0	0	0	0	0	0
(Increase) / Decrease in Year	-33	-2,519	0	7,151	-12	-1,554	1,285	4,319	-100,223	-95,904
Balance at 31 March 2017 Carried forward	-5,505	-25,182	-4,999	-11,060	-12	-12,506	-3,307	-62,567	-326,596	-389,165

D2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. This statement does not show in detail the amount of funding from local taxes and general government grants. 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 Notes to the Core Financial Statements.

The statement is shown on the next page.

2015/16 Restated			COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2016/17		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			INCOME AND EXPENDITURE ON SERVICES			
7,164	-3,666	3,498	Regeneration, Enterprise & Planning	9,386	-2,329	7,057
56,623	-83,386	-26,763	Housing	71,960	-162,202	-90,242
3,394	-891	2,503	Borough Secretary	3,377	-1,062	2,315
29,384	-15,651	13,733	Customers & Communities	33,123	-14,857	18,266
9,814	-2,139	7,675	Central Service Budgets	9,220	-1,815	7,405
84,523	-75,893	8,630	Corporate Budgets	68,726	-71,100	-2,374
190,902	-181,626	9,276	COST OF SERVICES	195,792	-253,365	-57,573
11,970	-8,394	3,576	Other Operating Expenditure (Note 1c)	4,246	-2,580	1,666
17,528	-7,097	10,431	Financing and Investment Income and Expenditure (Note 1d)	16,336	-1,854	14,482
33,024	-65,945	-32,921	Taxation and Non-Specific Grant Income (Note 1e)	0	-34,906	-34,906
		-9,638	(Surplus) or Deficit on Provision of Services			-76,331
		-8,735	Surplus or deficit on revaluation of Property, Plant and Equipment assets (Note 1b)			-44,872
		0	Impairment Losses on non-current assets charged to the revaluation reserve.			0
		0	Surplus or deficit on revaluation of available for sale financial assets - Generally movement in Available for Sale FI's			0
		-25,242	Actuarial gains / losses on pension assets/liabilities			25,299
		-33,977	Other Comprehensive Income and Expenditure (Note 1b)			-19,573
		-43,615	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			-95,904

The Taxation and Non-Specific Grant Income for 2016/17 figure of £34.9m reflects that NBC received £68.4m in NNDR (business rates), Council Tax and Non-Specific Grant Income of which £33.5m was repaid to Central Government in the form of Tariff and Levy Payments. Note 1e provides a further breakdown of this amount. The presentation in the CIES for 2016/17 differs to the prior year as the business rates, tariff and levy payments are presented net at £34.9m as the tariff and levy payments are considered to be funding adjustments rather than pure expenditure. This differs to the presentation in the 2015/16 prior year where the tariff and levy amounts were presented as expenditure. For future years the funding will be shown net and will therefore be presented consistently between years in the CIES.

D3 BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority 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 Authority 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'.

31st March 2016		31st March 2017	Notes
£000s	Balance Sheet	£000s	
548,865	Property, Plant & Equipment	669,579	4
32,364	Heritage Assets	35,893	5
6,752	Investment Property	12,150	6
721	Intangible Assets	291	16
0	Long Term Investments	0	7a
51,193	Long Term Debtors	50,360	9
639,895	Long Term Assets	768,273	
38,122	Short Term Investments	29,579	7g
19,626	Short Term Available for Sale Financial Instruments	9,037	7g
1,162	Assets Held for Sale	1,159	11
47	Inventories	39	
18,656	Short Term Debtors	20,478	9
7,603	Cash and Cash Equivalents	13,088	10
85,216	Current Assets	73,380	
-7,444	Short Term Borrowing	-3,113	7e
-31,698	Short Term Creditors	-33,745	12
-4,058	Provisions	-5,026	13
-43,201	Current Liabilities	-41,884	
-10,148	Long Term Creditors	-10,216	22
-53	Provisions	-30	13
-260,337	Long Term Borrowing	-257,558	7f
-118,111	Other Long Term Liabilities	-142,802	25b/28
-388,649	Long Term Liabilities	-410,606	
293,261	Net Assets	389,163	
66,888	Usable Reserves	62,567	MiRS
226,373	Unusable Reserves	326,596	15a
293,261	Total Reserves	389,163	

D4 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority 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 Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Authority'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 Authority.

2015/16 £000s	Cashflow Statement	2016/17 £000s
9,637	Net Surplus or (deficit) on the provision of services (Note D5a)	76,332
26,324	Adjustment to surplus or deficit on the provision of services for noncash movements (Note 34)	-45,175
-8,870	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Notes 34)	-4,868
27,091	Net Cashflows from Operating Activities	26,289
-86,476	Net Cashflows from Investing Activities (Note 36)	-13,554
47,662	Net Cashflows from Financing Activities (Note 37)	-7,250
-11,723	Net increase or decrease in cash and cash equivalents	5,485
19,326	Cash and Cash Equivalents at the Beginning of the Reporting Period (Note 10)	7,603
7,603	Cash and Cash Equivalents at the End of the Reporting Period	13,088

D5a. EXPENDITURE AND FUNDING ANALYSIS (EFA)

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2016/17 (i.e. government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision-making purposes between the Council's directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the CIES £'000	EXPENDITURE AND FUNDING ANALYSIS	Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the CIES £'000
1,353	2,145	3,498	Regeneration, Enterprise & Planning	4,677	2,380	7,057
-26,873	110	-26,763	Housing	-14,286	-75,956	-90,242
2,369	133	2,502	Borough Secretary	2,030	284	2,314
10,326	3,407	13,733	Customers & Communities	9,257	9,010	18,267
7,587	88	7,675	Central Service Budgets	7,301	103	7,404
2,408	6,223	8,631	Corporate Budgets	-2,456	82	-2,374
-2,830	12,106	9,277	Net Cost of Services	6,523	-64,097	-57,573
8,914	-27,828	-18,914	Other Income and Expenditure	-1,923	-16,836	-18,759
6,084	-15,722	-9,637	(Surplus)/Deficit on Provision of Services	4,600	-80,933	-76,332
-57,427			Opening GF and HRA balances	-51,344		
6,083			Less Deficit/(Surplus) on General Fund and HRA balance in year	4,600		
-51,344			Closing General Fund and HRA balances	-46,744		

		2015/16		EFA Breakdown of Adjustments	2016/17			
PENSIONS	CAPITAL	OTHER	TOTAL		PENSIONS	CAPITAL	OTHER	TOTAL
Retirement Benefits £'000	Total Capital Adjustments £'000	Financial Instruments & Collection Fund £'000	Total Adjustments in year £'000		Retirement Benefits £'000	Total Capital Adjustments £'000	Financial Instruments & Collection Fund £'000	Total Adjustments in year £'000
296	2,746	-896	2,146	Regeneration, Enterprise & Planning	397	1,984	0	2,380
123	-14	0	109	Housing	221	-76,177	0	-75,956
125	8	0	133	Borough Secretary	199	85	0	284
612	2,795	0	3,407	Customers & Communities	960	8,050	0	9,010
0	88	0	88	Central Service Budgets	0	103	0	103
-4,235	10,458	0	6,223	Corporate Budgets	0	82	0	82
3,560	-25,265	-6,122	-27,827	Other Income and Expenditure from the Funding Analysis	-2,303	-14,842	309	-16,836
481	-9,184	-7,018	-15,721	Total	-526	-80,715	309	-80,933

Notes to Expenditure and Funding Analysis

Adjustments for Capital purposes

In the service lines this column records adjustments in respect of depreciation, impairment, movements in fair value of investment properties, revenue expenditure funded from capital under statute (REFCUS) and revaluation gains/losses

- 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.
- For *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.
- For *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.

Net Change for Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income

- For services, this represents the removal of the employer pension contributions made by the authority 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.

Other Adjustments

Other difference between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute.

- For services, this comprises the accrual made in respect of accumulated absences.
- 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 NNDR 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 issue, as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2015/16 £'000	Expenditure /Income	2016/17 £'000
	Expenditure	
12,666	Employee Benefits expenses	12,615
205,327	Other Services expenses	236,191
3,506	Support Services Recharges	3,919
21,464	Depreciation, Amortisation, Impairment	44,070
17,528	Interest Payments	16,336
1,001	Precepts and Levies	1,024
1,091	Payments to Housing Capital Receipts Pool	1,148
-9,209	(Gain)/Loss on disposal of assets	-98,929
253,374	Total Expenditure	216,374
	Income	
-		-
223,000	Fees, Charges and other service income	255,946
-7,090	Interest and investment income	-1,854
-20,753	Income from council tax and non-domestic rates	-22,705
-12,169	Government Grants and contributions	-12,201
-		-
263,012	Total Income	292,706
-9,638	Surplus or deficit on the provision of services	-76,332

1a. MATERIAL ITEMS OF INCOME AND EXPENSE

For the financial year 2016/17, NBC had three material items of income and expense.

- 1) The first item relates to a contract to carry out the councils Environmental Services (Waste Collection, Street Cleaning, Parks etc.) The contract cost in relation to this item in 2016/17 was £6.6m (2015/16 £6.6m).
- 2) The second item relates to the contract with LGSS to cover the majority of the councils back office functions (H.R., Finance, ICT and HR etc.) The contract cost in relation to this item in 2016/17 was £8.0m (2015/16 was £7.59m).
- 3) The following expenditure on Housing Benefits has also been made:
 Rent Allowances of £38m (2015/16 £40.35m)
 Rent Rebates of £30.4m (2015/16 £30.99m)

The grant income from DWP in respect of this expenditure is disclosed within Note 38.

1b. OTHER COMPREHENSIVE INCOME AND EXPENDITURE

2015/16 £000s	Other Comprehensive Income & Expenditure	2016/17 £000s
	Revaluation Reserve	
-6,507	General Fund Revaluation Gains	-8,025
763	General Fund Revaluation Losses	3,568
-3,052	HRA Revaluation Gains	-40,473
61	HRA Revaluation Losses	58
-8,735	Total	-44,872
	Actuarial Gains & Losses to the Pensions Reserve	
-25,242		25,299
-33,977	Other Comprehensive Expenditure and Income	-19,573

1c. OTHER OPERATING EXPENDITURE

2015/16 £000s	Other Operating Expenditure	2016/17 £000s
1,022	Parish council precepts	1,024
-21	Levies	0
1,091	Payments to the Government Housing Capital Receipts Pool	1,148
308	Trading	-794
1,176	Gains/Losses on the disposal of non-current assets	288
3,576	Total	1,666

1d. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015/16 £000s	Financing And Investment Income And Expenditure	2016/17 £000s
7,385	Interest payable and similar charges	8,270
4,501	Pensions interest cost and expected return on pensions assets	4,041
-1,155	Interest receivable and similar charges	-1,885
-300	Income and expenditure in relation to investment properties and changes in their fair value	4,056
10,431	Total	14,482

1e TAXATION AND NON-SPECIFIC GRANT INCOME

2015/16 £000s	Taxation And Non Specific Grant Income	2016/17 £000s
-14,508	Council tax income	-14,770
-39,267	Retained Rates	-40,473
-1,674	Capital grants and contributions	-2,968
-4,944	Revenue Support Grant	-3,256
-4,023	Non-ring fenced government grants	-4,981
-1,528	Section 31 grants	-996
-1	Other NNDR related transactions	-982
32,727	Tariff Payment	33,000
297	Levy Payment	520
-32,921	Total	-34,906

2 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2016/17	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	-4,843	-25,248		-13,898			-43,989	43,989
Impairment - Long Term Debtor							0	0
Revaluation gains on PPE	1,593	104,424					106,017	-106,017
Revaluation losses on Property Plant and equipment	-6,799	-1,696					-8,495	8,495
Movements in the market value of Investment properties	1,259	67					1,326	-1,326
Amortisation of Intangible assets	-175	0					-175	175
Capital Grants & contributions applied (if any)	4,203	0					4,203	-4,203
Income in relation to donated assets if any	0	0					0	0
Revenue expenditure funded from capital under statute	-3,919	0					-3,919	3,919
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	-634	-6,920					-7,554	7,554
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement								
Statutory provision for the financing of capital investment							0	0
Capital expenditure charged against the General Fund and HRA balances	1,299	0					1,299	-1,299
Balance of MRA	1,350	11,513					12,863	-12,863
Total Adjustments primarily involving the Capital Adjustment Account	-6,666	82,141	0	-13,898	0	0	61,576	-61,576

2016/17	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0					48	48	-48
Application of grants to capital financing transferred to the Capital Adjustment Account						1,237	1,237	-1,237
Total Adjustments primarily involving the Capital Grants Unapplied Account	0	0	0	0	0	1,285	1,285	-1,285
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	7,429	0	0	-7,429	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	4,556	0	4,556	-4,556
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-163	0	0	163	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-1,148	0	0	0	1,148	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	0	0	9	0	9	-9
Total Adjustments primarily involving the Capital Receipts Reserve	-1,148	7,266	0	0	-1,553	0	4,565	-4,565
Adjustment primarily involving the Major Repairs Reserve:								
Reversal of major Repairs Allowance credited to the HRA	0	-878	0	878	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	13,008	0	0	13,008	-13,008
Total Adjustment primarily involving the Major Repairs Reserve	0	-878	0	13,886	0	0	13,008	-13,008

2016/17	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	56	0	0	0	0	0	56	-56
Adjustments primarily involving the Pensions Reserve: Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement Employer's pensions contributions and direct payments to pensioners payable in the year	-5,820 6,347	-3 2	0 0	0 0	0 0	0 0	-5,823 6,349	5,823 -6,349
Total Adjustments primarily involving the Pensions Reserve	527	-1	0	0	0	0	526	-526
Adjustments primarily involving the Collection Fund Adjustment Account: Amount by which council tax income and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rating income calculated for the year in accordance with statutory requirements	-365	0	0	0	0	0	-365	365
Adjustment primarily involving the Accumulated Absences Account: 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	0	0	0	0	0	0	0	0
Total Adjustments	-7,596	88,528	0	-12	-1,553	1,285	80,651	-80,651

2015/16	General Fund Balance £000s	Housing Revenue Account £000s	Earmarked Reserves £000s	Major Repairs Reserve £000s	Capital receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	-2,565	0	0	-8,680	0	0	-11,245	11,245
Impairment of Long Term debtors	-10,219	0	0	0	0	0	-10,219	10,219
Revaluation gains on PPE	2,149	24,055	0	0	0	0	26,204	-26,204
Revaluation losses on PPE	-3,059	-13,806	0	0	0	0	-16,865	16,865
Movements in the market value of Investment properties	-134	5	0	0	0	0	-129	129
Amortisation of Intangible assets	-326	0	0	0	0	0	-326	326
Capital Grants & contributions applied (if any)	2,676	0	0	0	0	0	2,676	-2,676
Income in relation to donated assets if any	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	-3,502	0	0	0	0	0	-3,502	3,502
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	-731	-6,917	0	0	0	0	-7,648	7,648
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement								
Statutory provision for the financing of capital investment	1,262	0	0	0	0	0	1,262	-1,262
Capital expenditure charged against the General Fund and HRA balances	1,830	9,424	0	0	0	0	11,255	-11,255
Balance of MRA							0	0
Total Adjustments primarily involving the Capital Adjustment Account	-12,619	12,761	0	-8,680	0	0	-8,539	8,539

2015/16	General Fund Balance £000s	Housing Revenue Account £000s	Earmarked Reserves £000s	Major Repairs Reserve £000s	Capital receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-269	0	0	0	0	269	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	203	203	-203
Total Adjustments primarily involving the Capital Grants Unapplied Account	-269	0	0	0	0	472	203	-203
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,609	4,994	0	0	-6,602	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	6,416	0	6,416	-6,416
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-131	0	0	131	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-1,091	0	0	0	1,091	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	0	0	-15	0	-15	15
Total Adjustments primarily involving the Capital Receipts Reserve	517	4,863	0	0	1,021	0	6,401	-6,401
Adjustment primarily involving the Major Repairs Reserve:								
Reversal of major Repairs Allowance credited to the HRA	0	3,930	0	-3,930	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	21,898	0	0	21,898	-21,898
Total Adjustment primarily involving the Major Repairs Reserve	0	3,930	0	17,968	0	0	21,898	-21,898

2015/16	General Fund Balance £000s	Housing Revenue Account £000s	Earmarked Reserves £000s	Major Repairs Reserve £000s	Capital receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	925	0	0	0	0	0	925	-925
Adjustments primarily involving the Pensions Reserve: Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement	-6,574	-7	0	0	0	0	-6,581	6,581
Employer's pensions contributions and direct payments to pensioners payable in the year	6,038	62	0	0	0	0	6,100	-6,100
Total Adjustments primarily involving the Pensions Reserve	-536	55	0	0	0	0	-481	481
Adjustments primarily involving the Collection Fund Adjustment Account: Amount by which council tax income and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rating income calculated for the year in accordance with statutory requirements	6,093	0	0	0	0	0	6,093	-6,093
Adjustment primarily involving the Accumulated Absences Account: 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	0	0	0	0	0	0	0	0
Total Adjustments	-5,888	21,609	0	9,288	1,020	472	26,500	-26,500

3. TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/17.

Earmarked Reserve	Balance at 31 March 2015	Additions to Reserve 2015/16	Use Of Reserve 2015/16	Balance at 31 March 2016	Realignment of Reserves October 2016	Additions to Reserve 2016/17	Use Of Reserve 2016/17	Balance at 31 March 2017
	£000s	£000s	£000s	£000s		£000s	£000s	£000s
General Fund								
General Revenue Grants (Ringfenced)	3,105	2	-538	2,570	-982	30	-368	1,250
S106 Contributions	2,479	53	-285	2,248	0	70	-134	2,184
Total Ringfenced Grants & Contributions	5,583	55	-823	4,816	-982	100	-502	3,432
Borough Secretary Reserves	237	0	-137	100	-100	0	0	0
Customers and Communities Reserves	2,353	-170	-130	2,053	-803	150	-370	1,030
Regeneration, Enterprise and Planning Res.	2,619	-1,075	-287	1,257	-168	400	-925	564
Housing Reserves	172	158	0	330	0	103	0	433
Total Service Related Reserves	5,381	-1,087	-554	3,740	-1,071	653	-1,295	2,027
MTPF Cashflow	2,961	1,785	-23	4,723	-1,713	4,172	-1,420	5,762
Delivering the Efficiency Plan	1,977	1,228	-1,273	1,932	4,515	854	-200	7,101
Strategic Investment Reserve	1,362	2,915	-559	3,718	-823	74	-118	2,851
Other Corporate Reserves	1,968	-359	-515	1,094	534	330	-1,182	776
Total Corporate Reserves	8,268	5,569	-2,370	11,467	2,513	5,430	-2,920	16,490
Insurance Reserve	1,763	0	-547	1,216	0	54	-243	1,027
Rates Retention Deficit Funding	4,850	882	-5,214	518	-1	1,963	-517	1,963
Other Technical Reserves	1,284	-230	-145	909	-459	0	-203	247
Total Technical Reserves	7,897	652	-5,906	2,643	-460	2,017	-963	3,237
Total General Fund	27,129	5,189	-9,653	22,666		8,200	-5,680	25,186
HRA								
HRA Reserves	17,067	0	-1,621	15,446	0	0	-7,151	8,295
HRA Supporting People Reserve	558	0	0	558	0	0	0	558
HRA Reform Reserve	8	0	0	8	0	0	0	8
HRA Leaseholder Reserve	500	0	0	500	0	0	0	500
HRA Service Improvement Reserve	1,395	0	0	1,395	0	0	0	1,395
HRA Insurance Reserve	300	0	0	300	0	0	0	300
Total HRA	19,830	0	-1,621	18,209		0	-7,151	11,058
Total Earmarked Reserves	46,959	5,189	-11,274	40,875		8,200	-12,831	36,244

General Revenue Grants (Ring-fenced)

The reserve contains grants which have been received but not spent but which are ring-fenced for a specific purpose in future years.

S106 Contributions

These are developer contributions towards future maintenance and infrastructure costs relating to future growth development across Northampton.

Service Related Reserves

These allow the Council to commit funding to individual projects which may be spread across more than one year.

Strategic Investment Reserve

The Council has set aside funding to support future Invest to Save initiatives and meet strategic priorities. This reserve has strict criteria before monies can be drawn down. The criteria are set out in the Medium Term Financial Plan 2016-21.

Delivering the Efficiency Plan

To fund the one-off revenue costs of initiatives leading to ongoing efficiency savings.

MTFP Cashflow Reserve

To cover any delays in achieving planned savings, or shortfalls, in income generation.

Insurance Reserve

This reserve assists the Council in managing its liabilities surrounding future Insurance Claims.

Other Technical Reserves

These reserves are set aside to assist the Council with managing cash flow accounting and new policy, legislative and technical changes across local government. Rates retention deficit funding is set aside to manage the current NNDR Collection Fund deficit.

HRA Earmarked Reserves

These reserves contain amounts specifically set aside to finance HRA projects. The money in these reserves must be used on the Housing Revenue Account.

4. PROPERTY, PLANT AND EQUIPMENT

a) Movement

Movements in 2016/17	Council Dwellings	Housing Land and Buildings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation									
At 1st April 2016.	427,900	20,780	83,521	1,236	2,530	14,148	330	8,587	559,032
Additions	28,470	0	3,332	816	0	279	70	766	33,733
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	35,786	361	3,833	0	0	0	46	0	40,026
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	97,913	-60	-5,171	0	0	0	-66	0	92,616
Derecognition – disposals	-5,514	-93	-23	-2	0	0	0	0	-5,632
Derecognition – other	-1,529	0	-579	0	0	0	0	0	-2,108
Assets reclassified (to) / from investment	0	0	-4,015	0	0	0	0	0	-4,015
Other movements in cost or valuation	-791	-421	0	16	0	43	1,170	0	17
At 31 March 2017	582,235	20,567	80,898	2,066	2,530	14,470	1,550	9,353	713,669
Accumulated Depreciation and Impairment									
At 1 April 2016	-6,053	-310	-2,682	-372	-493	-252	-5	0	-10,167
Depreciation Charge	-13,472	-410	-1,539	-337	-74	-158	-16	0	-16,006
Depreciation written out to the revaluation reserve	4,038	199	607	0	0	0	0	0	4,844
Depreciation written out to the Surplus/Deficit on the Provision of Services	8,076	3	31	0	0	0	0	0	8,110
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-28,451	0	-2,644	0	0	0	0	0	-31,095
Derecognition – Disposals	115	2	0	2	0	0	0	0	119
Derecognition – other	101	0	4	0	0	0	0	0	105
Other Movements	8	14	0	0	0	-2	-20	0	0
At 31 March 2017	-35,638	-502	-6,223	-707	-567	-412	-41	0	-44,090
Net Book Value									
At 31 March 2016	421,847	20,470	80,839	864	2,037	13,896	325	8,587	548,865
At 31 March 2017	546,597	20,065	74,675	1,359	1,963	14,058	1,509	9,353	669,579

Movements in 2015/16	Council Dwellings	Housing Land and Buildings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation									
At 1st April 2015	397,631	18,826	80,672	728	2,530	13,883	580	4,531	519,381
Additions	33,521	120	1,401	359	0	266	66	4,056	39,789
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	765	1,717	5,173	157	0	0	1	0	7,813
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	2,615	155	-3,315	0	0	0	-202	0	-747
Derecognition – disposals	-3,482	-38	-226	-8	0	0	0	0	-3,754
Derecognition – other	-3,150	0	0	0	0	0	0	0	-3,150
Assets reclassified (to) / from Held for sale	0	0	-184	0	0	-1	-115	0	-300
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
At 31 March 2016	427,900	20,780	83,521	1,236	2,530	14,148	330	8,587	559,032
Accumulated Depreciation and Impairment									
At 1 April 2015	-5,053	-879	-3,577	-166	-419	-90	-9	0	-10,193
Depreciation Charge	-8,307	-371	-1,800	-436	-74	-162	-2	0	-11,152
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,046	940	2,691	225	0	0	7	0	10,909
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – Disposals	90	0	4	5	0	0	0	0	99
Derecognition – other	171	0	0	0	0	0	0	0	171
Other Movements	0	0	0	0	0	0	0	0	0
At 31 March 2016	-6,053	-310	-2,682	-372	-493	-252	-4	0	-10,166
Net Book Value									
At 31 March 2015	392,578	17,947	77,095	562	2,111	13,793	571	4,531	509,188
At 31 March 2016	421,847	20,470	80,839	864	2,037	13,896	325	8,587	548,865

b) Depreciation

The useful lives and depreciation rates used in the calculation of depreciation are detailed in accounting policy.

c) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations have been carried out by internal and external valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The main Housing stock was initially valued by the Beacon Method at April 2000. A rolling programme of revaluation exists whereby approximately 20% of the Housing Stock is revalued each year and the average percentage change established on the revalued properties is then applied to the remaining stock. The 20% of the beacons valued each year are reviewed to see if beacons that are more appropriate are available; the potential uncertainties around this methodology are set out in Appendix J2 General Information – Section 4 Assumptions made about the future and other major sources of estimation uncertainty.

The significant assumptions applied in estimating values are:

- Each property has good title
- Each property is not subject to flooding, subsidence, shrinkage, or other such hazards
- The land is not affected in any way by contamination
- Each property is free from structural defect and is in reasonable condition
- Where properties are vacant, the current and future use are the same with no potential redevelopment of the site

	Council Dwellings	Housing Land & Build.	Other Land & Build.	Vehicles, Plant, Furniture & Equip.	Surplus Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Valued at fair value in:						
2016/17	569,544	3,973	63,141	21	1,270	637,949
2015/16	7,981	16,416	5,495	173	0	30,065
2014/15	245	59	7,627	1,834	216	9,981
2013/14	567	61	3,353	0	0	3,981
2012/13	3,897	57	1,279	38	33	5,304
Previous Years	0	0	0	0	31	31
Total	582,234	20,566	80,895	2,066	1,550	687,311

d) Information on Assets Held

31 March 2016 Number	Information on Assets Held	31 March 2017 Number
	Operational Assets	
11,786	Council Dwellings	11,584
	Housing Land and Building	
3,112	Council Garages	3,048
79	Shared Ownership Properties	77
66	Operational Shops	66
26	Council Houses not used as dwellings - Community Rooms	19
28	Commercial Property (Units)	28
	Other Land and Buildings	
25	Community Centres	25
21	Other Operational Properties	21
17	Surface Pay & Display Car Parks	17
5	Multi-Storey Pay & Display Car Parks	5
1	Bus Station	1
1	Depots	1
14	Sub-Depots	14
3	Central Administrative Offices	3
1	Local Area Offices	1
1	Open Markets	1
1	Museums	1
2	Theatres, Cinepod	3
1	Golf Course	1
7	Sports & Leisure Facilities	7
7	Pavilions	7
1	Travellers Site	1
8	Public Conveniences	8
94	Commercial Property (Units)	93
65.97ha	Agricultural Land	65.97ha
62.88ha	Allotments	62.88ha
83	Infrastructure	83
151	Vehicles, Plant and Equipment	150
	Community Assets	
8	Cemeteries	8
2	Monuments/Memorials/Exhibitions	2
1	Guildhall	1
1	Historical Buildings	1
0	Commercial Property (Units)	1
925.53ha	Parks and Open Spaces	925.53ha
	Heritage Assets	
164	Museum Exhibits	164
123	Guildhall Contents	123
38	Buildings & Statuary	38
15	Mayoral Regalia	15
	Investment Assets	
15	Land	16
16	Properties	17
42	Units	42
5	Assets held for Sale	5
	Surplus Assets	
3	Residential Land held for Development	94
12	Commercial Property (Units)	11
6	Other Surplus Assets	6
50	Intangible Assets	51

e) Donated Assets

No donated assets were received during 2016/17.

No donated assets were received during 2015/16.

f) Commitments under Capital Contracts

As at 31st March 2017, there are no material commitments under existing capital contracts.

5. HERITAGE ASSETS

Reconciliation of the heritage assets held by the Authority:

Movements in 2016/17	Historic Buildings & Statuary £000s	Museum Exhibits £000s	Mayoral Regalia £000s	Guildhall Artefacts £000s	Total Heritage Assets £000s
Cost or Valuation					
1 April 2016	9,050	21,718	48	1,932	32,748
Additions	3,620	0	0	0	3,620
31 March 2017	12,670	21,718	48	1,932	36,368
Accumulated Depreciation and Impairment					
1 April 2016	-384	0	0	0	-384
Depreciation Charge	-91	0	0	0	-91
31 March 2017	-475	0	0	0	-475
Net Book Value					
at 31 March 2016	8,666	21,718	48	1,932	32,364
at 31 March 2017	12,195	21,718	48	1,932	35,893

Buildings and Statuary

Historic Buildings that were previously included in Community Assets were valued as part of the five-year rolling programme of valuations undertaken by the Council's internal valuers. Statuary has been valued at market valuations by Art and Antiques Ltd in March 2012.

Museum Exhibits

Museum Exhibits were valued in March 2010 by Arts and Antiques Ltd for insurance purposes: these valuations are based on market values. Of particular interest is the shoe collection, which is the largest collection of shoe heritage in the world and is designated as being of national importance.

Mayoral Regalia

These comprise of the chains and pendants of office and were valued in March 2010 by Arts and Antiques Ltd for insurance purposes. These valuations are based on market values.

Guildhall Artefacts

These are items within the Guildhall such as paintings, clocks, lighting and furniture. Again, they were valued in March 2010 based on market values by Arts and Antiques Ltd for insurance purposes, which is based on market values.

Enhancements of Heritage Assets

Enhancements on Heritage Assets reflect improvement works undertaken at Delapre Abbey and restorations to various artworks.

6. INVESTMENT PROPERTIES

a) 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:

2015/16 £000s	Investment Properties	2016/17 £000s
473	Rental income from investment property	494
-44	Direct operating expenses arising from investment property	-51
429	Net gain / (loss)	443

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

b) The following table summarises the movement in the fair value of investment properties over the year:

2015/16 £000s	Investment Property Valuations	2016/17 £000s
7,295	Balance at start of the year	6,752
	Additions:	
1	Construction	
-415	Subsequent expenditure	60
-129	Net gains/losses from fair value adjustments	1,323
	Disposals	
	Transfers:	
0	to/from Property, Plant and Equipment	4,015
6,752	Balance at end of year	12,150

7. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

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

Categories of Financial Instruments	Long-Term		Current	
	31 March 2016 £000s	31 March 2017 £000s	31 March 2016 £000s	31 March 2017 £000s
Investments				
Loans and receivables	0	0	45,726	42,667
Available for sale financial assets	0	0	19,626	9,037
Debtors				
Loans and receivables	51,193	50,360	10,450	9,937
Borrowings				
Financial Liabilities at amortised cost	-260,337	-257,558	-7,444	-3,113
Other Long Term Liabilities				
PFI and finance leases	-192	-28	0	0
Creditors				
Financial Liabilities at amortised cost	-10,148	-10,215	-15,125	-16,223

b) Reclassifications

There have been no reclassifications of financial instruments during the year.

c) Income, Expense, Gains, and Losses

2015/16				Income, Expense, Gains and Losses	2016/17			
Financial Liabilities measured at amortised cost £000s	Financial Assets: Loans and Receivables £000s	Financial Assets: Available for Sale £000s	Total £000s		Financial Liabilities measured at amortised cost £000s	Financial Assets: Loans and Receivables £000s	Financial Assets: Available for Sale £000s	Total £000s
7,384	0	0	7,384	Interest expenditure	8,125	0	0	8,125
0	0	6	6	Losses on derecognition	0	0	15	15
0	1,479	0	1,479	Impairment losses	0	542	0	542
0	10,219	0	10,219	Impairment losses -NTFC	0	0	0	0
7,384	11,698	6	19,088	Total Expense in Surplus or Deficit on the Provision of Services	8,125	542	15	8,682
0	-1,156	0	-1,156	Interest income		-1,745		-1,745
0	0	-21	-21	Increases in fair value			-28	-28
0	-1,156	-21	-1,177	Total Income in Surplus or Deficit on the Provision of Services	0	-1,745	-28	-1,773
7,384	10,542	-15	17,911	Net gain/(loss) for the year	8,125	-1,203	-13	6,909

The Authority did not have any Assets and Liabilities at Fair Value through Profit and Loss for either 2015/16 or 2016/17.

d) Fair Values of Assets and Liabilities

- Items are split according to the following hierarchy.
- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities 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 or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

There were no transfers between input levels during the financial year.

There has been no change in the valuation technique used during the year for the financial instruments.

Items Available for Sale or Fair Value through the Profit and Loss

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis. These are described in the following table, including the valuation techniques to measure them.

Financial Assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Input level in fair value hierarchy	2015/16 £000s	2016/17 £000s
Available for sale - Certificate of deposits	Level 1	Unadjusted quoted prices in active market for identical shares	19,626	9,037
Total			19,626	9,037

The Council held £9.1m in Certificates of Deposit at 31 March 2017. The fair value has been calculated by using published price quotations. The fair value of the assets at 31 March 2017 is marginally higher than the carrying amount at the same date because the Authority's portfolio of investments includes a number of fixed rate investments where the interest receivable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2017) attributable to the commitment to receive interest above current market rates.

The Council holds no other available for sale investments.

Items Disclosed on the Balance Sheet at their Carrying Amount

Except for the financial assets carried at fair value (described in the table above), all other financial assets and financial liabilities are carried on the balance sheet at amortised cost.

For investments and borrowings not quoted on an active market, a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, a financial model valuation has been used. This valuation applies the Net Present Value approach, which provides an estimate of the

value of payments in the future in today's terms as at the balance sheet date. Our accounting policy uses new borrowing rates to discount the future cash flows.

Fair value has been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

Financial Instruments – Liabilities

Loans are held with the PWLB, government and market lenders.

- For loans from the PWLB payable, new borrowing rates from the PWLB have been applied to provide the fair value.
- For non-PWLB market loans payable, prevailing market rates have been applied to provide the fair value.
- For non-PWLB government loans payable (HCA, GPF and LIF) made for a specified purpose, the fair value is taken to be the carrying amount as there is no market for such loans.
- For trade creditors, receipts in advance, finance leases and loans of under 12 months the fair value is taken to be the carrying amount.
- No early repayment or impairment is recognised.

Financial Instruments - Liabilities	31 March 2016		31 March 2017	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Short Term				
Borrowing	-7,444	-7,522	-3,113	-3,229
Creditors & Receipts in Advance	-15,125	-15,125	-16,223	-16,223
Long Term				
Borrowing	-260,337	-285,950	-257,558	-311,010
Creditors & Receipts in Advance	-10,148	-10,148	-10,215	-10,215
Finance Leases	-192	-192	-28	-28
Financial Liabilities	-293,246	-318,937	-287,138	-340,705

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional loss (based on economic conditions at 31st March 2017) arising from a commitment to pay interest to lenders above current market rates.

PWLB loans included above have a carrying value of £249.5m and a fair value of £270.8m. This measures the economic effects of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, as the Debt Management Office provides a transparent approach allowing exit cost to be calculated without undertaking a repayment or transfer it is also appropriate to disclose this exit price.

The exit price reflects the fair value of PWLB loans calculated using early redemptions rates instead of new loan rates. If a value is calculated on this basis the carrying amount of £249.5m would be valued at £318.7m.

Financial Instruments – Assets

All the financial assets are classed as Loans and Receivables. Investments are held as short-term investments and in Money Market Funds and call and notice accounts.

- For fixed term deposits, the fair value has been assessed with reference to a comparable investment with the same/similar lender for the remaining period of the deposit.
- For cash equivalent investments, trade debtors, long-term debtors and finance leases the fair value is taken to be the carrying amount.
- No early repayment or impairment is recognised

The fair values are as follows:

Financial Instruments - Assets	31 March 2016		31 March 2017	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Loans & Receivables				
Short Term				
Fixed Term Investments	38,122	38,178	29,579	29,596
Cash and Cash Equivalents	7,603	7,612	13,088	13,093
Debtors	10,450	10,450	9,937	9,937
Long Term				
Long Term Debtors	51,093	51,093	50,250	50,250
Finance Leases	100	100	91	91
Loans & Receivables	107,368	107,433	102,944	102,966

The fair value of the assets at 31 March 2017 is marginally higher than the carrying amount at the same date because the Authority's portfolio of investments includes a number of fixed rate investments where the interest receivable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2017) attributable to the commitment to receive interest above current market rates.

e) Short Term Borrowing

31 March 2016 £000s	Short Term Borrowing	31 March 2017 £000s
120	Billing Parish Council 7 day notice account	130
125	Northampton Volunteer Bureau 7 day notice account	125
27	HCA principal due within 1 year	29
6,582	PWLB Loans principal due within 1 year	2,588
591	Growing Places Fund principle due within 1 year	241
7,445	Total	3,113

f) Long Term Borrowing

31 March 2016 £000s	Long Term Borrowing	31 March 2017 £000s
	Analysis of loans by type	
242,935	Public Works Loan Board	240,422
9,069	Money Market LOBOs	9,068
1,097	Homes & Communities Agency	1,068
6,163	Growing Places Fund	5,894
1,072	Local Infrastructure Fund	1,105
260,336	Total	257,558
	Analysis of loans by maturity	
2,863	Maturing in 1-2 years	10,379
50,137	Maturing in 2-5 years	43,673
56,705	Maturing in 5-10 years	30,825
150,631	Maturing in over 10 years	172,681
260,336	Total	257,558

g) Investments

31 March 2016	Investment Type	31 March 2017
£000s		£000s
	Included in Cash and Cash Equivalents	
5,250	Deposit and Call Accounts	250
3,145	Money Market Funds	13,700
8,395	Total - Cash and Cash Equivalents	13,950
	Investments:	
	Current Investments - Under 1 Year	
28,113	Fixed Term Investments	19,572
10,009	Notice Accounts	10,007
	Long Term Investments - Over 1 Year	
0	Fixed Term Investments	0
38,122	Total - Investments	29,579
	Available for Sale Financial Instruments:	
	Current Investments - Under 1 Year	
19,626	Fixed Term Investments	9,037
19,626	Total - Available for Sale Financial Instruments	9,037
66,143	Total	52,566

h) Soft Loans

The Council has made loans to Northampton Rugby Football Club (NRFC) to redevelop the Franklins Garden Stadium at the same interest rate as that available to the Council from the Public Works Loans Board (PWLB). These have been assessed as a material soft loan.

The Council made loans to Northampton Town Football Club (NTFC) to redevelop the Sixfields Stadium at the same interest rate as that available to the Council from the Public Works Loans Board (PWLB). These were assessed as material soft loans. During 2015/16, NTFC became unable to continue the interest and principal repayments on the loans. The loan agreement was terminated and consequently the outstanding loan balance was impaired. See Narrative Report -Significant Events and note 42 – Impairments for details.

2015/16 £000s	Material Soft Loans	2016/17 £000s
14,153	Balance at 1 April	4,624
0	Nominal value of new loans granted in year	0
0	Fair value adjustment on initial recognition	0
925	Write down of fair value adjustments in year	29
-235	Loans repaid	-220
-10219	Impairment losses	0
4,624	Balance at 31 March	4,433

The interest rate used to calculate the fair value of the soft loans has been arrived at by taking the EU reference rate at the start date of the loan and adding a margin of 400 basis points (4%) to reflect the Council's risk in the loans.

8. CONSTRUCTION CONTRACTS

In 2016/17, the Council did not have any external construction contracts in progress.

9. DEBTORS

Debtors	Long-term	Long-term	Short-term	Short-term
	31 March 2016	31 March 2017	31 March 2016	31 March 2017
	£000s	£000s	£000s	£000s
Central Government Bodies	0	0	8,203	8,016
Less Impairment Allowance	0	0	-3	0
Central Government Bodies	0	0	8,200	8,016
Other Local Authorities	0	0	3,508	3,789
Less Impairment Allowance	0	0	-57	-78
Other Local Authorities	0	0	3,451	3,711
NHS Bodies	0	0	-3	1
Less Impairment Allowance	0	0	0	0
NHS Bodies	0	0	-3	1
Other Entities & Individuals	51,193	50,360	16,863	10,210
Less Impairment Allowance	0	0	-9,856	-1,459
Other Entities & Individuals	51,193	50,360	7,007	8,751
TOTAL	51,193	50,360	18,655	20,479

The Council has made a number of loans to third parties to support local businesses and regeneration. Details are set out in the table below.

Counterparty	Purpose of loan	Start date	End Date	Initial Loan Value	Amount Outstanding at 31 March 2017
				£000s	£000s
Cosworth	To fund the acquisition of specialist machinery at their new factory in the Enterprise Zone	01-Jan-14	01-Jan-19	1,400	700
Saints Rugby Club (NTRFC)	To support stadium expansion and associated development	22-Jan-14	22-Jan-39	5,500	4,404
Unity Leisure	To facilitate the purchase a soft play facility in Northampton.	10-Jul-15	10-Jul-20	300	210
University of Northampton	To support the creation of a waterside campus in Northampton.	10-Mar-16	10-Mar-21	28,500	28,500
		10-Mar-16	10-Mar-56	17,500	17,265

10. CASH AND CASH EQUIVALENTS

31 March 2016 £000s	Cash and Cash Equivalents	31 March 2017 £000s
7	Cash held by the authority	11
7	Total Cash & Giro Accounts	11
-799	Operating Account used as part of cash management/ overdraft	-873
5,250	Deposit Account Facilities with banks	250
3,145	Deposits with money market funds	13,700
8,395	Total Cash Equivalents	13,950
7,603	Total Cash and Cash Equivalents	13,088

11. CURRENT ASSETS HELD FOR SALE

Current 2015/16 £000s	Assets Held for Sale	Current 2016/17 £000s
1,474	Balance outstanding at start of year	1,162
	Assets newly classified as held for sale:	
300	Property Plant and Equipment	
-611	Assets sold	0
-1	Other Movements	-3
1,162	Balance outstanding at year end	1,159

Note: All assets in Held for Sale in 2016/17 are classified as current assets where disposal is anticipated within 12 months.

12. CREDITORS

31 March 2016 £000s	Creditors	31 March 2017 £000s
-10,454	Central Government Bodies	-11,306
-10,359	Other Local Authorities	-10,998
0	Public Corporations and Trading Funds	0
-10,885	Other entities and Individuals	-11,441
-31,698	Total	-33,745

13. PROVISIONS

Long Term Provisions

Long Term Provisions	Insurance Provision £000s	Other Provisions £000s	Total £000s
Balance at 1 April 2016	-48	-5	-53
Additional Provisions Made	-15	0	-15
Amounts Used	17	0	17
Unused amounts reversed	21	0	21
Balance at 31 March 2017	-25	-5	-30

Short Term Provisions

Short Term Provisions	Insurance Provision £000s	Business Rates Appeals £000s	Accumulated Absences £000s	Total £000s
Balance at 1 April 2016	-138	-3,861	-59	-4,057
Additional provisions made	-175	-1,864	0	-2,039
Amounts used	75	978	0	1,053
Unused amounts reversed	18	0	0	18
Unwinding of discounts	0	0	0	0
Balance at 31 March 2017	-220	-4,747	-59	-5,025

a) Insurance Provision

The provision covers the following risks:

- Liability claims under the policy excess arising from 1992/93 onwards.
- Claims under the policy excess on the Council's own dwellings.

- Claims over the “paid locally” figure but under the excess on the Council’s motor vehicles.
- Death-in-service cover for employees who have council loans for the purchase of cars required for essential purposes.
- Other small miscellaneous items arising from time to time.

External premiums are charged direct to the revenue accounts, as are the costs of the internal Insurance Provision. This provision is reduced as claims are settled.

The estimated cost of outstanding claims is held in the Insurance provision as at 31st March 2017; an actuarial forecast of future valid claims made against 2016/17 and before, is held in the Insurance Reserve.

b) Business Rates Appeals Provision

Following the localisation of the Business Rates Retention Scheme, NBC is now liable for the impact of its share of the effects of any appeals against business rates ratings assessments decided by the Valuation Office Agency (VOA), including the effects of any backdating. The provision at 31st March 2017 is therefore based on the number of appeals that have been made to the VOA at the balance sheet date, split between long-term and short-term, depending on when the appeals are expected to be settled. Disclosure has been made in the Contingent Liabilities note (note 29) for other risks associated with appeals.

This note excludes the Collection Fund provisions for appeals, which are shown in the Collection Fund notes in section G to these Accounts.

14. USABLE RESERVES

Movements in the Authority’s usable reserves are detailed in the Movement in Reserves Statement and further detail about earmarked reserves is shown in Note 3.

15. UNUSABLE RESERVES

a) Balances

31 March 2016 £000s	Unusable Reserves	31 March 2017 £000s
-58,760	Revaluation Reserve	-102,136
436	Financial Instruments Adjustment Account	408
-15	Available for Sale Financial Instruments Reserve	-12
-285,695	Capital Adjustment Account	-367,646
-123	Deferred Capital Receipts Reserve	-132
117,919	Pensions Reserve	142,692
-194	Collection Fund Adjustment Account	171
59	Short Term Compensated Absences Account	59
-226,374	Total	-326,596

b) Revaluation Reserve

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

- revalued 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 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.

2015/16			Revaluation Reserve	2016/17		
General Fund £000s	Housing Revenue Account £000s	TOTAL £000s		General Fund £000s	Housing Revenue Account £000s	TOTAL £000s
-45,146	-6,487	-51,633	Balance at 1 April	-50,021	-8,738	-58,759
-6,507	-3,052	-9,559	Upward Revaluation of assets	-7,278	-40,473	-47,750
763	61	824	Downward Revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,824	58	2,882
-5,743	-2,991	-8,734	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-4,454	-40,415	-44,868
743	196	939	Difference between fair value depreciation and historical cost depreciation	619	544	1,163
125	544	669	Accumulated gains on assets sold or scrapped	25	305	330
868	740	1,608	Amounts written off to the Capital Adjustment Account	644	849	1,493
-50,021	-8,738	-58,759	Balance at 31 March	-53,831	-48,304	-102,135

c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account is used to reconcile the accounting treatment of Financial Instruments that has been adopted and the actual charges that must be made under statute.

2015/16 £000s	Financial Instruments Adjustments Account	2016/17 £000s
1,362	Balance as at 1 April	436
0	Transitional Arrangements - Unattached Premia	0
-925	Soft Loans - Statutory Fair Value Adjustments	-29
437	Balance as at 31 March	407

d) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority 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.

2015/16 £000s	Available for Sale Financial Instruments Reserve	2016/17 £000s
-6	Balance as at 1 April	-15
-15	Upward Revaluation of Investments	3
-21	Surplus or Deficit on revaluation of Investments not posted to the Surplus or Deficit on the Provision of Services	-12
6	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure as part of Other Investment Income	0
-15	Balance as at 31 March	-12

e) 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 Authority as finance for the costs of acquisition, construction, and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant, and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16			Capital Adjustment Account	2016/17		
General Fund £000s	HRA £000s	Total £000s		General Fund £000s	HRA £000s	Total £000s
-44,276	-219,833	-264,109	Balance at 1 April	-36,773	-248,923	-285,695
			Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
2,565	8,680	11,245	Charges for depreciation and impairment of non current assets	4,924	39,146	44,070
10,219	0	10,219	Impairment of Long Term Debtors			0
3,059	13,806	16,865	Revaluation losses on Property, Plant and Equipment	6,387	1,696	8,083
-2,149	-24,055	-26,204	Revaluation gains on Property, Plant and Equipment	-1,182	-104,424	-105,606
326	0	326	Amortisation of intangible assets	175	0	175
3,502	0	3,502	Revenue expenditure funded from capital under statute	3,919	0	3,919
731	6,917	7,648	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	599	6,920	7,518
18,252	5,349	23,601	Total	14,822	-56,662	-41,840
-868	-740	-1,608	Adjusting amounts written out of the Revaluation Reserve	-644	-849	-1,493
17,384	4,609	21,993	Net written out amount of the cost of the Revaluation Reserve	14,178	-57,511	-43,333
			Capital financing applied in the year:			
-4,045	-2,371	-6,416	Use of the Capital Receipts Reserve to Finance new capital expenditure	-137	-4,418	-4,556
0	-21,898	-21,898	Use of the Major Repairs Reserve to finance new capital expenditure	0	-13,008	-13,008
-2,676	0	-2,676	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital expenditure	-4,251	0	-4,251
-203	0	-203	- Application of grants to capital financing from the Capital Grants Unapplied Account	-1,237	0	-1,237
-1,262	0	-1,262	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	-1,299	0	-1,299
-1,830	-9,424	-11,254	Capital expenditure charged against the General Fund and HRA balances	-1,350	-11,513	-12,863
-10,016	-33,693	-43,709	Total	-8,274	-28,940	-37,214
134	-5	129	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-1,336	-67	-1,403
0	0	0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0	0
-36,773	-248,923	-285,695	Balance at 31 March	-32,204	-335,442	-367,646

f) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority 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.

2015/16 £000s	Deferred Capital Receipts Reserve	2016/17 £000s
-146	Balance as at 1 April	-123
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
23	Transfer to the Capital Receipts Reserve upon receipt of cash	-9
-123	Balance as at 31 March	-132

g) 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 Authority 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. However, statutory arrangements require a benefit earned to be financed as the Authority 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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2015/16 £000s	Pensions Reserve	2016/17 £000s
142,680	Balance as at 1 April	117,919
-25,242	Actuarial gains or losses on pension assets and liabilities	25,299
6,581	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	5,823
-6,096	Employer’s pensions contributions and direct payments to pensioners payable in the year	-6,297
-4	Pension contribution adjustment	-52
117,919	Balance as at 31 March	142,692

h) Collection Fund Adjustment Account

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

2015/16 £000s	Collection Fund Adjustment Account	2016/17 £000s
5,899	Balance as at 1 April	-194
-466	Amounts 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	189
-5,627	Amounts by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	176
-194	Balance as at 31 March	171

i) Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until cash might be paid out to claimants. The information available at this time is that any further settlements of Unequal Pay Back Pay are unlikely to be made.

j) Short Term Compensated Absences Account

The Short Term Compensated 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 entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance be neutralised by transfers to or from the Account.

2015/16 £000s	Short Term Compensated Absences Account	2016/17 £000s
59	Balance as at 1 April	59
0	Movements in year	0
59	Balance as at 31 March	59

16. INTANGIBLE ASSETS

The Authority 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.

2015/16		Intangible Assets	2016/17	
Other Assets £000s	Total £000s		Other Assets £000s	Total £000s
		Balance at start of year		
5,136	5,136	Gross carrying amounts	4,682	4,682
-4,101	-4,101	Accumulated amortisation	-3,961	-3,961
1,035	1,035	Net carrying amount at start of year	721	721
100	100	Purchases	9	9
-566	-566	Disposals - Gross Value	0	0
566	566	Disposals - Amortisation	0	0
95	95	Revaluation increases or decreases	0	0
-509	-509	Amortisation for the Period	-439	-439
721	721	Net carrying amount at end of year	291	291
		Comprising:		
4,753	4,753	Gross carrying amounts	4,679	4,679
721	721	Net carrying amount at end of year	291	291

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £439k charged to revenue in 2016/17 was charged to the appropriate cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services where the original service charged was an overhead. It is not, therefore, possible to quantify exactly how much of the amortisation is attributable to each service heading.

No item of capitalised software is individually material to the financial statements.

17. TRADING ACCOUNTS

The note for this area has been removed in line with the report to Audit Committee 6 March 2017 as not a requirement under the accounting guidelines.

18. POOLED BUDGETS

The note for this area has been removed in line with the report to Audit Committee 6 March 2017 as the numbers are not material.

19. MEMBERS' ALLOWANCES

The Authority paid the following amounts to members of the Council during the year:

2015/16 £000s	Members' Allowances	2016/17 £000s
	Expenditure	
23	Mayor/Deputy Mayor Allowance	25
404	Members' Allowances	424
427	Total	449

20. OFFICERS' REMUNERATION

a) Senior Officers

Position	Position Group	Year	Note	Salary (inc Fees & Allowances) £000s	Compensation for loss of Office £000s	Total Remuneration excl Pension Contributions £000s	Pension Contributions £000s	Total Remuneration inc Pension Contributions £000s
Chief Executive	Head of Paid Service	2016/17		140	0	140	19	159
		2015/16		138	0	138	20	158
Borough Secretary	Monitoring Officer	2016/17		83	0	83	11	94
		2015/16		82	0	82	11	93
Director of Customers & Communities	Director	2016/17		112	0	112	15	127
		2015/16		111	0	111	15	126
Director of Regeneration, Enterprise & Planning	Director	2016/17	1	4	0	4	1	5
		2016/17	1	55	0	55	7	62
		2015/16		105	0	105	14	119
Head of Customer & Cultural Services	Head of Service	2016/17		72	0	72	10	82
		2015/16		71	0	71	9	80
Head of Housing & Wellbeing	Head of Service	2016/17		71	0	71	9	80
		2015/16		71	0	71	9	80
Head of Planning	Head of Service	2016/17		59	0	59	8	67
		2015/16		5	0	5	1	6
Head of Economic Development and Regeneration	Head of Service	2016/17	2	63	0	63	0	63
		2015/16		65	0	65	9	74
Head of Finance (Section 151 Officer)	Head of Service	2016/17	3	62	0	62	0	62
		2015/16		63	0	63	0	63
Totals for the year:		2016/17		721	0	721	80	801
		2015/16		711	0	711	88	799

Notes:

- 1 - Director of Regeneration, Enterprise and Planning left 31 Oct 2016 - Annualised Salary £124k. This post was covered by an Interim until permanent appointment from March 2017.
- 2 - Head of Economic Development and Regeneration post left 11 July 16 was covered by John Dale on an acting up basis. John was appointed to the Head of Service post from October 2016. The annualised salary is £79K
- 3 - Head of Finance is employed by NCC and contracted in as part of the wider LGSS contract. The post currently works 3 days per week for NBC

b) Officers paid over £50,000

The Council is required, under the Accounts and Audit Regulations 2003 (regulation 7(2)) to disclose the number of employees whose remuneration was £50,000 or more (excluding employer's pension contributions). This is shown in bands of £5,000 in the table below:

Note: Senior Officers earning in excess of £50k have been excluded from this note as they are disclosed within Note 36a (Senior Officers).

2015/16 No. of Employees	Remuneration Band	2016/17 No. of Employees
3	£50,000 - £54,999	3
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0

c) Exit Packages

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other agreed departures		Total Number of exit packages by cost band		Total cost of exit packages in each band (£000s)	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	9	1	10	0	19	1	179	5
£20,001 - £40,000	3	0	0	0	3	0	75	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	12	1	10	0	22	1	254	5

21. EXTERNAL AUDIT COSTS

The Authority 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 Authority’s external auditors.

2015/16 £000s	External Audit Costs	2016/17 £000s
4	Fees payable to our External Auditors with regard to their services carried out as appointed Auditor (Section 5 Audit Commission Act 1998)	4
0	Additional charges due to overruns *	149
11	Fees payable to the Auditor for the certification of Grant Claims & Returns (Section 28 Audit Commission Act 1998)	32
4	Fees payable in respect of other services provided by the appointed auditor.	4
17	Fees payable for dealing with Elector objection	0
36	Total	189

*The final 2016/17 external audit fee variations have yet to be agreed and approved.

22. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

2015/16 £000s	Grant Income	2016/17 £000s
	Credited to Taxation and Non-Specific Grant Income	
-4,944	Revenue Support Grant	-3,256
-141	Council tax freeze grant	0
-3,836	New Homes Bonus	-4,910
-1,769	Delapre Abbey Restoration	-1,228
0	Local Growth Fund - Vulcan Works	-125
0	Princess Marina - Residential Standard Charge	-1,218
0	Land at Banbury Lane, Pineham - Standard Charge	-120
335	Princess Marina S106 - transfer to Receipts in Advance	0
-287	Other Grants Individually Less Than £100,000	-349
-10,642	Total	-11,206
	Credited to Services	
-183	Additional Housing Admin. Grant	-221
-1,277	Housing Benefit Admin. Grant	-1,135
-30,637	HRA Rent Rebates Grant	-28,693
-773	Non HRA Rent Rebates	-879
-39,814	Rent Allowance Grant	-37,526
0	EU Referendum Cost Reimbursement	-317
0	Police & Crime Commissioner Election	-287
-219	Property Searches New Burdens Payment	-61
-316	Discretionary Housing Payments	-398
-264	Section 106 Contributions	-148
-2,389	Northamptonshire County Council Recycling Credits	-2,531
-166	Northamptonshire County Council Contribution for Grounds Maintenance	-166
-98	Joint Planning Unit Contribution	-102
-93	Total of Other Grants not included in the above	-266
-76,229	Total	-72,730

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

Current Liabilities

2015/16 £000s	Grant Income Unapplied - Current Liabilities	2016/17 £000s
10	Capital Grants Receipts in Advance Other Grants/Contributions Individually Less Than £100,000	10
10	Total - Capital Receipts in Advance	10
1	Revenue Grants Receipts in Advance: Grants/Contributions Individually Less Than £100,000	1
11	Total - all Receipts in Advance	11

Long-Term Liabilities

2015/16 £000s	Grant Income Unapplied - Long-Term Liabilities	2016/17 £000s
	Capital Grants Receipts in Advance:	
873	S106 - SW Country Park - Swan Valley	873
442	S106 - Land at Upton SWD Ph1 re Country Park	367
125	S106 - Southern Development Link road	125
1,612	S106 - Princess Marina	384
346	S106 - Sainsbury's Sixfields	346
103	S106 - Newport Pagnell Rd Off-Site Open Space	54
850	S106 - Land at Booth Rise	850
70	S106 - Former Millway School Site	0
2,109	S106 - Banbury Lane	1,937
437	S106 - Wellingborough Rd	405
311	S106 - Goldings School	266
262	S106 - Former Abington Vale School Site	465
335	S106 - Old Towcester Road	354
0	S106 - Project Angel	130
1,021	West Northamptonshire Development Corporation	1,031
0	Local Growth Fund re Vulcan Works	1,258
150	Albion Place Public Realm Contribution	150
561	Other Grants/Contributions Individually Less Than £100,000	630
9,607	Total - Capital Receipts in Advance	9,625
	Revenue Grants Receipts in Advance:	
155	S106 - Pineham	155
154	Upton Site F&G - Disocounted Standard Charge	0
232	Other Grants/Contributions Individually Less Than £100,000	436
541	Total - Revenue Receipts in Advance	591
10,148	Total - all Receipts in Advance	10,216

23. 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 access 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 Council.

Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates and 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. housing benefits). Grants received from government departments are set in Note 31 Amounts Reported for Resource Allocation Decisions. Any amounts outstanding are reported in Note 38 Grant Income.

Northampton Partnership Homes

Northampton Partnership Homes is a fully owned subsidiary of The Council, and is incorporated on the group accounts which are shown alongside the core financial statements. Northampton Partnership Homes was incorporated on the 30th April 2014 and commenced trading on the 5th January 2015. Northampton Partnership Homes is an Arm's Length Management Organisation that is wholly owned by the Council, but which has its own board of Directors. It is a company Limited by Guarantee (CLG) and is a not for profit organisation. Further information on Northampton Partnership Homes and details of transactions can be found in the Group Accounts section.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 19.

During 2016/17 expenditure to the value of £1.7m (2015/16 £1.8m) was paid or granted to parties where members had an interest or where they serve as a nominated representative on the outside body. Income to the value of £0.2m (restated 2015/16 £0.4m) was receivable from these parties. Parties with transactions over £200k are shown below:

2015/16 £000s	Related Parties - Expenditure	2016/17 £000s
214	Northampton Leisure Trust	22
427	Northampton Theatres Trust	353
382	Brackmills Bid	325
253	Northampton Town Centre Bid	314
	Delapre Abbey Preservation Trust	
198	Revenue	237
0	Capital	202

At 31st March 2017, the outstanding balances with these parties were debtors of £53k (2015/16 £148k) and creditors of £36k (2015/16 £215k).

Contracts were entered into in full compliance with the Council's standing orders and all grants were made with proper consideration of declarations of interests. The relevant members did not take part in any discussions or decisions that involved their disclosed interests. The Register of Members' Interest is open to public inspection at The Guildhall, Northampton during office hours and is available on the Council's website.

A number of the Members of Northampton Borough Council are also members of Northamptonshire County Council. Material transactions with Northamptonshire County Council have been disclosed elsewhere in the accounts, see Note 22.

Additionally, a number of Members are also Parish Councillors within the district of Northampton Borough Council. As above, these members did not take part in discussions related to these bodies.

One Member is also on the South East Midlands Local Enterprise Partnership (SEMLEP) Board. SEMLEP is the economic development partnership for the South East Midlands, a company operated jointly by the public and private sectors. SEMLEP is the lead body for the Enterprise Zone, administered by NBC. Additionally, SEMLEP is the accountable body (through Luton Borough Council, the administering body) for payments from DCLG's Growing Places Fund. NBC took out a £6.6m Growing Places Fund loan in 2014/15.

NBC is working in partnership with the Delapre Abbey Preservation Trust (DAPT) in regards to the Delapre Abbey Restoration Project, and has a member on the DAPT Board of Trustees. In 2016/17 NBC paid across to DAPT £138k (2015/16 £12k) as part of a £150k NBC start up grant, £100k grant payment to assist with delays and cash flow, and £202k in capital grants (2015/16 Nil) in relation to parts of the Abbey restoration project being delivered by DAPT. In 2015/16, NBC paid across to DAPT £198k (2016/17 Nil) in relation to forward funding of HLF grant monies for activity and other revenue project costs which will be funded from the HLF grant.

Senior Officers of the Council

During 2016/17, the only disclosures made by Senior Officers were in relation to roles at other Local Authority bodies, namely:

- 1) Northamptonshire County Council (see above within Members disclosures for reference of material transactions disclosed with NCC elsewhere in the accounts)
- 2) East Northamptonshire District Council (see 'Other Public Bodies' below)

Other Public Bodies

In 2013/14, the Council transferred the majority of its support services to LGSS, a Partnership established by the County Councils of Northamptonshire and Cambridgeshire, where NBC is an Added Value Partner. Following this transfer, an NBC member is now a representative on the LGSS Panel.

The Chief Financial Officer (Section 151 Officer) for NBC is also contracted from LGSS, who is shared on a part-time basis with East Northamptonshire District Council.

The Council is also involved in a number of joint working initiatives across the county with various other Local Authorities, for instance the Joint Planning Unit and Waste Management Partnership. In this capacity, a number of NBC Members have representations on their running boards. None of these relationships are considered material to either party involved both in terms of the value of transactions or the potential for the authority to control or influence NBC's actions to materially affect transactions or balances.

24. 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred. Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2015/16 £000s	Capital Expenditure and Financing	2016/17 £000s
251,229	Opening Capital Financing Requirement	299,903
	Capital Investment	
39,773	Property, Plant & Equipment	33,733
2,971	Heritage Assets	3,620
1	Investment Properties	60
100	Intangible Assets	9
3,502	Revenue Expenditure Funded from Capital under Statute	3,919
46,300	Loans to third parties	0
92,647	Total	41,341
	Sources of Finance	
-5,468	Capital Receipts	-5,256
-948	Sums set aside from Capital Receipts	0
-2,878	Government Grants and Other Contributions	-5,488
-1,262	Sums Set aside from Revenue	-1,299
-265	Write Down of Third Party Loans	-515
-33,152	Direct Revenue contributions	-25,871
-43,973	Total	-38,429
299,903	Closing Capital Financing Requirement	302,815

2015/16 £000s	Capital Financing Requirement	2016/17 £000s
251,229	Opening Capital Financing Requirement	299,903
48,674	Increase in underlying need to borrow (unsupported by government financial assistance)	2,912
0	Assets acquired under finance lease	0
48,674	Increase/(decrease) in Capital Financing Requirement	2,912
299,903	Closing Capital Financing Requirement	302,815

25. LEASES

Authority as LesseeFinance Leases

- a) The Council has a number of assets that are required to be treated as finance leases under IFRS accounting rules. These include recycling equipment, IT software and a specialist vehicle. The assets acquired under these leases are carried in the Balance Sheet at the following net amounts:

31 March 2016 £000s	Local Authority as Lessee - Finance Leases	31 March 2017 £000s
157	Vehicles, Plant, Furniture and Equipment	100
191	Intangible Fixed Assets	121
348	Total	221

- b) The Authority is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The present value of the leases and the future minimum lease payments at the balance sheet date are as follows:

31 March 2016 £000s	Local Authority as Lessee - Finance Leases	31 March 2017 £000s
	Future minimum lease payments	
166	Vehicles, Plant, Furniture and Equipment	107
203	Intangible Fixed Assets	131
369	Future minimum lease payments	238
	Net present value of minimum lease payments	
156	Current	127
192	Non-current	100
348	Present value of minimum lease payments	227
21	Finance costs payable in future years	11

- c) The present value of the leases and the minimum lease payments at the balance sheet date split over the over future periods are as follows:

31-Mar-16		Local Authority as Lessee - Finance Leases	31-Mar-17	
Present Value of Leases £000s	Minimum Lease Payments £000s		Present Value of Leases £000s	Minimum Lease Payments £000s
156	170	Not later than one year	127	136
192	199	Later than one year and not later than five years	100	102
348	369	Total	227	238

- d) The Council has no sub leases required to be treated as finance leases

Operating Leases

- e) The Council leases IT equipment, gym equipment and vehicles financed under the terms of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

The authority sub-leases housing contract hire vehicles to the Northampton Partnership Homes (NPH) for the provision of housing services.

31 March 2016 £000s	Local Authority as Lessee - Operating Leases	31 March 2017 £000s
509	Not later than one year	500
218	Later than one year and not later than five years	180
0	Later than 5 years	0
727	Minimum lease payments	680
-632	Future minimum sub-lease payments receivable	-632

- f) Charges to revenue

The expenditure charged to the Council's Comprehensive Income and Expenditure Statement during the year in relation to operating leases was:

2015/16 £000s	Local Authority as Lessee - Operating Leases	2016/17 £000s
	Minimum lease payments	
510	Contract Hire	453
23	Other	23
-375	Sublease payments receivable	-429
158	Total	47

Authority as Lessor**Finance Leases**

- g) The authority has two lessor property leases that have been assessed as finance leases.

The gross investment in the leases and the minimum lease payments receivable at the balance sheet date are as follows:

31 March 2016 £000s	Leases - Authority as Lessor - Finance Leases	31 March 2017 £000s
	Gross investment in leases	
158	Other Land and Buildings	141
	Net present value of minimum lease payments	
8	Current	9
100	Non-current	91
108	Present value of minimum lease payments receivable	100
50	Unearned finance income	41

- h) The gross investment in the leases and the minimum lease payments receivable at the balance sheet date split over the future periods are as follows:

31 March 2016		Leases - Authority as Lessor - Finance Leases	31 March 2017	
Gross investment in leases £000s	NPV of minimum Lease payments receivable £000s		Gross investment in leases £000s	NPV of minimum Lease payments receivable £000s
17	8	Not later than one year	17	9
69	41	Later than one year and not later than five years	69	44
72	59	Later than five years	55	46
158	108	Minimum lease payments receivable	141	99

In respect of pre-existing leases as at 31 March 2010 the Authority has adopted the mitigation contained in The Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010.

Operating Leases

- i) Periods

The Authority leases out property under operating leases for the following purposes:

- The provision of other land and buildings including shops and industrial units to meet local demand for commercial premises.

- The provision of community assets to meet residents' community needs.
- To provide infrastructure enabling current and future construction to service local demand for housing and commercial property.

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

31 March 2016 £000s	Local Authority as Lessor - Operating Leases - Minimum Lease Payments	31 March 2017 £000s
2,353	Not later than one year	2,267
6,631	Later than one year and not later than five years	6,172
47,422	Later than 5 years	46,089
56,406	Total	54,528

The minimum lease payments receivable do not include rents that are contingent on future events, such as adjustments following rent reviews.

Note: Assets provided under operating leases, where the Council is lessor, have been included in the Council's disclosures on owned assets.

26. IMPAIRMENT LOSSES

No assets were impaired during 2016/17.

During 2015/16 assets impaired relates to a loan to Northampton Town Football Club (NTFC).

The outstanding value of the loan of £10.22m was impaired within the 2015/16 Statement of Accounts and is shown within Corporate and Democratic Core on the face of the CIES statement.

However, there is no impact on the General Fund balance as the original loan was capital in nature, and therefore has been reversed through the Movement in Reserves Statement to the Capital Adjustment Account. This has been done in line with proper accounting practices.

27. TERMINATION BENEFITS

There were no material or significant termination benefits paid in 2016/17 as set out in note 20c.

28. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes:

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

The Authority participates in one post-employment scheme:

The Local Government Pension Scheme, administered locally by Northamptonshire County Council, is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions Relating to Post-employment Benefits:

We recognise 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 we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme 2015/16 £000s	Comprehensive Income and Expenditure Statement	Local Government Pension Scheme 2016/17 £000s
	COST OF SERVICE:	
	Service cost comprising:	
2,069	Current service cost	1,778
10	Past service cost (including curtailments)	0
0	Gain from settlements	0
-4	Pension contribution adjustment	-52
	Financing and Investment Income and Expenditure	
4,502	Net interest expense	4,045
6,577	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	5,771
	OTHER POST-EMPLOYMENT BENEFITS CHARGED TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT:	
	Remeasurement of the net defined benefit liability comprising:	
3,995	Return on plan assets (excluding the amount included in the net interest expense)	39,260
0	Actuarial gains and losses arising on changes in demographic assumptions	3,503
-23,514	Actuarial gains and losses arising on changes in financial assumptions	-50,852
-5,723	Other expenditure	-17,210
-18,665	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:	-19,528
	MOVEMENT IN RESERVE STATEMENT:	
18,661	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-31,122
	Actual amount charged against the General Fund Balance for pensions in the year:	
6,096	Employers' contributions payable to scheme	6,297

Pension Assets and Liabilities Recognised in the Balance Sheet:

The amounts included in the Balance Sheet arising from the authority’s obligation in respect of its defined benefit plans are as follows:

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s
Present value of the defined benefit obligation	267,684	330,805	13,465	14,862	281,149	345,667
Fair value of plan assets	-163,230	-202,975	0	0	-163,230	-202,975
Net liability arising from defined benefit obligation	104,454	127,830	13,465	14,862	117,919	142,692

Reconciliation of the Movements in Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s
Opening fair value of scheme assets	167,340	163,230	0	0	167,340	163,230
Interest income	5,269	5,620	0	0	5,269	5,620
Remeasurement gain/(loss):						
The return on plan assets, excluding the amount included in the net interest expense	- 3,995	39,260	0	0	-3,995	39,260
Contributions from employer	5,223	5,433	877	916	6,100	6,349
Contribution from employees into the Scheme	478	467	0	0	478	467
Benefits Paid:	-11,085	-11,035	-877	-916	-11,962	-11,951
Assets Distributed in Settlements	0	0	0	0	0	0
Closing fair value of scheme assets	163,230	202,975	0	0	163,230	202,975

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s
Opening balance at 1 April	310,896	282,065	-876	-916	310,020	281,149
Current service cost	2,069	1,778	0	0	2,069	1,778
Interest cost	9,771	9,665	0	0	9,771	9,665
Contribution from scheme participants	478	467	0	0	478	467
Remeasurement gain/(loss):						
Actuarial gain/losses arising from changes in demographic assumptions	0	-3,503	0	0	0	-3,503
Actuarial gain/losses arising from changes in financial assumptions	-23,514	50,852	0	0	-23,514	50,852
Other expenditure	-5,723	17,210	0	0	-5,723	17,210
Past service cost	10	0	0	0	10	0
Losses/(gains) on curtailment:						
Benefits Paid	-11,085	-11,035	-877	-916	-11,962	-11,951
Liabilities extinguished on settlements	0	0	0	0	0	0
Closing present value of scheme liabilities	282,902	347,499	-1,753	-1,832	281,149	345,667

*Where provided by The Actuary, the split between LGPS and Discretionary Benefits Arrangements has been disclosed.

Local Government Pension Scheme assets comprised:

Fair value of scheme assets ₁	Assets comprised of:	Fair value of scheme assets ₁
2015/16 £000		2016/17 £000
3,062	Cash and cash equivalents	4,851
	Equity instruments:	
	By industry type₂	
12,931	Consumer	14,820
0	Manufacturing	474
6,451	Energy and utilities	12,041
12,168	Financial institutions	14,870
7,480	Health and care	7,137
11,252	Information technology	13,838
9,794	Other	13,438
60,076	Total Equity	76,617
	Bonds:	
	By sector	
13,817	Government	18,260
13,817	Total Bonds	18,260
	Private Equity:	
97	Overseas	340
97	Total Private Equity	340
	Property:	
14,655	Retail	15,766
14,655	Total Property	15,766
	Investment Funds and Unit Trusts:	
55,818	Equities	70,997
15,705	Bonds	16,144
71,523	Total Investment Funds and Unit Trusts	87,141
163,230	Total assets	202,975

Notes

₁ All scheme assets have quoted prices in active markets

₂ The risks relating to assets in the scheme are also analysed by company size below:

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.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits Arrangements*	
	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s
Mortality Assumptions				
Longevity at 65 for Current Pensioners:				
Men	22.3	22.1		
Women	24.3	24.2		
Longevity at 65 for Future Pensioners:				
Men	24	23.9	-	-
Women	26.6	26.1	-	-
Other:				
Rate of Increase in Pensions	2%	2%	-	-
Rate of Increase in Salaries **	4%	3%	-	-
Rate for Discounting Scheme Liabilities	4%	3%	-	-

*Where provided by The Actuary, the split between LGPS and Discretionary Benefits Arrangements has been disclosed.

** Salary Increases are assumed to be 1% p.a. until 31 March 2016 reverting to the long-term assumption shown.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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.

Change in assumptions at 31 March 2017:	Approximate increase to Employer Liability %	Approximate Monetary Amount £000s
0.5% decrease in Real Discount Rate	8%	27,729
0.5% increase in the salary increase rate	1%	2,147
0.5% increase in the Pension Increase Rate	7%	25,314

Asset and Liability Matching (ALM) Strategy

The pensions committee of Northamptonshire County Council has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of asset invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt-edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (71% of scheme assets) and bonds (18%). These percentages are materially the same as the comparative year. The scheme also invests in properties as a part of the diversification of the scheme's investments.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 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.

29. CONTINGENT LIABILITIES

The Council is potentially liable for the following:

Northampton Partnership Homes

- As set out in the explanatory forward and Group Accounts, NBC set up an Arm's Length Management Organisation on 5th January 2015, Northampton Partnership Homes (NPH). NPH is a company limited by guarantee and NBC is liable for all losses experienced by NPH and is the guarantor for NPH's pension liabilities. See Group Accounts for disclosure of the financial performance of NPH in 2016/17.

Business Rates

- Following new Local Authority funding arrangements for Business Rates in April 2013, NBC now assumes a proportion of the liability for refunding businesses who appeal to the Valuation Office (VO) against the rateable value of their properties.
- The VO published a list of appeals outstanding up to 31st March 2017 in April 2017. Estimates for the appeals that had been lodged and where their success was judged probable under IAS 37 have been provided for - see note 13.
- The estimated value of appeals within NBC's billing authority borders that had been lodged but their success deemed only possible as per IAS 37 totalled £15m. These therefore constitute a contingent liability, with NBC's share (40%) of these appeals being £5.9m.
- Additionally, it is possible that other appeals will be lodged by businesses in the future against rateable values. As the value and timing of these appeals by their nature cannot be known, it is necessary to recognise this as a contingent liability.
- The VOA have advised that Virgin Media intend to withdraw their appeal relating to the proposal to merge the Virgin Media network, that appears in councils rating lists countrywide, into a single national assessment, appearing from 1 April 2010. However, this remains as a Contingent Liability until the VOA advises this has happened. The rateable value (RV) in relation to Virgin Media within NBC's billing authority borders is £0.9m. If this proposal is approved, this could see the removal of the full £0.9m RV from NBC's rating list, which equates to approximately £0.4m in net rates per annum. If backdated, this would have a negative impact of £3.0m, with NBC's share (40%) of this being £1.2m.

Other – various

- A capital grant received from the East Midland Development Agency (EMDA) for site clearance of the Blueberry Diner. The grant was awarded on condition of scheme completion within a fixed period and, due to that period not having been complied with, up to the full amount of the grant of £0.2m may be clawed back by EMDA. However, although no formal agreement is currently in place, the Council has been in positive discussions with HCA over agreeing variations to the original terms and been agreeable to extension of time for development to be completed. HCA is making endeavours to secure a development partner for this site and is keeping EMDA fully updated of the progress. To date they have continued to be supportive. It is unlikely for this funding will need to be returned and is disclosed as a contingency only.

- The Council has received Deposits under Section 106 agreements, which may be repayable if the conditions for each agreement are not met. No provision has been made in the Accounts for any interest that may become repayable under the terms of the individual agreements. In the event that every one of these deposits becomes repayable with interest, the Council's maximum liability for interest payable as at 31st March 2017 is estimated to be £0.7m.
- Financial guarantee for Home Group - a Housing Association. Under the 1987 (Bond issue) "Under the 1987 [bond issue] Home Group raised finance to carry out development in a number of local authority areas. In so doing, they entered into arrangements with local authorities for the purchase of land in return for nomination rights over 50% of the properties constructed. In addition, the local authorities agreed to indemnify bondholders against a fixed percentage of indebtedness under the bonds incurred by Home Group. Home Group in turn gave a counter indemnity to the said local authorities in the same amount. Thus, for so long as Home Group remains solvent, there is no practical likelihood of a claim under the indemnity being made against a participant local authority. The NBC proportion is 1.35% of £82.5m representing a value of £1.1m
- A capital grant has been agreed by the Heritage Lottery Fund to part fund the Delapre Abbey, which is now substantially completed. Non-compliance with the grant funding conditions could trigger clawback of funds to the HLF. These grant conditions are monitored by Council Project Officers.
- A number of outstanding insurance claims with estimated value of £1.27m have been received. These have been assessed by the Council's insurance actuary and an estimated provision of £0.25m has been charged to the accounts. Consequently, the estimated value of the insurance claims outstanding is £1.03m.
- The council's environmental services contractor has a number of disputes with NBC that it has indicated it will pursue in court.
- There are a number of other contingent liabilities that are considered to be insignificant. Their total value is £0.358m and they relate to small claims, property search claims and employment tribunal claims that are considered insignificant.
- HR claims for NPH employees which if go to tribunal, could cost £158,000.
- Errors, anomalies and poor record keeping have been identified in the administration of the Council's Empty Homes Scheme (2012-14). The amount of money that the Council can expect to recover from the property owners will need to be recalculated. In many cases, this will result in the Owners financial obligation reducing.

30. CONTINGENT ASSETS

The Council is currently monitoring the following contingent assets:

- Northampton Waterside Enterprise Zone is funded from Business Rates uplift within its boundaries. Expenditure relating to administration and infrastructure loan costs has exceeded income receipts from business rates uplift, these sums will be reimbursed when the income from the projects exceeds expenditure. To date, the value to be reimbursed from Business rates uplift totals £2.049m.
- NBC have lodged a court claim for money lent to Northampton Town Football club, and is expected to issue further claims in the future.

- Historic costs associated with the redevelopment of Grosvenor/Greyfriars may be reimbursed by the developer depending on agreement of contract terms and the timing of that agreement. The expectation is in the region of £0.1m.
- There is an obligation on the National Grid to pay to NBC part of monies advanced by WNDC for the remediation of land. Payment of an estimated £0.75m is due to NBC by 2019 or on sale of the land affected.
- Upon completion of works by NBC, there is an obligation on Reef Estates Limited to pay a "Highways Contribution" to NBC of approximately £0.1m.

31. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Authority;
- **Liquidity risk** – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- **Market risk** – the possibility that financial loss might arise for the Authority because of changes in interest rates and stock market movements.

The Council's risk management processes consider the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. The Local Government Act 2003 places a statutory duty on the Council to have regard to guidance issued or specified by the Secretary of State. This guidance includes the CIPFA Treasury Management Code of Practice. Treasury risk management is undertaken by the LGSS treasury team under policies approved by the Council in its Treasury Management Policy Statement, Treasury Management Practices and accompanying Schedules and the annual Treasury Management Strategy. These contain overall principles for risk management and specific risks which include credit and counterparty risk, liquidity risk, interest rate risk, exchange rate risk, refinancing risk, legal and regulatory risk, and market risk.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures from the Authority's customers.

The risk exposure from investment counterparties is minimised through policies and procedures set out in the Council's Treasury Management Practices and accompanying Schedules and its Annual Investment Strategy. These require that deposits are not made with financial institutions unless they meet identified minimum credit criteria that include, but is not entirely dependent on, external credit ratings, including sovereign ratings.

The Annual Investment Strategy also imposes value and investment period limits for each category of approved counterparty. The maximum limits for placements with individual or group counterparties in 2016/17 were £20m/3 years for the UK government and UK nationalised or part nationalised banking institutions, £15m/3 years for other UK counterparties and overseas counterparties with AAA sovereign ratings, £15m for AAA CNAV Money Market Funds and £10m/3 years for UK local authorities and overseas counterparties with AA+ sovereign rating. Within this ceiling, lower limits apply in many instances depending on credit ratings and other factors specific to each institution.

Due to the nature of its business, the Council does not assess operational customers for credit worthiness and does not set credit limits on customers. In relation to mortgages, the Authority holds an equity stake in each relevant property as collateral against the mortgage outstanding. There are also certain exceptional circumstances under which the Council has placed a charge on a property as collateral against a specific debt. Business customers are not given individual credit limits.

To support local economic regeneration the Council has made third party loans to local organisations. Assessment of the credit risk to the authority from the loans is undertaken as part of the due diligence work.

In 2015/16 the Council experienced default on a loan to a third party - see Narrative Report -Significant Events and note 42 – Impairments. Due to the individual circumstances of this default, this does not increase the likelihood of default on other third party loans.

The Council's maximum exposure to credit risk in relation to its investments totalling £52.6m in banks, building societies and other institutions cannot be assessed generally as the risk of any counterparty 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 non-recoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2017 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk based on experience of default and non-collectability over the last five to six financial years adjusted to reflect current market conditions.

Estimated Maximum Exposure to Default and Uncollectability at 31 March 2016 £000s	Credit Risk	Amount at 31 March 2017 £000s	Historical Experience of Default at 31 March 2017 %	Historical Experience Adjusted for Market Conditions at 31 March 2017 %	Estimated Maximum Exposure to Default and Uncollectability at 31 March 2017 £000s
0	Third Party Loans	50,235	0.00%	0.00	0
0	Mortgages	15	0.00%	0.00	0
0	Finance Leases	99	0.00%	0.00	0
54	Customers: Tenants	2,255	2.44%	2.44%	55
1,292	Customers: Sundry Debtors	6,736	23.06%	23.06%	1,553
0	Deposits with Banks and Financial Institutions	52,597	0.00%	0.00	0
1,346	Total	111,938			1,608

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council held no investments in the form of bonds during 2016/17.

With the exception of third party loans and mortgagees, the Council does not generally allow credit for its customers.

As shown in Table 1, at 31st March there were outstanding loans to third parties of £50.2m. Such loans, by their nature, do carry a degree of risk. However, all are secured according to the terms of the individual loan agreement.

Of the £111.9m total exposure to credit risk £9.0m is past its due date for payment. The past due, but not impaired, amount can be analysed by age as follows:

Amount at 31 March 2016 £000s	Aged Debt Analysis	Amount at 31 March 2017 £000s
4,640	Less than three months	4,439
1,433	Three to six months	961
239	Six months to one year	140
838	More than one year	3,452
7,150	Total	8,992

Impairment on the debtor’s financial asset has been identified, standing at a total of £8.42m at the end of 2016/17

Collateral

The authority holds collateral against a number of mortgages. The balance sheet value of the principal amount outstanding is currently £15k (£15k in 2015/16). The terms and conditions relating to the pledge are standard in all the mortgages held and set out the rights and responsibilities of the Council and the mortgage holder

All loans made by the Council to third parties are secured according to the terms of each individual loan agreement.

Liquidity Risk

The Council has a comprehensive cash flow management system in place that seeks to ensure that cash is available as needed. In the event of unexpected movements to the downside, the Council has ready access to borrowings from the money markets and (for capital expenditure purposes) from the Public Works Loan Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to manage loans that are due to mature within any rolling three-year period through a

combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2016 £000s	Maturity Profiles of Financial Liabilities	31 March 2017 £000s
-22,570	Less than one year	-19,336
-13,175	One to two years	-20,623
-50,166	Two to five years	-43,673
-207,336	More than five years	-203,506
-293,247	Total	-287,138

Amounts maturing within one year include short-term creditors, short-term grants and Section 106 funding commitments, short-term borrowing, principal due within 12 months on annuity and EIP (Equal Interest Instalment) loans, and long-term loans maturing within the next 12 months. PWLB loans totalling £5m are due for maturity during 2017-18. Repayment of these will be funded from internal borrowing, new loans, or a combination of both. Longer-term maturities consist of long-term debt (including finance leases), and long-term grants and Section 106 funding.

Market Risk

Interest Rate Risk

The authority is exposed to significant risk in respect of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For example, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowing at fixed rates – the fair value of the liabilities will fall;
- Investment at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not affect 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 Other Comprehensive Income and Expenditure.

The authority has a number of strategies for managing interest rate risk. For example, during periods where interest rates are falling or where economic circumstances are favourable, fixed rate loans may be repaid early to minimise costs.

The Council has an active strategy for assessing interest rate exposure that is applied in setting the annual budget and is used to update the budget 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 March 2017, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

31 March 2016 £000s	Market Risk	31 March 2017 £000s
93	Increase in interest payable on variable rate borrowing	3
-242	Increase in interest receivable on variable rate investments	-317
-149	Impact on Surplus or Deficit on the Provision of Services	-314
31	Share of overall impact credited to the HRA	116
-118	Impact remaining on General Fund	-198
256	Increase in fair value of fixed rate investment assets	137
256	Impact on Other Comprehensive Income and Expenditure	137
156	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	236

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

Price Risk

The authority does not invest in equity shares and therefore has no exposure to loss arising from movements in share prices.

Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

32. HERITAGE ASSETS – 5 YEAR SUMMARY OF TRANSACTIONS

Paragraph 4.10.4.5 of the Code of Practice on Local Authority Accounting requires the disclosure of Heritage Assets acquired through purchase and donation, and disposed of, over the last five years; it also allows this information to be withheld for any period prior to 1 April 2010 where it is no longer available. This is the case for Northampton Borough Council.

There was a large collecting programme of trainers to enhance the shoe collection between April 2009 and April 2012. This amounted to £75k for which the museum was given a purchase grant by the Heritage Lottery Fund. Since 1 April 2012 a number of shoes, social and military history artefacts, archaeology and art works have been donated to the museum the aggregate value of which is less than £3k. There were two significant donations of artworks in 2014. Local artist Peter Newcombe donated twelve framed and glazed pictures depicting John Clare 'Shepherd's Calendar' in medium of pen, wash and other media, with a valuation of £50k. The second major donation was of an oil painting 'And Then the Comet Came and Changed All Things' by Roberta Booth (1947-2014), with a valuation of £7k.

There have been two disposals from the collections which have realised a financial return. In March 2011, a collection of mounted natural history specimens sold at auction for £0.052m, which was taken to be its carrying value at the time. In July 2014, an Egyptian statue was sold at auction for £14m, with NBC receiving £8.239m from the sale.

33. HERITAGE ASSETS – COLLECTIONS AND POLICIES

Collections

1. Designated Shoe Collection

The collection of shoes and related objects from the industry is recognised by Arts Council England as a Designated Collection of national and international importance. The Shoe Collection is the largest collection of shoe heritage and related shoe industry objects in the world and began purely as a collection of footwear. Over the years, this has developed into a collection including over 12,000 shoes and covering the whole of the worldwide footwear industry. In total, the collection contains over 60,000 objects and can be analysed into the following subdivisions: Footwear, Machinery, Tools, Lasts, Patterns and Material associated with the selling of shoes, Polish, Shoe Trees and other items used in the care of shoes, including shoe repairing, Factory Furniture and Fittings, Overshoes, Spats, Gaiters, Ice Skates and other items worn with shoes (excluding hosiery), Objects shaped like shoes and depicting shoes, Archival material including catalogues, photographs and trade magazines and Prints and paintings of shoes and shoemakers.

2. Archaeology Collection

For over a century, Northampton Museums has collected archaeological material. The majority of archaeological material now coming to light in the county is the product of contract excavations in advance of development. Significant collections include Bronze Age pottery, Iron Age finds from Hunsbury, Roman finds from Duston and Irchester, pottery, weapons and jewellery from Anglo-Saxon cemeteries and many other objects were first collected in the 19th century. This set the scene for collecting and through excavations and fieldwork this has carried on ever since. There is a Numismatic Collection of about 12,000 items, principally locally found Roman, English Medieval and later coins and tokens. Particular strengths are the coins from Northampton Mint, and a large number of

Northamptonshire tokens and checks. There is also a collection of approximately 800 medals relating to local people, clubs or societies. There is a small Ancient Egyptian collection of approximately 250 items.

3. Art Collection

The greater part of the fine art collection consists of British easel paintings and works on paper, from the 19th and 20th centuries. The collection's greatest strength lies in landscapes and portraits, topographical works and graphic art from 1960-2000. The collection has strong representation from local, professional artists, some of whom have been recognised nationally and are often linked to the 100 year old Town & County Art Society. The non-British pictures include an important group of 15th to 18th century Italian paintings - works of high quality by secondary masters, particularly from the Venetian School, most of which were consciously collected between 1967 and 1987 as a result of a former policy which sought to concentrate purchases in this one area of the collection. At present there are approximately 2,700 items in the Art Collection which fall into the following categories: Watercolours, Drawings, Prints (contemporary), Mixed Media (excluding drawings), and Sculpture.

4. Decorative Art

The current collection encompasses ceramics, glassware, and metal ware. The great areas of strength are the fine collections of British and Oriental ceramics given early in the 20th century by five private collectors. There are approximately 4,100 items in the decorative art collection (excluding furniture): Ceramics – British (and some Continental and North African), Glass – British (and some Irish), Metalwork, Enamels, and Oriental Collections (ceramics, bronzes and miscellaneous).

5. Ethnography

The ethnographic collection consists of about 300 historic (not contemporary) objects from India, China and Japan, Africa, North America and. Many objects were purchased in the early to mid-20th century to enhance the displays at Abington Museum or acquired as the result of local collecting as well as some casual donations.

6. Geology

A substantial number of Geological items were given to the Museum in the forty years following its founding in 1866, principally by the Third and Fourth Marquesses of Northampton and Beeby Thompson. The collection consists of about 40,000 items of which 75% are Northamptonshire Jurassic finds. The remaining 25% consists of fossils from outside the county, and a worldwide mineral collection.

7. Natural History

The small Natural History Collection consists of a few mounted specimens and small collections of birds' eggs.

8. Social History

In general, the Social History collection covers historical material post 1600 to the present that does not fall within another collection and includes fashion and costume. – The collection covers community life including civic affairs, working life, and the full range of personal and domestic life material.

9. Northamptonshire Regiment and Yeomanry

Northampton Borough Council is the sole trustee for the Northamptonshire Regimental Museum and Northamptonshire Yeomanry Regimental Museum Trust. The collecting for these collections will follow the inherent themes for regimental collections – reflecting both the military and civilian aspects of the Regiments impact.

Policies

The Council maintains a record of its heritage assets within its asset register supplemented by the detailed records held by the relevant departments.

Some museum heritage assets are on display at the Authority’s two museums; while others are held at secure locations in storage e.g. while awaiting conservation work. Access to the civic regalia is limited to appropriate occasions, such as the use of the mace and mayor’s chain at Council meetings. The statues, buildings, and similar heritage assets are largely accessible to the public to view in the parks and public places of Northampton.

34. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2015/16 £000s	Operating Activities	2016/17 £000s
11,245	Depreciation	16,071
-9,339	Impairment and downward valuations	-69,554
10,219	Impairment of long term debtors	0
326	Amortisation	563
-2,052	Increase/(decrease) in creditors	-989
5,567	Increase/(decrease) in debtors	2,153
25	Increase/(decrease) in inventories	8
481	Movement in pension liability	-526
7,648	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	7,518
0	Movement in provisions	945
2,204	Other non-cash items charged to the net surplus or deficit on the provision of services	-1,364
26,324	Total	-45,175

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

2015/16 £000s	Items removed from net cost of service that are investing/financing activities	2016/17 £000s
-6,463	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-9,119
-2,407	Any other items for which the cash effects are investing or financing cash flows	4,251
-8,870	Total	-4,868

35. CASH FLOW STATEMENT – OPERATING ACTIVITIES (INTEREST)

2015/16 £000s	Operating Activities (Interest)	2016/17 £000s
1,077	Interest Received	1,745
-7,201	Interest Paid	-8,125
-6,124	Total	-6,380

36. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2015/16 £000s	Cash Flows from Investing Activities	2016/17 £000s
-40,058	Purchase of Property, Plant and Equipment, investment property and intangible assets	-37,422
0	Purchase of Available for Sale Financial Instruments	-19,000
-57,500	Purchase of short and long term investments	-27,000
-46,300	Other payments for investing activities	0
6,486	Proceeds from the sale of property plant and equipment, investment property and intangible assets	9,119
45,500	Proceeds from short-term and long-term investments	35,500
0	Proceeds from Available for Sale Financial Instruments	29,500
0	Capital Grants Received	-4,251
5,396	Other Receipts from Investing Activities	0
-86,476	Total Cash Flows from Investing Activities	-13,554

37. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2015/16 £000s	Cash Flows from Financing Activities	2016/17 £000s
57,823	Cash receipts of short and long term borrowing	45
-3	Billing Authorities - Council Tax and NNDR adjustments	
-14,142	Repayment of Short-Term and Long-Term Borrowing	-7,175
-155	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-120
4,139	Other items in relation to financing activities	0
47,662	Total Cash Flows from Financing Activities	-7,250

F1. HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE

The Housing Revenue Account (HRA) summarises the transactions relating to the provision, maintenance, and sale of Council houses and flats. The account has to be self-financing and there is a legal prohibition on cross subsidy to or from local taxpayers.

2015/16 £000s	Housing Revenue Account	2016/17	
		£000s	£000s
	Income		
-51,414	Dwelling Rents	-50,455	
-1,165	Non Dwelling Rents	-1,094	
-2,143	Charges for services & facilities	-2,146	
-7	Contributions Towards Expenditure	-2	
-54,729	Total Income		-53,697
	Expenditure		
13,329	Repairs & Maintenance	14,853	
	Supervision & Management		
9,594	General Management	8,701	
4,080	Special Services	5,102	
271	Rent, Rates, Taxes & other charges	320	
-1,386	Depreciation, Impairment & Revaluation of Fixed Assets	-63,326	
46	Debt Management Costs	43	
204	Increased in provision for bad/doubtful debts	302	
26,138	Total Expenditure		-34,005
-28,590	Net Cost of Services		-87,701
520	HRA Services share of Corporate and Democratic Core		595
	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		
0			0
-28,070			-87,106
2,054	Gain (-) or Loss on sale of HRA Fixed Assets		-347
	Interest Payable and other similar charges		
6,024	Interest and Investment Income		6,076
	Pensions interest cost and expected return on pensions assets		2
5			
0	Non Specific Grant Income		0
	Surplus or deficit on revaluation of non-current assets		
-2,991			-40,415
-22,978	Surplus (-) or Deficit for the year on HRA services		-121,790

F2. MOVEMENT IN HOUSING REVENUE ACCOUNT RESERVE

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to account for the net costs of Council Housing in a different way.

This statement below and the detailed reconciling items on the following page summarise the differences between the outturn on the HRA Income and Expenditure Account and the Housing Revenue Account Balance.

2015/16 £000s	Statement of Movements on the Housing Revenue Account Balance	2016/17 £000s
-22,978	Surplus (-) / Deficit for the year on the HRA Income and Expenditure Account	-121,791
22,978	Net additional amount required by statute to be debited or credited to the HRA Balance for the year	121,791
0	Increase (-) / Decrease in the HRA Balance for the Year	-0
-5,000	HRA Balance brought forward	-5,000
-5,000	HRA Balance carried forward	-5,000

2015/16 £000s	Reconciling Items for the Statement of Movement on the Housing Revenue Account Balance	2016/17 £000s
	Amounts included in the HRA Income and Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year	
9,424	Capital Expenditure	11,513
-13,806	Revaluation Losses	-26,945
24,060	Revaluation Gains	104,492
0	Amortisation of intangible non-current assets	0
-2,054	Gain or Loss on sale of HRA non-current assets	347
-7	HRA share of contributions to or from the pensions reserve	-3
0	Revenue Expenditure Funded from Capital Under Statute	0
0	Application of Capital Grants and Contributions to capital financing passing through CI&E	0
17,617	Total	89,404
	Amounts not included in the HRA Income and Expenditure Account but required by statute to be included when determining the Movement on the HRA Balance for the year	
3,930	Transfer to / from (-) Major Repairs Reserve	-878
0	Transfers to / from (-) Housing Repairs Account	0
2,991	Transfers to / from (-) Revaluation Reserve	40,415
62	Employer's contributions payable to the Northamptonshire County Council Pension Fund and retirement benefits payable direct to pensioners	2
0	Financial Instruments Adjustments	0
0	Amount by which officer remuneration charged to CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
0	Capital expenditure charged in-year to the HRA Balance	0
-1,622	Net transfers to / from (-) earmarked reserves	-7,151
5,362	Total	32,387
22,978	Net additional amount required to be credited or debited to the HRA balance for the year	121,791

F3. NOTES TO THE HRA

1. PRIOR YEAR ADJUSTMENTS

There are no prior year adjustments in relation to the Housing Revenue Account in 2016/17.

2. HRA ASSETS AND CAPITAL TRANSACTIONS

- a) At 31st March 2017 the Council was responsible for managing 11650 units of accommodation (excluding shared ownership properties):

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four+	
Flats-Low Rise	1,419	384	2	1	1,806
Flats-Medium Rise	1,661	822	116	4	2,603
Flats-High Rise	396	82	21	0	499
Houses & Bungalows	885	2,455	3,012	324	6,676
Total	4,361	3,743	3,151	329	11,584

- b) The movement in housing stock can be summarised as follows:

Type of Property	Stock at 01 April 2016	Stock Movements			Stock at 31 March 2017
		Sold	Additions	Re-classified	
Flats	5,020	-32	11	-83	4,916
Houses & Bungalows	6,764	-93	5	-8	6,668
Dwellings (excl. Shared)	11,784	-125	16	-91	11,584
Shared Ownership	79	-2	0	0	77
Total	11,863	-127	16	-91	11,661

c) The gross balance sheet value of housing assets at 31st March was as follows:

Restated 31 March 2016 £000s	Net Balance Sheet Value	31 March 2017 £000s
	Operational Assets	
126,375	Land	168,494
295,470	Dwellings	378,100
20,758	Other Capital Assets	20,092
442,603	Total Operational Assets	566,686
355	Non Operational Assets	2,144
442,958	Total	568,831
1,069,605	Vacant Possession Value as at 1st April	1,174,002

d) Capital Receipts

2015/16 £000s	Housing Capital Receipts	2016/17 £000s
0	Land Sales	0
-5,009	Dwelling Sales	-7,411
-5,009	Total	-7,411
1,091	Payable to the Secretary of State	1,148
1,091	Net cost of Payments to CLG	1,148
-3,918	Useable Capital Receipts	-6,263

e) Capital Expenditure and Financing

2015/16 £000s	HRA Capital Expenditure and Financing	2016/17 £000s
	Expenditure	
0	Land Purchase	0
33,114	Dwellings	27,509
557	Re-Purchase of Former Council Housing	1,470
22	Other Property	11
0	Self-Financing	0
33,693	Total Expenditure	28,990
	Financing	
0	Borrowing	50
2,371	Useable Capital Receipts	4,418
9,424	Revenue Contributions	11,514
21,898	Major Repairs Reserve	13,008
0	Grants	0
0	Third Party Contributions	0
33,693	Total Financing	28,990
	Other Property	
0	Useable Capital Receipts	0
0	Major Repairs Reserve	0
0	Total Other Property	0
33,693	Total Financing	28,990

3 ARREARS

During 2016/17, arrears as a proportion of gross income was 3.7%. This represents an increase of 0.1% since 2015/16 when the proportion was 3.6%. The figures for rent arrears are detailed below

2015/16 £000s	Rent Arrears	2016/17 £000s
1,863	Gross Arrears at 31 March	1,882
-739	Prepayments	-1,057
1,124	Net Arrears at 31 March	825
813	Provision for bad debts at 31 March	798

4. VACANT POSSESSION VALUE

2015/16 £000s	HRA Vacant Possession Value	2016/17 £000s
1,069,605	Vacant Possession Value as at 31st March	1,174,002

2015/16 £000s	HRA Existing Use	2016/17 £000s
363,972	Existing Use Value as at 31st March	493,081

The vacant possession value of dwellings within the HRA as at 31st March 2017 was £1,174m (£1,069m in 2015/16). For the balance sheet, the figure has been reduced to 42% of this value. This reflects the economic cost of providing Council housing at less than open market rents.

5. DEPRECIATION, AMORTISATION, IMPAIRMENT, AND REVALUATION OF NON CURRENT ASSETS

a) Depreciation and Amortisation

2015/16 £000s	Depreciation and Amortisation	2016/17 £000s
	Operational Assets	
8,308	Dwellings	13,472
371	Other Property	425
1	Vehicles, Plant & Equipment	1
8,680	Total Depreciation	13,898
184	Intangible Assets -amortisation	260
184	Total Amortisation	260
8,864	Total	14,158

b) Revaluation Gains and Losses

2015/16			2016/17	
I&E £,000	RRA £,000		I&E £,000	RRA £,000
13,536	20	Dwellings	26,884	58
271	41	Other Property	61	0
0	0	Vehicles, Plant & Equipment	0	0
13,807	61	Revaluation Losses	26,945	58
-23,830	-786	Dwellings	-	-
-225	-2,266	Other Property	104,424	-39,882
0	0	Vehicles, Plant & Equipment	-67	-591
-24,055	-3,052	Revaluation Gains	-	-40,473
-10,249	-2,991	Total	104,491	-40,415

6. MAJOR REPAIRS RESERVE

Authorities are required to maintain a Major Repairs Reserve (MRR). The MRR has two functions; the first is to act as a credit entry for the cost of depreciation on Council dwellings. The second is to hold unused balances of the notional Major Repairs Allowance (MRA), which can be used in future years. The notional MRA is as used in the self-financing valuation and represents the estimated annual cost of maintaining an Authority's stock at its existing level.

Council dwellings depreciation is not the same as the MRA; therefore an adjustment is required to ensure there is no bottom line impact on the HRA. This is known as the Capital asset charges accounting adjustment. The transactions on the MRR are detailed below:

Major Repairs Reserve	£000s
Balance at 1 April 2016	0
Council Dwellings Depreciation	-13,898
Depreciation adjustment to agree to MRA	878
Total	-13,020
Amount used to finance Capital Expenditure	
Dwellings	13,008
Total	13,008
Balance at 31 March 2017	-12

G1. COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For NBC, the Council Tax precepting bodies are Northamptonshire County Council and Northamptonshire Police and Crime Commissioner.

In 2013/14, the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk to the authority due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The initial Northampton Borough Council share is 40% with the remainder paid to precepting bodies. For NBC, the NNDR precepting bodies are Central Government (50% share) and Northamptonshire County Council (10% share). The NBC share is then subject to a tariff payment to Government, which was £33m in 2016/17 (£32.7m in 2015/16). The residual amount is then compared to the assessment in the Local Government Finance Settlement and any growth above the Settlement level is subject to a levy payment to Government.

NNDR surpluses/deficits declared by the Billing Authority in relation to the Collection Fund are apportioned to the relevant precepting bodies and Government in the subsequent financial in their respective proportions.

The Code of Practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

The statement on the next page shows the statutory transactions relating to this fund.

2015/16 Council Tax £000s	2015/16 NNDR £000s	2015/16 Total £000s	Collection Fund	2016/17 Council Tax £000s	2016/17 NNDR £000s	2016/17 Total £000s	Note
			INCOME				
-96,787	0	-96,787	Council Tax (net of benefits, discounts & transitional relief)	-102,352	0	-102,352	
			Transfers from General Fund				
0	0	0	Council Tax benefits	0	0	0	
0	-102,497	-102,497	Income collectable from business ratepayers	0	-103,585	-103,585	
-96,787	-102,497	-199,284	Total Income	-102,352	-103,585	-205,937	
			EXPENDITURE				
			Precepts & demands:-				
66,201	0	66,201	Northamptonshire County Council	71,518	0	71,518	
12,445	0	12,445	Northamptonshire Police and Crime Commissioner	13,191	0	13,191	
13,897	0	13,897	Northampton Borough Council	14,425	0	14,425	
			National Non-Domestic Rates				CF1
0	49,084	49,084	Payments to Central Government	0	50,591	50,591	
0	9,817	9,817	Payments to Northamptonshire County Council	0	10,119	10,119	
0	39,267	39,267	Amount retained by Northampton Borough Council	0	40,473	40,473	
0	298	298	Cost of collection	0	296	296	
0	551	551	Other - Enterprise Zone	0	1,438	1,438	
0	149	149	Transitional Protection Payments	0	-471	-471	
			Bad & Doubtful Debts / Appeals				
440	5,503	5,943	Provisions	836	3,114	3,950	CF4
			Contributions				
653	-14,938	-14,285	Towards previous years' Collection Fund surplus/(deficit)	3,552	411	3,963	CF3
0	0	0	Prior Year Adjustments (deferrals)	0	0	0	
93,636	89,731	183,367	Total Expenditure	103,522	105,970	209,492	
-3,151	-12,766	-15,917	Net (Surplus)/deficit for the year	1,171	2,385	3,555	
			COLLECTION FUND BALANCE				
-1,524	14,486	12,962	Balance brought forward at 1st April	-4,675	1,720	-2,955	
-3,151	-12,766	-15,917	Net Deficit/(surplus) for the year (as above)	1,171	2,385	3,555	
-4,675	1,720	-2,955	Balance carried forward at 31 March	-3,504	4,105	601	
			Allocated to:-				
0	860	860	Central Government	0	2,052	2,052	
-3,351	172	-3,179	Northamptonshire County Council	-2,533	410	-2,122	
-627	0	-627	Northamptonshire Police and Crime Commissioner	-464	0	-464	
-697	688	-9	Northampton Borough Council	-508	1,642	1,134	
-4,675	1,720	-2,955	Fund Balance c/fwd	-3,504	4,105	601	

G2. NOTES TO THE COLLECTION FUND
1. NATIONAL NON DOMESTIC RATES (NNDR)

The total non-domestic rateable value as at 31 March 2017 was £241.2m and the equivalent figure for 2015/16 was £244.8m. The National Non-Domestic Rate multiplier for 2016/17 was 49.7.p and the equivalent figure for 2015/16 was 49.3p. The small business non-domestic rating multiplier for 2016/17 was 48.4p and the equivalent figure for 2015/16 was 48.0p.

2. COUNCIL TAX

The Council's tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings for 2012/13, was calculated as follows: -

2015/16 Band D Equivalents	Band	Estimated number of taxable properties 2016/17 after discounts	Ratio	2016/17 Band D Equivalents
19.84	A(-)	36.67	5/9	20.37
12,851.85	A	20,689.82	6/9	13,793.22
12,667.43	B	16,927.71	7/9	13,166.00
17,221.20	C	20,072.76	8/9	17,842.45
9,362.49	D	9,693.29	9/9	9,693.29
6,246.42	E	5,167.18	11/9	6,315.44
3,261.97	F	2,309.05	13/9	3,335.30
1,977.01	G	1,205.55	15/9	2,009.25
102.50	H	52.38	18/9	104.75
63,710.71	Gross Council Tax Base			66,280.06
1,783.90	Non-collection provision			1,922.10
61,927	Council Tax Base Used for setting the Precept			64,358

The provision for non-collection was set at 2.7% for 2016/17 (2.8% for 2015/16).

3. ANALYSIS OF IN-YEAR CONTRIBUTIONS TO FUND DEFICITS

2015/16 £000s	Allocation Of Collection Fund Surplus Council Tax	2016/17 £000s
466	Northamptonshire County Council	2,541
88	Northamptonshire Police & Crime Commissioner	478
100	Northampton Borough Council	533
653	Total Surplus paid out	3,552

2015/16 £000s	In Year Contribution to Deficit NNDR	2016/17 £000s
-7,469	Central Government	206
-1,494	Northamptonshire County Council	41
-5,975	Northampton Borough Council	165
-14,938	Total Deficit Recovered	412

4. PROVISION FOR BAD AND DOUBTFUL DEBTS

2015/16 £000s	Provision for Bad and Doubtful Debts Council Tax	2016/17 £000s
10,441	Bad Debt Provision B/fwd	9,987
-840	Write Offs	-775
-54	Council tax benefit transferred to reserve	-38
440	Provision Made in Year	836
9,987	Bad Debt Provision c/fwd	10,010

The Collection Fund now also provides for Bad debts on NNDR arrears:

2015/16 £000s	Bad and Doubtful Debts NNDR	2016/17 £000s
675	Bad Debt Provision B/fwd	579
-312	Write offs of uncollectible debt	-580
216	Allowance for non collection	620
579	Bad Debt Provision c/fwd	620
0	Amounts written off in year not charged to provision	0

The Collection Fund account also provides for provisions for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31st March 2017:

2015/16 £000s	Provision for Appeals	2016/17 £000s
4,053	Appeals Provision B/fwd	9,652
-1,723	Amounts used in year	-2,445
7,322	Additional provisions made	4,660
9,652	Appeals Provision c/fwd	11,867

GROUP ACCOUNTS

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and Northampton Partnership Homes have been consolidated. The Group Accounts are presented in addition to the Council's "single entity" financial statements, and comprise:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement

These statements are set out on the following pages, together with accompanying disclosure notes. Disclosure notes have only been restated in the group accounts section where they are materially different from those of the Council's single entity accounts.

Northampton Partnership Homes was incorporated on the 30th April 2014 and commenced trading on the 5th January 2015. Northampton Partnership Homes is an Arm's Length Management Organisation that is wholly owned by the Council, but which has its own board of Directors. It is a company Limited by Guarantee (CLG) and is a not for profit organisation.

Northampton Partnership Homes is a subsidiary of Northampton Borough Council for accounting purposes, and have been consolidated into the Council's group accounts.

H1. GROUP ACCOUNTS CORE STATEMENTS

Group Movement in Reserves Statement

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

Group Movement in Reserves Statement	Single Entity Usable Reserves	Single Entity Unusable Reserves	Total Single Entity Reserves	Authority share of reserves of subsidiary	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2015 Brought forward	-83,753	-165,894	-249,647	15,310	-234,336
<u>Movement in reserves during 2015/16</u>					
Total Comprehensive Expenditure and Income	-9,639	-33,977	-43,616	-3,091	-46,707
Adjustments between accounting basis and funding basis under regulations	26,501	-26,501	0	0	0
Transfers to/from Earmarked Reserves	0	0	0	0	0
(Increase) / Decrease in Year	16,862	-60,478	-43,616	-3,091	-46,707
Balance at 31 March 2016 carried forward	-66,891	-226,372	-293,262	12,219	-281,043
<u>Movement in reserves during 2016/17</u>					
Total Comprehensive Expenditure and Income	-76,332	-19,572	-95,904	1,902	-94,002
Adjustments between accounting basis and funding basis under regulations	80,651	-80,651	0	0	0
Transfers to/from Earmarked Reserves	0	0	0	0	0
Increase / (Decrease) in Year	4,319	-100,223	-95,904	1,902	-94,002
Balance at 31 March 2017 carried forward	-62,572	-326,595	-389,166	14,121	-375,045

Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

2015/16			GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2016/17		
Gross Expenditure £000s	Gross Income £000	Net Expenditure £000		Gross Expenditure £000s	Gross Income £000	Net Expenditure £000
			INCOME AND EXPENDITURE ON SERVICES			
7,164	-3,666	3,498	Regeneration, Enterprise & Planning	9,386	-2,329	7,057
49,244	-76,490	-27,246	Housing	66,090	-156,950	-90,860
3,394	-891	2,503	Borough Secretary	3,377	-1,062	2,315
29,384	-15,651	13,733	Customers & Communities	33,123	-14,857	18,266
9,814	-2,139	7,675	Central Service Budgets	9,220	-1,815	7,405
84,523	-75,893	8,630	Corporate Budgets	68,726	-71,100	-2,374
183,523	-174,730	8,793	COST OF SERVICES	189,922	-248,113	-58,191
11,970	-8,394	3,576	Other Operating Expenditure	4,246	-2,580	1,666
18,029	-7,109	10,920	Financing and Investment Income and Expenditure	16,768	-1,856	14,912
33,024	-65,945	-32,921	Taxation and Non-Specific Grant Income	5	-34,906	-34,901
		-9,632	(Surplus) or Deficit on Provision of Services			-76,514
		-8,735	Surplus or deficit on revaluation of Property, Plant and Equipment assets			-44,868
		-28,340	Actuarial gains / losses on pension assets/liabilities			27,384
		-37,075	Other Comprehensive Income and Expenditure (Note 9)			-17,484
		-46,707	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			-93,998

Group Balance Sheet

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Group 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 Group 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'.

31st March 2016		31st March 2017
£000s	Group Balance Sheet	£000s
548,867	Property, Plant & Equipment	669,580
32,364	Heritage Assets	35,893
6,752	Investment Property	12,150
721	Intangible Assets	296
0	Long Term Investments	0
51,193	Long Term Debtors	50,360
639,897	Long Term Assets	768,279
38,122	Short Term Investments	29,579
19,626	Short Term Available for Sale Financial Instruments	9,037
1,162	Assets Held for Sale	1,159
131	Inventories	148
17,825	Short Term Debtors	19,421
8,683	Cash and Cash Equivalents	14,315
85,549	Current Assets	73,659
-7,444	Short Term Borrowing	-3,113
-31,931	Short Term Creditors	-33,947
-4,058	Provisions	-5,026
-43,433	Current Liabilities	-42,086
-10,148	Long Term Creditors	-11
-53	Provisions	-30
-260,337	Long Term Borrowing	-257,558
-130,432	Other Long Term Liabilities	-167,206
-400,970	Long Term Liabilities	-424,805
281,042	Net Assets	375,046
66,990	Usable Reserves	62,650
214,052	Unusable Reserves	312,396
281,042	Total Reserves	375,046

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group 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 Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Group'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 Group.

2015/16 £000s	Group Cash Flow Statement	2016/17 £000s
9,632	Net Surplus or (deficit) on the provision of services	76,514
20,199	Adjustment to surplus or deficit on the provision of services for noncash movements	-45,211
-8,870	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-4,868
20,961	Net Cash flows from operating activities	26,435
-86,478	Net Cash flows from Investing Activities	-13,554
47,662	Net Cash flows from Financing Activities	-7,250
-17,855	Net increase or decrease in cash and cash equivalents	5,631
26,539	Cash and cash equivalents at the beginning of the reporting period	8,683
8,684	Cash and cash equivalents at the end of the reporting period	14,314

H2. NOTES TO THE GROUP ACCOUNTS

1. Group Boundary

Northampton Partnership Homes was incorporated on the 30th April 2014 and commenced trading on the 5th January 2015. Northampton Partnership Homes is an Arm's Length Management Organisation that is wholly owned by the Council, but which has its own board of Directors. It is a company Limited by Guarantee (CLG) and is a not for profit organisation.

Northampton Partnership Homes is a subsidiary of Northampton Borough Council for accounting purposes, and have been consolidated into the Council's group accounts.

2. Intra Group Transactions

During 2016/17 the Council made payments of £53.483m to Northampton Partnership Homes (£57.601m in 2015/16). During 2016/17 the Council received payments of £5.055m from Northampton Partnership Homes (£6.472m in 2015/16). At 31st March 2017 there was a debtor balance of £2.939m (£3.220m in 2015/16), and a creditor balance of £5.757m (£7.011m in 2015/16) with Northampton Partnership Homes.

3. Basis of consolidation

The financial statements of Northampton Partnership Homes have been consolidated with those of the Council on a line by line basis; which has eliminated in full balances, transactions, income and expenses between the Council and Northampton Partnership Homes.

4. Business activities of Northampton Partnership Homes

Northampton Partnership Homes is responsible for the following services:

- Lettings
- Repairs and maintenance
- Housing management including dealing with anti-social behaviour
- Tenancy support
- Tenant involvement

5. Accounting Policies

In preparing the Group Accounts the Council has aligned the accounting policies of Northampton Partnership Homes with those of the Council.

6. Corporation Tax

Northampton Partnership Homes has received confirmation from HMRC that their commercial service provision activities with Northampton Borough Council are deemed to be non-trading in nature and hence do not attract Corporation Tax.

The tax currently payable is based on taxable profit for the year from activities with parties other than the Council and relate principally to the generation of interest income from balances.

7. Group Cash Flow Statement – Operating Activities

2015/16 £000s		2016/17 £000s
11,245	Depreciation	16,071
-9,339	Impairment and downward valuations	-69,554
10,219	Impairment of long term debtors	0
326	Amortisation	563
-6,503	Increase/(decrease) in creditors	3,418
3,872	Increase/(decrease) in debtors	-2,058
20	Increase/(decrease) in inventories	-17
507	Movement in pension liability	-733
0	Contributions to/(from) provisions	945
7,648	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	7,518
2,204	Other non-cash items charged to the net surplus or deficit on the provision of services	-1,364
20,199		-45,211

2015/16 £000s		2016/17 £000s
-6,463	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-9,119
-2,407	Any other items for which the cash effects are investing or financing cash flows	4,251
-8,870		-4,868

8. Group Cash Flow Statement – Operating Activities (Interest)

2015/16 £000s		2016/17 £000s
1,077	Interest received	1,745
-7,201	Interest paid	-8,125
0	Dividends received	0
-6,124		-6,380

9. Group Cash Flow Statement – Investing Activities

2015/16 £000s		2016/17 £000s
-40,060	Purchase of property, plant and equipment, investment property and intangible assets	-37,422
0	Purchase of Available for Sale Financial Instruments	-19,000
-57,500	Purchase of short-term and long-term investments	-27,000
-46,300	Other payments for investing activities	0
6,486	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,119
45,500	Proceeds from short-term and long-term investments	35,500
0	Proceeds from Available for Sale Financial Instruments	29,500
0	Capital Grants Received	-4,251
5,396	Other receipts from investing activities	0
-86,478	Net cash flows from investing activities	-13,554

10. Group Cash Flow Statement – Financing Activities

2015/16 £000s		2016/17 £000s
57,823	Cash receipts of short- and long-term borrowing	45
-3	Billing Authorities - Council Tax and NNDR adjustments	0
-155	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	-120
-14,142	Repayments of short- and long-term borrowing	-7,175
4,139	Other payments for financing activities	0
47,662	Net cash flows from financing activities	-7,250

11. Group Defined Benefit Pension Scheme

Northampton Partnership Homes is a fully owned subsidiary of Northampton Borough Council therefore details of the Northampton Partnership Homes pension scheme need to be combined with the Northampton Borough Pension scheme to give an understanding of the group pension scheme. Full details of the Northampton Borough Council pension scheme are in note 28 to the core financial statements.

Northampton Partnership Homes is a member of the Local Government Pension Scheme administered by Northamptonshire County Council. This is a funded defined benefit scheme which provides index linked retirement benefits to employees who choose to join.

The scheme was opened on 5th January 2015 when employees of Northampton Partnership Homes Ltd transferred from Northampton Borough Council under Transfer of Undertakings (Protection of Employment) (TUPE). At the time of admission the Company scheme was fully funded under the actuarial valuation assumptions made. However the figures presented in these financial statements are reported under the requirements of IAS19, which are prepared on a different basis to the actuarial valuation.

The following tables give details of the pension assets and liabilities for the Group, including Northampton Borough Council and Northampton Partnership Homes.

The following transactions have been made in the group comprehensive income and expenditure statement and the general fund balance via the group movement in reserves statement during the year:

Cost of Service	2015/16 £000s	2016/17 £000s
Current service cost	3,834	3,608
Past service cost (including curtailments)	10	0
Gain from settlements	0	0
Pension contribution adjustment	-4	-52
net interest expense	5,003	4,477
Total post-employment benefits charged to the surplus or deficit on the provision of services	8,843	8,033
Other post-employment benefits charged to the comprehensive income and expenditure statement		
Return on plan assets (excluding the amount included in the net interest expense)	4,218	36,568
Actuarial gains and losses arising on changes in demographic assumptions	0	3,241
Actuarial gains and losses arising on changes in financial assumptions	-26,834	-45,815
Other expenditure	-5,724	-17,208
Total post-employment benefits charged to the comprehensive income and expenditure statement	-19,497	-15,181
Movement in reserves statement		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	18,661	-31,122
Employers contributions payable to the scheme	6,096	6,297

Reconciliation of the movements in fair value of scheme assets:

	2015/16 £000s	2016/17 £000s
Opening fair value of scheme assets	174,877	173,444
Interest income	5,560	6,036
Return on plan assets excluding the amount included in the net interest expense	-4,218	41,952
Contributions from employer	8,340	8,818
Contributions from employees into the scheme	847	934
Benefits paid	-11,962	-12,152
Assets distributed in settlements	0	0
Closing fair value of scheme assets	173,444	219,032

Reconciliation of the movements in the present value of the defined benefit obligation:

	2015/16 £000s	2016/17 £000s
Opening present value of scheme liabilities	332,950	303,683
Current service cost	3,834	3,608
Interest cost	10,563	10,513
Contribution from scheme participants	847	733
Actuarial gains/losses arising from changes in demographic assumptions	0	-3,503
Actuarial gains/losses arising from changes in financial assumptions	-26,835	55,629
Actuarial gains/losses arising from other experience	-5,723	17,210
Past service cost	10	0
Benefits paid	-11,962	-11,951
Liabilities extinguished on settlements	0	0
Closing present value of scheme liabilities	303,684	375,922

Fair value of plan assets:

	2015/16 £000s	2016/17 £000s
Equity securities		
Consumer	13,740	15,992
Manufacturing	0	511
Energy & utilities	6,856	12,994
Financial institutions	12,929	16,046
Health and care	7,948	7,702
Information technology	11,956	14,933
Other	10,406	14,501
Debt securities		
UK Government	14,682	19,704
Private equity		
All	103	367
Real Estate		
UK property	15,572	17,013
Investment funds and unit trusts		
Equities	59,310	76,613
Bonds	16,688	17,421
Cash and cash equivalents		
All	3,254	5,235
Total	173,444	219,032

12. Group External Audit Costs

Fees payable for external audit services across the Group are detailed below:

Group Auditor Fees	2015/16 £000s	2016/17 £000s
Northampton Borough Council Auditor Fees	167	104
Northampton Partnership Homes Auditor Fees	21	27
Total Group Auditor Fees	188	131

I. GLOSSARY OF TERMS

Accruals

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

Actuary

An independent and appropriately qualified adviser who carries out statutorily required pension fund valuations.

Actuarial Basis

The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

Actuarial Valuation

An actuary undertakes valuations by checking what a pension scheme's assets are worth compared to its liabilities. The actuary then works out how much needs to be paid into the scheme by the employer and the members to make sure that there will be enough money to pay the pensions when they are due.

Admitted Bodies

Voluntary and charitable bodies whose staff can become members of the Local Government Pension Scheme subject to certain terms and conditions and other organisations to whom Local Government employees have been transferred under the outsourcing of Local Government services.

Amortisation

The process of reducing the value of an asset or liability over its useful life.

Capital Receipts

Proceeds from the sale of capital assets such as land or buildings. They are available to finance new capital outlay and to repay existing loan debt.

Community Assets

Assets which are held for the benefit of the community where there is no determinable useful life, such as works of art.

Council Tax

Council Tax is a local taxation that is levied on dwellings within the local Council area, and funds all Council services.

Creditor

Represents the amount that the Council owes other parties.

Debtor

Represents the amounts owed to the Council.

Deferred Grants

Amounts received or receivable that have been used to finance capital expenditure. Under the capital accounting arrangements these amounts will be released to offset depreciation in respect of the fixed assets to which they relate.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a long-term asset.

Dividend

The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall.

Earmarked Reserves

Reserve balances which have been set aside for future spending in a specific area.

Fair Value

Usually the amount that would be paid for an asset in an active market, however where there is no market for a certain type of asset (such as schools) other methods to determine fair value are used.

General Fund (GF)

This is the main revenue account of the council. Day to day transactions are conducted through this account, with the exception of those relating to the Housing Revenue Account, Collection Fund or any other trust funds held by the Council.

Grants

Payment towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

Impairment

Impairment of an asset is caused either by a consumption of economic benefits, a deterioration in the service provided by an asset, or by a general fall in prices of that particular asset.

Infrastructure Assets

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

Intangible Assets

Non-monetary assets that cannot be seen, touched or physically measured, but can be identified as a separate asset.

International Financial Reporting Standards (IFRS)

Regulations outlining the method of accounting for activities, issued by the International Accounting Standards Board.

Inventory

Fair value of current assets purchased which have not yet been consumed.

LOBO

Lender Option Borrower Option (Loans at market rates).

Member

A Councillor, a member of the Council.

Minimum Revenue Provision (MRP)

This is the amount we have to set aside out of our revenue to repay loans.

Net Book Value (NBV)

The value of an asset after depreciation.

Non-Distributable Costs

Costs that cannot be specifically applied to a service and are held centrally.

Officer

Employee of the Council.

Payment in Advance

A charge taken into account when preparing the financial statements, which are for benefits to be received in a period after the accounting date.

PFI Credits

The financial support provided to Local Authorities to part fund PFI capital projects.

Precept

This is an amount we receive from district and borough Councils (for Council Tax collected on our behalf) so that we can cover our expenses less our income. We also pay precepts to authorities such as the Environment Agency.

Private Finance Initiative (PFI)

A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

Provision

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.

Provision for Bad and Doubtful Debts

A prudent reduction in the reported level of income owed to the Authority for non-payment of invoices and other debt.

Prudential Borrowing

Borrowing which is financed from the Council's own resources and conforms to the Prudential Code.

Public Works Loan Board (PWLB)

A government body set up specifically to lend money to local authorities.

PVEQ

Plant, Vehicles and Equipment.

Revaluation Gain

The increase to the fair value of an asset following a valuation.

Revenue Support Grant (RSG)

Government funding which provides general support for council services.

Straight Line Basis

The method of calculating depreciation via charging the same amount each year over the life of the asset.

Subsidiary

An organisation that is under the control of the Council aka the Council is the majority shareholder.

Surplus

The remainder after taking away all expenses from income.

Useful Life

The period with which an asset is expected to be useful to the Authority in its current state.

J1. ACCOUNTING POLICIES

Appendix 1 – Accounting Policies 2016/17

1.1 INTRODUCTION

The accounting policies for the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting. Where there is no specific guidance in the CIPFA Code, the Authority has developed its own accounting policy, which is aimed at creating information, which is:

- Relevant to the decision making needs of users; and
- Reliable, in that the financial statements:
 - Represent faithfully the financial position, financial performance and cash flows of the entity;
 - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
 - Are neutral i.e. free from bias;
 - Are prudent; and
 - Are complete in all material respects.

This document outlines how Northampton Borough Council (the Council) will account for all income, expenditure, assets and liabilities held and incurred during the 2016/17 financial year.

The accounting policies of the Authority are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authorities accounts.

The accounting policies of the Authority as far as possible have been developed to ensure that the accounts of the Authority are understandable, relevant, reliable and comparable, and free from material error or misstatement.

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 certain categories of financial instrument.

A **Glossary of Terms** can be found in section I.

1.2 ACCOUNTING PRINCIPLES

a **Going Concern**

The Authority prepares its accounts on the basis that the Authority is a going concern; that is that there is the assumption that the functions of the Authority will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Authority would still account on the basis of going concern as the provision of services would continue in another authority.

b Accruals Concept

The Authority accounts for income and expenditure in the period to which the service to which it relates has taken place, rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet respectively. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet respectively and the Comprehensive Income and Expenditure Statement adjusted accordingly.

c Overheads and Support Costs

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

d Value Added Tax

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts due / owed.

e Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Authority will disclose in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Authority will also disclose information relating to an accounting standard, which has been issued but not yet adopted.

f Previous Year Adjustments

Omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- i) Was available when financial statements for those periods were authorised for issue; and
- ii) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights, or misinterpretations of facts, and fraud.

Where those errors are thought to be material, an adjustment will be entered into the financial statements comparative year balances, and the columns headed restated. In addition full disclosure

as to the nature, circumstance, and value of the adjustment will be disclosed in the notes to the accounts.

g Events after the Balance Sheet date

Where there is a material post balance sheet event, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will have been shown in the accounts.

h Exceptional and extraordinary items and prior period adjustments

Exceptional and extraordinary items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

i Contingent assets and liabilities

Where the Council has a contingent asset or liability this will be disclosed as a note to the accounts.

Capital Accounting

j Recognition of Capital Expenditure (de-minimis Policy)

In accordance with International Accounting Standard 16 (IAS 16), the Council recognises non-current assets when all four of the following tests are met:

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.
- Assets where it is expected that future economic benefit will flow to the Authority.
- Assets where the cost can be measured reliably.

The capital cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Authority incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.
- Subsequent expenditure that will substantially increase the market value of the asset.
- Subsequent expenditure that will substantially increase the extent to which the Authority can use the asset for the purpose, or in conjunction with the functions of the Authority.

The Authority has a general de-minimis level of £6,000 for capital expenditure purposes. Where an asset has been acquired for less than £6,000 but has been funded by ring fenced capital funding, this will be treated as capital.

Capital Assets are held on the balance sheet as non-current assets, unless otherwise stated.

k Non-Current Asset Classification

The Authority manages its assets in the following categories:

- **Intangible Assets.**

In line with International Accounting Standard 38 (IAS 38), the Authority recognises intangible assets as non-monetary assets without physical substance, where that asset meets the capital expenditure criteria set out in accounting policy j.

- **Property, Plant and Equipment Assets**

Property Plant and Equipment Assets are subcategorised into Operational Land and Building, Community Assets, Vehicles Plant and Equipment, Infrastructure Assets, Assets Under Construction and Non-Operational Assets.

- **Land and/or Buildings Assets**, in line with IAS 16, are recorded, valued and accounted for based on their significant components.
- **Community Assets** are assets that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use.

If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.

Test for Community Assets:

- Is the intent to hold the asset forever?
- Does the asset have an indeterminable useful life?
- Are there restrictions on disposal?

The answers for the first two questions have to be yes, while an affirmative answer to the third question is not obligatory but may help determine the correct classification.

- **Infrastructure Assets**, include all tangible (physical) assets required within the authorities land drainage system, and cemetery roadways. There is no prospect for sale of infrastructure assets; expenditure is only recoverable through continued use of the asset.
- **Vehicles, Plant and Equipment Assets and Assets under Construction** are also classified as Property Plant and Equipment where they do not meet the criteria for Investment Property Assets or Assets Held for Sale.
- **Surplus Assets** are assets, which the Authority no longer operates from, however do not meet the definition of held for sale. All surplus assets are treated in the same way as operational assets of the same type (valuation, depreciation, recognition etc.).
- **Heritage Assets** are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that make it important to ensure that they are preserved for future generations. They may be any kind of asset including buildings, works of art, furniture, exhibits, artefacts, etc. or intangible assets such as recordings of significant historical events.

As such, assets in this category are held principally for their contribution to knowledge and/or culture.

- **Investment Property Assets** are items of land and / or buildings held by the Authority solely for the purpose of rental income generation or capital appreciation or both.

Therefore, where there is a service of the Authority being delivered from the property, this is not classified as Investment Property Assets. This includes where the intention of the asset is to generate economic growth to an area such as below market value rental.

Some 'Assets Under Construction' will also be classified as 'Investment Property Assets' where the intended eventual use is rental income generation or capital appreciation.

- **Assets Held for Sale**

The Authority will classify assets as held for sale where:

- The asset is in the condition required for sale and is vacant.
- The assets sale is highly probable.
- The asset has been advertised for sale and a buyer sought.
- The completion of the sale is expected within 12 months.

Assets which become non-operational / surplus which do not meet all of the requirements set out as assets held for sale continue to be classified and accounted for as their previous category. In addition, if the asset later no longer meets the criteria, it is restored to its previous classification and all transactions, which would have occurred, shall be retrospectively applied as though the asset had never been held for sale. Investment properties, which become available for sale, remain as Investment Properties.

Assets meeting the criteria as held for sale are held as current assets on the balance sheet as income is expected within 12 months.

It is possible that assets meet the criteria to be held for sale; however a change in circumstance beyond the control of the Authority means that the sale is delayed beyond 12 months. In these instances the Authority follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets.

I **Non-Current Asset Valuation Methodology**

The various classifications of assets as outlined in accounting policy k are valued on differing basis. Where not explicitly stated otherwise, property revaluations are completed by an RICS qualified valuer, on a 5 year rolling programme i.e. 20% of the Council's assets are revalued each year. Valuations are carried out in accordance with IFRS Fair Value Measurement.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the revaluation reserve. This is then reflected in the MIRS as a revaluation gain. Where there is a revaluation, which results in a lower than carrying amount valuation, this is treated in line with accounting policy m impairment of assets. Exceptionally, gains might be credited to the Surplus/Deficit on Provision of Services where they arise from the reversal of a loss previously charged to a service.

Valuations are completed as follows:

- **Intangible Assets** - the Authority recognises Intangible Assets at cost. The Authority will revalue intangible assets annually where there is determinable market value for the asset.
- **Property Plant and Equipment** - Property Assets are held at fair value, which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of exiting use value (EUV) in accordance with IFRS 13. As a matter of last resort, where no other valuation method can be used, depreciated replacement cost is used.

The existing 2016/17 valuation of Delapre Golf Course was completed using the investment method of valuation. The rental income was considered and the passing rent was capitalised at a yield that was felt to be sufficient to reflect the risk profile of the property as an investment, taking into account the covenant strength of the tenant, the likely sustainability of the rent and the length of the lease.

However, Royal Institution of Chartered Surveyors (RICS) guidance suggests that as Golf Course valuation is a specialised sector of the market and comparable evidence is scarce, the accurate valuation of golf courses will depend on many issues, some of which are not found when valuing other property types, including:

- An understanding of golf, its development and operation;
- An appreciation of the physical features of the property in question and other factors influencing value;
- A thorough understanding of the trading accounts of the business;
- An ability to prepare accurate forecasts for the fair maintainable trade; and
- A detailed knowledge of the market.

For 2016/17, the Council did not have all of the required information to fully undertake a valuation of the Course based on RICS Guidance. The impact of substituting the investment method of valuation is currently unknown and therefore does present an element of uncertainty on the valuation figure which it has not been possible to quantify.

For 2017/18, the valuation of Delapre Golf Course will be completed by a specialist valuer, using a methodology based on the RICS guidance and the latest trading accounts provided by the tenant.

- **Council Dwellings** – Land and building structure are valued at EUV for Social Housing, being an appropriate percentage of market value. Individual components are valued at Depreciated Historic Cost.
- **Plant Vehicles and Equipment** - are held at depreciated historic cost.
- **Assets Under Construction** – are held at historic cost.
- **Community Assets** - the Authority recognises Community Assets at depreciated historic cost.
- **Surplus Assets** – are held at fair value.
- **Infrastructure Assets** - the Authority recognises Infrastructure Assets at depreciated historic cost (not revalued).
- **Investment Property Assets** - Investment Properties are annually revalued at fair value, which is to be interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. This includes investment property under construction. The fair value of investment property held under a lease is the lease interest.
- **Assets Held for Sale** - Assets held for sale are held at fair value.
- **Heritage Assets** – Heritage Assets are held at valuation where practicable (and at depreciated historic cost where it is not practicable to obtain a valuation).

m Impairment of Non-Current Assets

The accounting policy has been created in accordance with IAS 36.

Impairment is the amount to which the carrying amount of an asset exceeds the recoverable amount.

At the end of each reporting period the Authority assesses whether there is any indication that an asset may be impaired

The Authority recognises impairment as:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an assets market value during the period;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Authority to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Authority operates.

Where there has been a previous revaluation taken to the revaluation reserve, an impairment up to that value would reverse the previous revaluation. Any further impairment or if there has been no previous revaluation, the impairment is charged to revenue. This is then reversed through the movement in reserves statement and charged to the capital adjustment account.

n Disposal of Non-Current Assets

Where an asset is identified as surplus to requirements, and meets the definition of an asset held for sale (see note k) it will be accounted for in accordance with note k, where an asset does not meet the classification of available for sale it will be tested for impairment, prior to being made available for disposal. There will be no impairments at the point of disposal. When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts are credited to the Useable 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 (the capital financing requirement). Receipts are transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the capital adjustment account via the movement in reserves statement.

Sale proceeds below £10k are below de-minimis and are credited straight to the Comprehensive Income and Expenditure Statement.

o Depreciation / Amortisation Methodology

Depreciation is provided for on all completed assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. Depreciation is calculated using the Straight-Line method over the determined life of the asset. The Council depreciates assets in the year of acquisition and disposal. This is in accordance with regulations. Where an asset has major components with different estimated useful lives, these are depreciated separately.

Residual values

Asset Type	Assumed Residual Value
Property Assets	Land Value only
Vehicles, Plant and Equipment	Nil
Intangible Assets	Nil

Useful Economic Lives of assets are:

Asset Group	Useful economic Lives (UEls)
Council Dwellings	50 years
Housing Buildings	10-70 years*
Other Buildings	4-69 years*
Land	Not depreciated
Community Assets	15-50 years*
Heritage Assets	Not depreciated*
Infrastructure Assets	25 years
Intangible Assets	3-10 years*
Vehicles, Plant and Equipment	3-25 years*
Investment Properties	Not depreciated
Assets Held for Sale	Not depreciated
Surplus Assets	5-60 years*

* Depending on the nature of the specific asset

In the Year of acquisition and disposal, the Authority charges a quarter of the annual depreciation where the asset is owned on the first day of each financial quarter.

Individual components within Council Dwellings are depreciated separately from the building structure, using the following lives:

Asset Group	Useful Economic Lives (UEls)
Kitchens	20 years
Bathrooms	30 years
Windows and Doors	30 years
Heating Systems	20 years
Lights and Electric	25 years

p Component Accounting

For **Council Dwellings** the following components are valued, enhanced and depreciated separately – Kitchen, Bathroom, Windows and Doors, Heating Systems and Lights and Electrics. No other components are material and are therefore treated as part of the building structure. The separately identified components will be depreciated over their useful lives. They will be derecognised when replaced by new components.

For **all other assets**, components will only be shown separately in the asset register if they are significant i.e. if they cost more than £250,000 and their cost amounts to more than 25% of the total cost of the asset. Where the value of an asset is not known, Gross Book Value will be used as a proxy for the determination of significant components.

Land and buildings will be separately valued. The building component will be fully depreciated over its useful life, the residual value of the whole asset being the land component.

The nature of property assets is such that any revaluation relates mainly to the land and structure so will not be passed down to any individual components that have been identified.

Non-dwelling assets will be considered for componentisation if they are material, i.e. have a total building valuation in excess of £1m. Components will only be separately valued if they are significant, i.e. above the de-minimis level of 25% detailed above.

Components will only be separately valued if they are significant, i.e. above the de-minimis level detailed above.

Components will be derecognised if their replacement is deemed to be significant under this policy, i.e. if the cost of it is more than £250,000 and amounts to more than 25% of the total cost of the asset.

Where significant components, as defined above, have been separately recorded on the Asset Register they will be depreciated over their useful lives.

q Leases

In line with the interpretation IFRIC 4, the Authority recognises a lease to be any agreement, which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

r Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards incidental to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase).
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised.
- If the lease term is for the major part of the economic life of the asset even if title is not transferred.
 - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
 - The Authority recognises major part to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
 - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
 - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.

- The Authority recognises “substantially all” to mean 90% of the value of the asset. In some circumstances, a level of 75% can be used if the Council believes that using this level will give a result that better reflects the underlying transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Authority as to whether an asset is operating or finance.

s Defining an Operating Lease

Any lease which is not a finance lease is recognised by the Authority to be an operating lease.

t Lessee Accounting for a Finance Lease

Where the Authority is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Authority will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the asset, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made. Lease payments made to the lessor, are split between the repayment of borrowings, and interest, which is charged to the Income and Expenditure account.

u Lessor Accounting for a Finance Lease

Where the Authority is the lessor for a finance lease, the asset is not recognised in the asset register; however a long-term debtor at the present value of minimum lease payments is recognised. Income received is split between capital - credited against the debtor, and finance income credited to the Comprehensive Income and Expenditure Statement as interest receivable.

v Lessor Accounting for an Operating Lease

Where the Authority is the lessor for an operating lease, normally the asset is classified as an investment property. Any rental income is credited to the relevant service income.

w Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Authority is the lessor are charged immediately to the relevant revenue service expenditure within the net cost of services on an accruals basis.

x Service Concession Agreements (PFI and other similar contracts)

PFI and similar arrangements are usually agreements with the private sector for the construction or enhancement of fixed assets needed to provide services to a public sector body. PFI and similar contracts are assessed against criteria within IFRIC 12 (Service Concession Arrangements) to determine whether the risks and rewards incidental to ownership lie with the Authority or the contractor.

Where these lie with the contractor, all payments made during the life of the contract are chargeable to revenue as incurred.

Where these lie with the Authority, the Authority shall assess them against two tests:

- a) The local authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and where
- b) The local authority controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where test a) is met but not test b) the arrangement is reviewed to see if it contains an embedded lease, in which case this will be accounted for in accordance with the Authority's leasing policies.

Where test b) is met but not test a) the Authority will recognise the difference between the expected value of the fixed assets at the end of the arrangement and the amount (if any) it will have to pay the contractor then.

Where both tests are met the Authority will recognise a Property, Plant or Equipment asset in the Balance Sheet for value of the construction costs. Once recognised this asset is treated in line with the Authority's other PPE assets. A corresponding long-term liability of equal value is also recognised.

Payments made during the life of the contract are split into finance costs, capital costs and service costs. The split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue government grants.

y Capital Grants and Contributions

The Authority recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions, and donations are recognised as income at the date that the Authority has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a capital grant received in advance. Any grant, which had met the recognition criteria but had not been received, would be shown in the Comprehensive Income and Expenditure Account with a corresponding debtor. This is in line with the accruals concept policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the relevant service revenue account within the net cost of services.

In order to not impact on the level of Council Tax, the Authority removes the credit from the General Reserves through the Movement in Reserves Statement, and crediting to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

Relevant Government Grants are treated in accordance with this policy.

z Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

aa Minimum Revenue Provision (MRP)

The Council has implemented the 2012 CLG Minimum Revenue Provision (MRP) guidance, and assessed their MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

Where a historical debt liability was created prior to 1st April 2008, MRP will be charged at the rate of 4% on the reducing balance, in accordance with Option 1 of the guidance, the “regulatory method”.

The debt liability relating to capital expenditure incurred from 2008-09 onwards is subject to MRP under option 3, the “asset life method”, and is charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, is related to the estimated life of that building.

Estimated life periods are determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council generally adopts these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives are assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it is grouped together in a manner that reflects the nature of the main component of expenditure and is only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Council seeks to spread MRP charges prudently in relation to asset lives, and with regard to the revenue impact of MRP charges. Where prudent to do so, capital receipts are used to repay borrowing previously taken out in relation to assets with a short life. MRP on residual debt is based on the lives of the remaining asset for which borrowing was undertaken.

MRP is charged from the financial year after the asset comes into use. In cases where the Council has approved the use of capital receipts to fund the asset, this funding is assumed when the receipt is contractually certain, even if not actually received. In such cases no MRP charge is made.

Where finance leases are held on the balance sheet, the MRP is set at a charge equivalent to the element of the annual lease charge that goes to write down the balance sheet liability, thereby applying Option 3 in a modified form.

The Council has taken advantage of any transitional arrangements introduced to minimise or negate the impact of retrospective accounting adjustments as a result of the transfer to the balance sheet of finance leases previously treated as operating leases under the introduction of IFRS.

ab Capital Reserves

The Authority holds capital reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted for through the Movement in Reserves Statement.

Revenue Accounting**ac Recognition of Revenue Expenditure.**

The Authority recognises revenue expenditure as expenditure, which is not capital.

ad Employee Costs

In accordance with IAS 19, the Authority accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short-term employee benefits:

- **Salaries and Wages** - The total salary and wages earned by employees within the financial year have been charged to the revenue expenditure account. Where the amount accrued exceeds the amount paid at the 31st March, a creditor will be reflected in the accounts.
- **Leave Owed** - The Authority allows employees to earn time off in one period and carry forward amounts of accrued leave into the following period, such as annual leave, flexi-time and time off in lieu. The cost associated with this leave is attributable to the period in which it is earned, rather than when it is exercised. As such a charge has been made to the service revenue account and a creditor accrual has been reflected in the Balance Sheet.
- **Maternity/Paternity Leave** - The obligation upon the Authority to allow maternity leave and pay maternity pay occurs in mid stages of pregnancy. The cost associated with this leave is attributable to the period in which the obligation is created, rather than when it is exercised. As such a charge has been made to the service revenue account and a creditor accrual has been reflected in the Balance Sheet for time off owed at the 31st March.

Termination Benefits

- **Redundancy Costs** - The obligation to pay redundancy costs occurs when there is a formal plan to create redundancies, which has been approved. The plan would include the location, function and approximate number of employees affected; the termination benefits offered; and the time of implementation. When these recognition criteria have been met the Authority recognises the costs associated with this in the service revenue expenditure and create a creditor in the Balance Sheet.

In the case of an offer to encourage voluntary redundancy, the Authority has recognised the estimated cost based on the expected number of employees taking the offer.

- **Pensions Costs**

Employees of the Council are members of the Local Government Pension Scheme administered by Northamptonshire County Council. The Scheme provides benefits to members (retirement lump sums and pensions) earned as employees of the Council.

The Local Government Pension Scheme is a defined benefit scheme. The liabilities of the scheme attributable to the Authority 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 earnings for current employees.

Pension liabilities are measured using the projected unit method and discounted at the balance sheet date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of spot yields on AA rated corporate bonds.

The change in the net pension liability is analysed into seven components:

- Current service cost - the increase in liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Gains/losses on settlements and curtailments the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 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 - debited to the Statement of Comprehensive Income and expenditure.
- Contributions paid to the Northamptonshire County Council Pension Fund – cash paid as employers contributions to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Reserves to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

- **Early Retirement, Discretionary Payments** - the Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ae Revenue Grants and Contributions

Grants, contributions, and donations are recognised as income at the date that the Authority has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a

creditor (receipts in advance). Any grant, which had met the recognition criteria but had not been received, would be shown as a debtor. This is in line with the accruals concept policy.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised as income in the relevant service revenue account (wherever the related expenditure is incurred) within the net cost of services. Those, which are for general purpose, are shown in the foot of the Comprehensive Expenditure and Income Statement, before the net surplus or deficit.

af Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Authority recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision.

Estimated settlements are reviewed at the end of each financial year and adjustments with the service revenue account are made as required.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

ag Revenue Reserves

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

The Council maintains earmarked reserves for a number of reasons including: -

- Setting aside money for future policy initiatives;
- To finance expenditure on future projects;
- To mitigate the impact between financial years of expenditure and income on general working balances;
- To mitigate the effect of specifically identified significant risks; and
- To protect the Authority against unexpected events and change in legislation.

The Council's risk-based assessment of the required level of General Fund working balance is shown within the Movement in Reserves Statement. The level of general working balance is considered reasonable due to the mitigation of some risks through the holding of earmarked reserves.

Certain reserves are kept to manage the accounting processes for tangible fixed assets, retirement benefits, and financial instruments and these reserves do not represent usable resources for the Council. The usable Earmarked Reserves are set out in the notes to the Statement of Accounts.

ah Council Tax Recognition

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year. The Authority's share of the accrued Council Tax income is obtained from the information that is required by billing authorities in the production of the Collection Fund Statements.

If the net cash paid to the Authority in the year is more than its proportionate share of net cash collected from Council Tax debtors in the year the Authority will recognise a credit adjustment for the same amount in creditors after adjusting for the previous year brought forward and vice versa if net cash paid is less than the proportionate share.

The Cash Flow Statement includes within operating activities the net Council Tax cash received from the Collection Fund in the year (i.e. the precept for the year plus its share of Collection Fund surplus for the previous year, or less the amount paid to the Collection Fund in respect of its share of the previous year's Collection Fund deficit). The difference between the net cash received from the Collection Fund and the Authority's share of cash collected from Council Tax debtors by the billing authority in the year is included within financing activities in the Cash Flow Statement.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

ai Inventories and long-term contracts

Inventories include goods held for future use. Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventories are recorded in terms of average cost. Work in progress on long term contracts is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works. The Council currently does not have any contracts that fulfil this criterion.

aj Provisions for bad and doubtful debts

In order to suitably reflect the varied nature of debtors within the Council, the basis for providing for bad debts is specific to the circumstances in each individual department. The general policy followed is:

- No public sector debt is provided for (other Local Authorities, NHS, or Central Government).
- Aged debt is reviewed and a reasonable percentage provided for.

Significant individual invoices are reviewed and wholly provided for where it is thought to be necessary.

Treasury Management**ak Definition of Treasury Management Activities**

The Authority has adopted the following definition of Treasury Management activities:

The management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Authority regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority.

The Authority acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principals of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

al Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to 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. 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 any interest accrued to 31st March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Reserves to be spread over future years.

The Authority has a policy of spreading the gain/loss over the term of the replacement loan subject to a minimum period of 10 years with the case of discounts. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

am Financial Assets

Financial assets are classified into two types:

- **Loans and receivables** - assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus any interest accrued to 31st March and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations or individuals at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 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 Reserves is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required

against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

- **Available-for-sale assets** - assets that have a quoted market price and/or do not have fixed or determinable payments.

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Values are based on the following principles:

- Instruments with quoted market prices the market price.
- Other instruments with fixed and determinable payments discounted cash flow analysis.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Movement in Reserves Statement. The exception is where impairment losses have been incurred these are debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

- **Financial assets at fair value through income and expenditure** – The council does not generally deal in derivatives but may take out forward loans from time to time as part of its overall Treasury Management Strategy.

an **Interests in Companies and Other Entities**

The Council owns one subsidiary, Northampton Partnership Homes, and has prepared Group Accounts, see policy ar. The Council has one Joint Arrangements that is Not an Entity (JANES), the Joint Planning Unit (JPU): this is not material to the accounts.

ao **Business Improvement Districts**

The Council collects Business Rates in respect of two Business Improvement Districts (BIDs), the first based on the Brackmills Industrial Estate geographic area, and the second based on the Town Centre geographic area. For both of these BIDs, the Council collects the business rates and pays the amount collected over to the BID on a monthly basis. The money collected is treated as a creditor in the Council's accounts to reflect the fact that the cash received will be paid to the BID and any balances are only there because of a timing issue.

ap **Cash and Cash Equivalents**

Cash is represented by notes and coins held by the Authority and deposits available on demand. Cash equivalents 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. Bank overdrafts

only arise as part of the Council's cash management and are therefore netted off against Cash and Cash Equivalents.

Bank overdrafts will only be shown separately as liabilities in the Balance Sheet where they are not an integral part of the Council's cash management; no such instances currently exist that would require separate disclosure from cash and cash equivalents.

aq General Government Grants

General government grants and contributions in the form of Revenue Support Grant, Retained Business Rates, New Homes Bonus, etc. are disclosed on the face of the Comprehensive Income and Expenditure Statement in the line Taxation and Non-Specific Grant Income.

ar Group Accounts

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The Council has involvement with a company, and has concluded that the requirement to produce Group Accounts applies in relation to its interest in Northampton Partnership Homes. In the Council's single-entity accounts, the interest in the company is recorded as financial assets at cost less any provisions for losses.

as Non Domestic Rates

The Local Government Finance Act 2012 amended the 1988 Local Government Finance Act to give local authorities the power to retain a proportion of funds obtained from business rates in their area.

The changes under the 'Localisation of Business Rates' means that from April 2013, local authorities retain a share of the income they collect from business rates as funding to meet the cost of service provision. Prior to this date, all business rates in England were paid to Central Government from the billing authorities, and a proportion was then paid back to each authority as Formula Grant.

The Department for Communities and Local Government guidance indicates that each billing authority should formally set a Business Rate Baseline each year. This baseline will be the authority's estimate of the business rates it forecasts to collect in the following financial year, net of any reductions such as reliefs and estimated cost of appeals.

As such, the business rates the Council collected and retained are adjusted for the anticipated outcome of the on-going national backlog of Business Rate appeals cases, which are still currently being assessed by the Valuation Office.

J2. GENERAL INFORMATION

1. PRIOR YEAR ADJUSTMENTS

There have been no material prior periods adjustments identified that require disclosure within Note 1 of the accounts for 2015/16.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT BEEN ADOPTED

The Code of practice on Local Authority Accounting in the United Kingdom (The Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

IAS 1 Presentation of Financial Statements; this standard provides guidance on the form of the financial statements. The "Telling the Story" review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRS cycles, IFRS11 Joint arrangements, IAS 16 Property Plant and Equipment, IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies laid out in Appendix J1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts these are as follows:

There is a high degree of uncertainty regarding future levels of funding for local government and the impact of the decision for Britain to leave the European Union remains unclear. However the Council takes the view that this uncertainty is not yet sufficient indication that the value of the Council's assets might need to be impaired due to reduced levels of service provision or the need to close facilities.

Valuations of Council Dwellings have been based on the latest Government guidance. Useful economic lives are based on estimates either from professional (RICS qualified) valuers in the case of property, and service experts in relation to other assets. Infrastructure has a useful economic life of 25 years in line with CIPFA guidance.

Estimates and judgements are evaluated based on historical experience and other factors including horizon scanning for future events that are believed to be reasonable under the circumstances.

Actual events may differ from these expectations.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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 Authority's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (excluding land) - Depreciation & Useful Lives	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be carried out in relation to individual assets. The current economic climate makes it uncertain how much the authority will be able to spend on repairs and maintenance on these assets, so there is uncertainty in the useful economic lives allocated to each asset.	If useful economic lives are reduced there would be an increase in depreciation and a reduction in the carrying value of the assets. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.356m for every year that useful lives had to be reduced.
Property, Plant and Equipment (excluding land) - Valuations	Assets are valued each year by professional valuers using appropriate valuation methods, judgements, and assumptions. Council dwellings are valued as at 1 April annually, non-investment properties with a closing value of over £300k the previous year are revalued mid-year, and other non-investment property is valued on a 5-year rolling programme part way through the year. The assumptions used and timings of these valuations introduce a degree of estimation risk if property values differ from the valuations used.	The net book value of an asset at 31 March is the value of that asset as it appears on the Balance sheet. - A 1% variation in value on Dwellings is equivalent to £5.53m - A 1% variation in value on other operational property is equivalent to £1.351m
Property, Plant and Equipment - Council Dwellings use of Beacon Properties	Council dwellings are valued by reference to representative properties across the housing estate known as 'beacons'. 20% of these beacons are subject to a full valuation each year on a rolling basis in line with the relevant accounting code and valuation guidance for resource accounting. The beacons valued each year are assessed for their appropriateness, and if the professional valuers deem it necessary are substituted for more appropriate beacons.	This estimation process which is in line with relevant codes and guidance does introduce some uncertainty as only 20% of the representative beacons are valued each year. The selection of alternative beacons in the 20% used for the 2016/17 valuation is estimated to have reduced the total value as at 1st April 2016 of the estate linked to these beacons by 2.2% or £1.98m and this effect has been reflected in the values as at 31 March 2017 included in the balance sheet. However if this trend continued across the remaining 80% of beacons then the impact could be a reduction of £9.3m on the total estimated value of council dwellings.
Benefit Overpayments Provision	The Authority has made a provision of £5.506m in respect of Overpayments to Benefit Claimants. This provision is based upon an analysis of outstanding debt as at year end and is considered prudent in light of the highly uncertain nature of future recovery levels.	As the provision for Benefit Overpayments is currently set at 88.23% of the overall debt, any movement in the level of overpayment+ C4ts will have a corresponding, equivalent impact on the level of provision required.

Insurance Provision and Reserve	The Council has made a provision of £0.245m for actual insurance claims outstanding and a reserve of £1.026m is set aside for unknown future claims. The amount in the reserve is based upon an actuarial report from our independent advisors, who have specialist experience in forecasting.	If the insurance provision proves to be insufficient then funds can be transferred from the insurance reserve. If the level of insurance reserve were to prove incorrect, then the effect would be equivalent to the amount of the additional claims.
Pensions Liability	The Council has a liability for retirement benefits promised under the terms of the pension scheme of £142.692m. Liabilities are measured on an actuarial basis, estimating future cash flows discounted to present values. This 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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	If the principal assumptions used to measure the liability were to differ, then the increase in liability would be: - 0.5% decrease in discount rate = £27.729m - 0.5% salary increase = £2.147m - 0.5% increase in Pensions rate = £25.314m
Arrears	The General Fund has provided for a bad debt provision of £1.521m. This is based on modelled assumptions of the amount of debt cleared at various time points. The model is based on past recovery rates but any changes in the economic climate could impact on the recovery of outstanding debts.	The amount of debt having a provision against it equates to £4.212m. Therefore any changes in the recovery of our debts will have a maximum impact of £1.472m.
Business Rates Appeals	The council has made a provision for the effects of business rates appeals (including backdated appeals) of which the NBC element is £4.747.m. This is based on appeals that had been lodged and were outstanding at 31 March 2017. Contingent liabilities have been disclosed in relation to the risk of new appeals that may come forward in the future and other appeals/risks that have been currently assessed as not meeting the IAS 37 criteria for requiring a provision as at 31st March 2017.	If appeals on the list are rejected or settled at a lower value from the amount taken into account in the appeal provision, the provision for the excess would be released. If appeals on the list are settled at a higher value than the appeal provision or appeals are settled that are not included on the list at 31 March, there would be an impact on the business rates income to the authority under the Rates Retention Scheme.
Minimum lease payments on operating leases (authority as lessor)	Future estimates of minimum lease payments contain a number of assumptions about lease rental income and lease periods; for example that leases will not be renewed at the end of their term, and that vacant properties will not be leased at a future date.	If leases are extended beyond their original term or renewed on expiry, and vacant properties are leased out, then future rental income will exceed the minimum lease payments calculated. Conversely if lessees default on their leases or payments then future rental income may be reduced.

This list does not include assets/liabilities that are carried at fair value based on recently observed market prices. For items relating to the Housing Revenue Account, please see section G of the Accounts.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Grenfell Tower fire of 14 June 2017 has highlighted some serious concerns about the fire safety of the country's hundreds of high rise blocks of flats. Although it is not yet known what changes the Government will make to the regulatory framework in relation to fire safety, it is

anticipated that additional responsibilities will be placed on social landlords and these will need to be considered as part of the Council's 30 year HRA Business Plan. In the meantime, Northampton Partnership Homes (ALMO) has been working closely with the Council and the Northamptonshire Fire & Rescue Service to review the fire risk assessments for the 11 multi-storey blocks of flats (5 storeys and above) that the Council owns. This review has highlighted no concerns at this stage.

The Council's Chief Executive resigned with effect from end of November 2017, following discussions between NBC and Mr Kennedy it was mutually agreed to make a payment in lieu of notice, and he ceased employment with the authority with effect from end July 2017. Subsequently the Council have appointed on an interim basis to the Chief Executive position an experienced deputy chief executive on secondment from a neighbouring authority with effect from 6 September 2017. Subsequently following a rigorous recruitment process George Candler was appointed as the new permanent Chief Executive and started the role at the end of April 2018.

In March 2018 the Secretary of State for Housing, Communities and Local Government invited all eight principal councils in Northamptonshire to "develop and submit locally led proposals for establishing new unitary authorities across the county which will be right for the communities and people they serve". The Secretary of State's invitation stemmed primarily from the well-documented severe financial and operational plight that Northamptonshire County Council (NCC) faced, continues to face and is expected to otherwise face in future.

A proposal to create two new Unitary Councils for West and North Northamptonshire from April 2020 was submitted to the Secretary of State at the end of August 2018. If this is approved then Northampton Borough would form part of the West Northamptonshire authority along with the current Daventry and South Northamptonshire Council and the current county council services in these areas.

During 2018 the role of Chief Finance Officer (section 151) was brought back under the direct control of the Council. This was following the departure of the previous Chief Finance Officer who was employed by Northamptonshire County Council and contracted to provide the necessary services to the Council. Stuart McGregor was appointed to the role following him covering the role on a temporary basis.

Appendix 2 – Table of Changes between the September 2017 draft accounts and the final audited accounts

Item	Section of the Accounts	Page No	Description of Change	Reason for Change
			The main changes to the accounts since the Draft accounts relates to Asset Valuations. A corrected discount factor was applied to the Housing Stock valuations and a re-run of all related accounting entries was carried out. Investment property valuations were revised for purchase costs deductions following review by KPMG.	Any changes that relate to these transactions are marked with 'Asset Valuation changes'.
1	Movement In Reserves Statement	19	Total Comprehensive Expenditure & Income changed from (97,447k) to (95,904k). The changes affected both the General Fund, and Housing Revenue Account, Surplus / Deficit on the provision of services and the Usable and Unusable Reserves figures.	Adjustment of 1,543k mainly due to Asset valuation changes.
2	Comprehensive Income and Expenditure Statement	21	Regeneration, Enterprise and Planning was previously 7,306k a change of (249k) a change to 7,057k.	All changes to the Comprehensive Income and Expenditure Statement were caused by the Asset valuation changes and associated costs (Depreciation etc.)
2	Comprehensive Income and Expenditure Statement	21	Housing was previously (83,278k) a change of (6,964k) to (90,242k).	
2	Comprehensive Income and Expenditure Statement	21	Customers & Communities was previously 14,600k a change of 3,667k to 18,267k.	
2	Comprehensive Income and Expenditure Statement	21	The Cost of Services total was previously (54,027k) a change of (3,546k) to (57,573k)	
2	Comprehensive Income and Expenditure Statement	21	Finance and Investment income and expenditure is now 14,482k. This was previously 8,796k, a change of 5,686k due to Investment property valuations and classification	
2	Comprehensive Income and Expenditure Statement	21	Revaluation adjustments effect on the revaluation reserve caused by the Asset adjustments has increased the value by (622k).	

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
2	Comprehensive Income and Expenditure Statement	21	Total Comprehensive Income and Expenditure is now (95,904k) was previously (97,445k) a change of 1,541k	
3	Balance Sheet	22	Property Plant & Equipment was 675,244k and is now 669,579k a change of (5,665k)	Caused by the Asset valuation changes
3	Balance Sheet	22	Investment Property was 7,993k and is now 12,150k a change of 4,157k	Caused by the Asset valuation changes
3	Balance Sheet	22	Short-Term Creditors was (33,490k) a change of (255k)	Minor adjustments to the creditor balances.
3	Balance Sheet	22	Long Term Creditors was (10,225k) and is now (10,216k) - a change of 9k	Minor adjustments to the log term creditor balances.
3	Balance Sheet	22	Other Long-Term Liabilities were (142,976k) and are now (142,802k) a change of 174k	Minor adjustments to the other long term liabilities balances.
4	Cashflow Statement	23	The Net surplus on the Provision of Services was previously 78,498k and is now 76,332k - a change of (2,166k).	Caused by the Asset valuation changes offset by the change in non-cash movements.
4	Cashflow Statement	23	Non Cash movements was previously (47,370k) and is now (45,175) a change of 2,195k.	Caused by the Asset valuation changes offset by Net Surplus change.
5	Expenditure and Funding Analysis	24	Regeneration, Enterprise & Planning was previously 7,305k and is now 7,057k an adjustment of (248k)	Caused by the Asset valuation changes – these changes mirror the movements that have occurred in the CIES.
5	Expenditure and Funding Analysis	24	Housing was previously (83,278k) and is now (90,242k) - an adjustment of (6,964k)	
5	Expenditure and Funding Analysis	24	Customers & Communities was previously 14,600k and is now 18,267k - an adjustment of 3,667k	
5	Expenditure and Funding Analysis	24	Net Cost Of Services was previously (54,027k) and is now (57,573) - a change of (3,546k).	
5	Expenditure and Funding Analysis	24	Other Income & Expenditure was (24,472k) and is now (18,758k) - a change of 5,714k	
5	Expenditure and Funding Analysis	24	Deficit/(Surplus) on General Fund and HRA balance in year was (2,575k) and is now 4,600k - a change of 7,175k	

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
6	Expenditure and Income Analysed by Nature	27	Other Service Expenditure in this note was previously 234,052k and is now 236,191k a change of 2,139k.	Caused by the Asset valuation changes
6	Expenditure and Income Analysed by Nature	27	The Depreciation, Amortisation and Impairment line in this note was previously (26,149k) and is now 44,070k - a change of 70,219k.	Due to asset changes and offset mainly by a change in disposal gain/losses. The main change was due to a £51m Impairment charge to the HRA.
6	Expenditure and Income Analysed by Nature	27	Interest payments was previously 17,866k and is now 16,336k - a change of (1,530k).	Due to investment property changes
6	Expenditure and Income Analysed by Nature	27	Disposal gains have increased from (33,213k) to (98,929k) - an increase of (65,716k).	Due to Asset valuation changes.
6	Expenditure and Income Analysed by Nature	27	Total Expenditure has increased by 5,112k	Due to the Asset valuation changes.
6	Expenditure and Income Analysed by Nature	27	Fees and charges was (245,723k) and is now (255,946k) increase of (10,223k)	Due to Asset valuation changes. Partly offset by Investment changes.
6	Expenditure and Income Analysed by Nature	27	Interest and Investment income reduced by 7,277k from (9,131k) to (1,854k)	Due to the Asset valuation changes.
7	Other Comprehensive Income & Expenditure	28	2015/16 figures were updated to reflect the restatement of the Comprehensive Income and Expenditure Statement	The Comprehensive Income and Expenditure Statement was restated due to a change in format of the note.
7	Other Comprehensive Income & Expenditure	28	Revaluation Gains were previously (6,095k) and are now (8,025k) - a change of (1,930k).	Due to the Asset valuation changes.
7	Other Comprehensive Income & Expenditure	28	Revaluation Losses were previously 1,665k and are now 3,568k - a change of 1,903k.	
7	Other Comprehensive Income & Expenditure	28	HRA Revaluation Gains were previously (39,824k) and are now (40,473)k - a change of 649k.	
7	Other Comprehensive Income & Expenditure	28	HRA Revaluation Losses were previously 7k and are now £58k – an increase of 51k.	
7	Other Comprehensive Income & Expenditure	28	The 'Total' Revaluation Reserve has increased by (625k) which summarises the changes listed above.	
8	Other Operating Expenditure	28	Trading has changed by (502k) due to changes to the Depreciation charges.	Due to the Asset valuation changes.

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
8	Other Operating Expenditure	28	Gains/ Losses on the disposal of non-current assets has increased by 2,031k	
9	Financing and Investment Income and Expenditure	29	2015/16 figures were updated to reflect the restatement of the Comprehensive Income and Expenditure Statement	The Comprehensive Income and Expenditure Statement was restated due to a change in format of the note.
9	Financing and Investment Income and Expenditure	29	Interest Payable decreased by (154k)	Due to the correct breakout of Interest Costs
9	Financing and Investment Income and Expenditure	29	Pension interest increased by 4k	Due to the correct breakout of Interest Income
9	Financing and Investment Income and Expenditure	29	Interest Receivable reduced by 159k	Due to the correct breakout of Interest Income
9	Financing and Investment Income and Expenditure	29	Investment Property costs reduced by 5,685k	Due to the Asset valuation changes.
9	Financing and Investment Income and Expenditure	29	Total costs increased by 5,686k	Due to asset adjustments on investment properties
10	Adjustments between Accounting Basis and Funding Basis under regulation	30	Depreciation & Impairment was previously 23,393k and is now 43,989k - a change of 20,596k	Due to the Asset valuation changes.
10	Adjustments between Accounting Basis and Funding Basis under regulation	30	Revaluation gains were previously (104,157k) and is now (106,017k) a change of (1,860k)	
10	Adjustments between Accounting Basis and Funding Basis under regulation	30	Revaluation Losses were 25,416k and are now 8,495k - a change of (16,921k)	
10	Adjustments between Accounting Basis and Funding Basis under regulation	30	Investment Property was (1,087k) and are now (1,326k) - a change of (239k)	

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
10	Adjustments between Accounting Basis and Funding Basis under regulation	30	Gains/Losses on disposals was previously 5,523k and is now 7,554k - a change of 2,031k	
10	Adjustments between Accounting Basis and Funding Basis under regulation	30	Total Capital Adjustment Account was previously (65,273k) and is now (61,576k) - a change of 3,697k	
11	Property Plant and Equipment	38	Revaluation increases/decreases recognised in the Revaluation Reserve was previously 138,836k and is now 40,026k a change of (98,810k)	Mainly due to Council Dwellings updates following the Asset valuation changes
11	Property Plant and Equipment	38	Revaluation increases/decreases recognised in the surplus/Deficit on the Provision of Services was previously (36,305k) and is now 92,616k - a change of 128,921k	Mainly due to Council Dwellings updates following the Asset valuation changes
11	Property Plant and Equipment	38	Derecognition - Disposals was previously (6,096k) and is now (5,632k) - a change of 464k	Due to the Asset valuation changes.
11	Property Plant and Equipment	38	Derecognition - Other was previously (1,061k) and is now (2,108k) - a change of (1,047k)	Due to the Asset valuation changes.
11	Property Plant and Equipment	38	Assets reclassified (to) / from investment was previously zero and is now (4,015k)	This is due to the reclassification of the Park Inn and Greyfriars from Other Land & Buildings to Investment Property.
11	Property Plant and Equipment	38	Depreciation was (12,794k) and is now (16,005k) - a change of (3,211k)	Due to the Asset valuation changes.
11	Property Plant and Equipment	38	Revaluation Reserve Depreciation was 7,829k and is now 4,844k - a change of (2,985k)	
11	Property Plant and Equipment	38	Depreciation to services was 12,624k and is now 8,111k - a change of (4,513k).	
11	Property Plant and Equipment	38	Derecognition - Disposals was 107k an increase of 12k.	
11	Property Plant and Equipment	38	Derecognition - Other was 29k an increase of 76k.	

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
12	Property Plant and Equipment Note C Revaluations	40	16/17 revaluations increased by 21,742k. 15/16 figures moved by (566k) offset by the opposite change in the 16/17 figure.	Due to the Asset valuation changes.
13	Property Plant and Equipment Note D Information on Assets Held	41	Dwellings was previously 11,650 and is now 11,584 a reduction of (66) – notes these are asset numbers and not values.	Due to the Asset valuation changes and changes in classifications.
13	Property Plant and Equipment Note D Information on Assets Held	41	Housing Land & Building - Commercial Property was previously all shown under non-operational and is now split showing an increase of 28 units.	
13	Property Plant and Equipment Note D Information on Assets Held	41	Housing Land & Building - Museums was previously zero an increase of 1 unit.	Due to the Asset valuation changes and changes in classifications.
13	Property Plant and Equipment Note D Information on Assets Held	41	Housing Land & Building - Theatres/Cinepod and golf Course was previously shown as Non-Operational assets an increase to 3 units.	
13	Property Plant and Equipment Note D Information on Assets Held	41	Housing Land & Building - Public conveniences has reduced by 1 unit.	
13	Property Plant and Equipment Note D Information on Assets Held	41	Housing Land & Building - Commercial Property was previously all shown under non-operational now split a reduction of 28 units.	
13	Property Plant and Equipment Note D Information on Assets Held	41	Housing Land & Building - Agricultural land was previously shown in surplus assets, an increase of 65.97ha.	

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
13	Property Plant and Equipment Note D Information on Assets Held	41	Community Assets - Commercial Property was previously all shown under non-operational now split an increase of 1 unit.	
13	Property Plant and Equipment Note D Information on Assets Held	41	Investment Assets - Investment, Held for sale and Surplus assets are all new classifications.	
14	Heritage Assets	42	Table updated to show the 16/17 figures. Previously was only showing the prior year figures.	Table update.
15	Investment Property Valuations	43	Net Gains/losses from Fair value adjustments increased by 142k.	Due to Asset valuation changes
15	Investment Property Valuations	43	Transfers to/from Property, plant and Equipment increased to 4,015k.	The change is due to the reclassification of the Park Inn and Greyfriars from Other Land & Buildings to Investment Property.
16	Items available for sale or Fair Value through the Profit and loss	45	Incorrect table showing in the draft accounts. Correct table showing in the Final statements.	Due to incorrect linking of the table in the original file.
17	Financial Assets measured at fair value	45	Incorrect table showing at the top of the page in the draft.	Position of table corrected for the final statements.
18	Investment Type	49	Current Investments Under 1 Year decreased by (31k).	Due to an update of the original working paper values.
19	Creditors	53	Other Entities and Individuals increased by (266k).	Due to an update of the original working paper values.
20	Unusable Reserves	54	Revaluation Reserve increased by (81k) and the Capital Adjustment Account decreased by (3,123k).	Due to Asset valuation changes.
21	Revaluation Reserve	55	Surplus or Deficit on revaluation of non-current assets not posted to the Provision of Services increased by (621k). Depreciation value increased by 294k and accumulated gains on assets sold or scrapped increased by 248k. The overall change was 80k.	Due to Asset valuation changes.

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
22	Available for Sale Financial Instruments Reserve	56	Upward revaluation of investments increased by 15k and Accumulated Gains on assets decreased by (15k).	Due to correcting the classification of the transactions.
23	Capital Adjustment Account	57	Charges for depreciation and impairment of non-current assets has increased by 20,596k to 44,070k.	Due to Asset valuation changes.
23	Capital Adjustment Account	57	Revaluation Losses and Revaluation gains on Property, Plant and Equipment changed by 15,881k in total.	
23	Capital Adjustment Account	57	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement increased by 1,995k to 7,518k.	
23	Capital Adjustment Account	57	Adjusting amounts written out of the Revaluation Reserve increased by (542k) to (1,493k).	
23	Capital Adjustment Account	57	Movements in the market value of property increased by (141k).	Due to Asset valuation changes.
24	Intangible Assets	60	The whole table was replaced as it was not correct in the draft.	Updated to show correct data.
25	Officers paid over £50,000	62	Number of employees earning over £50k was changed from 4 to 3. This was due to one officer leaving during the year and their salary was below £50k at the point of departure.	Updated following identification of audit adjustment required.
26	External Audit Costs	63	Table updated to take account of the most up to date information on the Audit Fees available.	Updated the audit fee amounts for the additional work undertaken.
27	Cash flow statement – Operating Activities	89	The overall change to the note was a decrease of 2,195k with most of the detail lines in the note affected.	The majority of the changes were due to the Asset valuation changes
28	Cash flow statement – Financing activities	91	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts increased by (28k).	This was due to the 'Creditor Leases Under 1 Year' transactions originally being omitted from the calculation.
28	Housing Revenue Account Income and Expenditure	92	Depreciation, impairment and Revaluation of Fixed Assets increased by (1,809k).	Due to Asset valuation changes.

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
28	Housing Revenue Account Income and Expenditure	92	(Gain)/Loss on sale on HRA fixed Assets decreased by 1,419k.	
29	Housing Revenue Account Income and Expenditure	92	Surplus or deficit on Revaluation of non-current assets increased by (598k)	
30	Movement in Housing revenue account reserve	93	Both the HRA Income and Expenditure Account and the Net Additional amount required by statute to be moved from the HRA balance for the year moved by +/-984k.	Changes made following asset valuation update which offset each other.
31	Reconciling items for the statement of movement on the Housing Revenue Account Balance	94	Total change to the note is 984k. The changes affected the Revaluation, Gain or Loss on sale, Major Repairs Reserve and Revaluation Reserve lines.	Due to Asset valuation changes.
32	HRA Assets and Capital Transactions	95	Medium Rise flats reduced by (66) units. Summarised by Flats decreasing by (84) units and Houses increasing by 22 units.	Due to Asset classification update.
33	Net Balance Sheet Value	96	Land increased by 8,340k, Dwellings decreased by (7,739k), Other Capital Assets decreased by (17,693k), Non-operational Assets reduced by (10,955k) and Vacant Possession value reduced by (277,734k).	Due to Asset valuation changes.
34	Vacant Possession Value	98	HRA Vacant possession Value decreased by (277,734k) and HRA Existing use decreased by (931k).	Due to Asset valuation changes.
35	Depreciation and Amortisation	98	Dwellings increased by 3,199k, Other Property decreased by (1,522k) and Vehicles, Plant and Equipment reduced by (355k).	Mainly due to Asset valuation changes.
36	Revaluation Gains and Losses	99	Dwellings revaluation losses I&E increased by 6,878k, Dwelling revaluation gains I&E increased by (1,452k), Other property RRA increased by (591k).	Due to Asset valuation changes.

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Item	Section of the Accounts	Page No	Description of Change	Reason for Change
37	Major Repairs Reserve	99	Council Dwellings Depreciation increased by (3,210k) and the Depreciation adjustments to agree to the MRA increased by 3,210.	Due to Asset valuation changes.
38	Group Movement in Reserves	106	Total reserves decreased by 1,543k.	Due to Asset valuation changes.
39	Group Comprehensive Income and Expenditure Statement	107	Housing increased by (7,964k), Customers and Communities increased by 3,666k, Financing and Investment Income and Expenditure increased by 5,646 and Surplus or Deficit on the revaluation of Property, Plant and Equipment assets increased by (622k).	Due to Asset valuation changes.
40	Group Balance Sheet	109	Long Term Assets reduced by (1,468k) and Net Assets increased by 1,539k.	Due to Asset valuation changes.
41	Group Cash Flow Statement	110	Net Surplus on the provision of Services reduced by (2,166k) and Adjustments to the Surplus on the provision of Services for non-cash Movements reduced by 2,194k.	Due to Asset valuation changes.
42	Group Cash Flow Statement - Operating Activities	112	Depreciation increased by 3,186k, Impairment increased by (1,323k), Creditors increased by 292k, Pension Liability increased by (192k), Carrying amount of Non-Current assets increased by 497k and Non-Cash Items increased by (194k).	Due to Asset valuation changes and the updated actuarial report for the council pension scheme.
43	Group Cash Flow Statement - Financing Activities	113	Cash payments for the reduction of outstanding liabilities relating to finance leases increased by (28k).	Due to updated lease information.
44	Events after the Balance Sheet Date	143	Text note changed to include appointment of the new Chief Executive, a section regarding the Unitary Authority plans and the changes affecting the Chief Finance Officer (section 151) role.	Note updated to show the current position due to the time lapse since it was originally produced.

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