

**NORTHAMPTON BOROUGH COUNCIL  
AUDIT COMMITTEE**

Your attendance is requested at a meeting to be held in the  
The Guildhall, St. Giles Square, Northampton, NN1 1DE.  
on Monday, 23 September 2013  
at 6:00 pm.

**D Kennedy  
Chief Executive**

**AGENDA**

**1. APOLOGIES**

Please contact Peter Storey on 01604 837356 or  
pstorey@northampton.gov.uk when submitting apologies for  
absence.

**1. MINUTES**

**3. DEPUTATIONS / PUBLIC ADDRESSES**

**4. DECLARATIONS OF INTEREST**

**5. MATTERS OF URGENCY WHICH BY REASON OF  
SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE  
OPINION SHOULD BE CONSIDERED**

**6. EXTERNAL AUDIT PROGRESS UPDATE**

(Copy herewith) p.4

N Bellamy, External  
Auditor  
(Audit Commission)

**7. STATEMENT OF ACCOUNTS 2012-13**

(Copy herewith) p.23

Bill Lewis  
(01604 363915)

**(A) ANNUAL GOVERNANCE STATEMENT 2012-13**

(Copy herewith) p.194

Bill Lewis  
(01604 363915)

**8. PERFORMANCE REPORT TO END OF JULY 2013**

(Copy herewith) p.214

Francis Fernandes  
(01604 837334)

**9. FINANCIAL MONITORING TO THE END OF JULY 2013-  
14**

(Copy herewith) p.229

Phil Morrison  
(01604 363865)

## 10. INTERNAL AUDIT PROGRESS UPDATE REPORT

C Dickens, Internal Auditor  
(PWC)

Internal Auditor to give a verbal update.

## 11. EXCLUSION OF PUBLIC AND PRESS

THE CHAIR TO MOVE:

“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT.”

## SUPPLEMENTARY AGENDA

Exempted Under Schedule, 12A of L.Govt Act 1972, Para No: -

<TRAILER\_SECTION>  
A7437

### **Public Participation**

Members of the public may address the Committee on any non-procedural matter listed on this agenda. Addresses shall not last longer than three minutes. Committee members may then ask questions of the speaker. No prior notice is required prior to the commencement of the meeting of a request to address the Committee.

**AUDIT COMMITTEE**

**Monday, 29 July 2013**

**PRESENT:** Councillor Larratt (Chair); Councillor Hibbert (Deputy Chair); Councillors Nunn and Palethorpe

**1. APOLOGIES**

There were none.

**2. MINUTES**

The Minutes of the meeting held on 20<sup>th</sup> May 2013 were confirmed and signed by the Chair as a true record.

**3. DEPUTATIONS / PUBLIC ADDRESSES**

There were none.

**4. DECLARATIONS OF INTEREST**

There were none.

**5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED**

There were none.

**6. TREASURY MANAGEMENT OUTTURN 2012-13**

The Finance Manager presented the report and elaborated thereon. She confirmed there were no new external borrowings and as interest rates had decreased in the year the main focus was on investments. The performance remained above the benchmark.

It was agreed that the description of the first Treasury Management Indicator be amended to 'net debt compared to gross debt'.

**Resolved:**

- 1. That the description of the first 'Treasury Management Indicator be amended to 'net debt compared to gross debt'.**
- 2. That the report was agreed.**

**7. FINANCE AND MONITORING OUTTURN REPORT 2012 - 2013**

The Chief Finance Officer presented the report and confirmed that there was good financial management in the year and no large variances from the budget. This provided a strong platform for Council as it faces continued austerity measures and reduced funding from government for, at least, the next 5 years.

Councillor Palethorpe requested further background information on the General Fund Earmarked Reserves for 2012/13 to gain a better idea of the risks.

The Chief Finance Officer confirmed that this information would be circulated.

**Resolved: That the report be noted.**

## **8. ANNUAL GOVERNANCE STATEMENT 2012/13 CONSULTATION**

The Assistant Head of Finance presented the report and confirmed that there was a positive outcome overall as there were no high or critical risks and only half the number of medium risks. The total number of findings had gone down overall. She confirmed that they would revise the report and condense it by adding web addresses / links where further information could be found but to still include the important key information.

The Chair offered his congratulations as this was a massive improvement on previous years.

**Resolved: That the report be noted.**

## **9. CORPORATE PERFORMANCE OUTTURN REPORT 2012-13**

The Chief Finance Officer presented the report and confirmed that for 2012/13 the Council had met the targets and had an overall rating of 'Performing'.

Officers responded to Members' comments and questions, as summarised below:

- The household waste collection target had been up on previous years, although targets had still not been met. Discussions had taken place with the contractors and a new person had been employed to promote recycling in the hope of seeing an improvement in the future.
- The Enterprise contract would be reviewed next year with a view to ensuring that there were realistic targets in place which would provide a leeway for bad weather.
- A report will be presented to Committee on whether sickness figures related to stress where there was a staff shortage, including vacancies.

**Resolved: That the report be noted.**

## **10. TREE AND SHRUB MAINTENANCE**

The Head of Public Protection submitted a report and confirmed that all the trees owned by NBC & NCC required maintenance and were inspected on a rolling program. The Council had a budget for trees and was also provided with a budget by NCC. Information regarding trees is available on the internet for the public, together with questions and answers.

The Head of Public Protection responded to members questions as follows:

- He confirmed that most of the work undertaken by the Council was reactive rather than proactive as tree maintenance was expensive. The budget was used primarily for trees which were dangerous or a hazard. The expense of maintenance increased each year although the budget had not.
- Any additional work could be completed by other contractors at an extra cost.
- More inspections would result in more work and more funding would be needed.
- Members could use their Empowerment Fund if it fitted the criteria.
- Would liaise with the Insurance department to see how many claims there were for tree damage and report back to Committee.

**Resolved: That the report be noted.**

**11. FINANCIAL MONITORING REPORT 2013/14.**

The Chief Finance Officer presented the report which showed a slight forecast overspend of £29k for the year. He noted that car parking had forecasted a potential £117k shortfall based on an extrapolation of the first two months performance, although this was within the earmarked reserved amount. He confirmed that the free parking scheme had been well utilised, recognised by increased ticket sales. The extension of free parking recently agreed by Cabinet would be funded from New Homes Bonus monies.

**Resolved: That the report be noted.**

**12. INTERNAL AUDIT UPDATE**

The Internal Auditor presented the report and elaborated thereon. He confirmed that the work this year had been slow to commence due to the move to LGSS although it was what was expected and on track. There was a low risk on using own devices however USBs posed a risk and a good response had been received from management.

More progress had been made since the report was issued and the Local Authority had made a lot of savings without too much impact on the public although the Government would apply more pressure.

**Resolved: That the report be noted.**

The meeting concluded at 7.04pm.

Appendices  
1



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Annual Governance Report</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	23 <sup>rd</sup> September 2013
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance Directorate, LGSS
<b>Accountable Cabinet Member:</b>	Cllr A Bottwood

### 1. Purpose

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1.1 To provide a verbal update on the audit of the 2012/13 Statement of Accounts and to present the Annual Governance Report (ISA 260) for 2012/13.

### 2. Recommendations

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2.1 That the Audit Committee accepts the Annual Governance Report (ISA 260) (**Appendix 1**) of the External Auditor, KPMG, and notes the adjustments to the accounts detailed therein.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The Council's external auditors, KPMG, audit the Statement of Accounts and major grant claim and returns.

3.1.2 The Audit Commission have completed their audit and have produced their report to those charged with Governance; the Annual Governance Report, otherwise known as the ISA 260, which is attached at Appendix 1.

#### 3.2 Issues

3.2.1 There were no identified material adjustments and following the addition of the explanatory narrative to the Officer Remuneration note there were no non-trivial uncorrected differences, as stated on page 11 of the Annual

Governance Report. The Authority made a small number of non-trivial adjustments which were of a presentational nature.

- 3.2.2 The Council's auditors have identified an improvement which the Council could make for next year and this is shown in the Annual Governance Report on page 10.

### **3.3 Choices (Options)**

- 3.3.1 To comment on the report and to question the Council's external auditors on any matters arising.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 There are no specific policy issues arising from this report.

### **4.2 Resources and Risk**

- 4.2.1 There are no specific resources and risk issues arising from this report

### **4.3 Legal**

- 4.3.1 There are no specific legal issues arising from this report.

### **4.4 Equality**

- 4.4.1 There are no specific equalities issues arising from this report.

### **4.5 Consultees (Internal and External)**

- 4.5.1 None.

### **4.6 Other Implications**

- 4.6.1 There are no other issues arising from this report.

## **5. Background Papers**

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- 5.1 Statement of Accounts 2012/13 elsewhere on the agenda.

**Bill Lewis, Assistant Head of Finance, 01604 837167**



*cutting through complexity™*

# Report to those charged with governance (ISA 260) 2012/13

Northampton Borough Council

September 2013



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4. Draft management representation letter 14

[alastair.ambrose@kpmg.co.uk](mailto:alastair.ambrose@kpmg.co.uk)

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at [www.auditcommission.gov.uk](http://www.auditcommission.gov.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 03034448330.

This report summarises:

- the key issues identified during our audit of the Northampton Borough Council's (the Authority's) financial statements for the year ended 31 March 2013; and
- our assessment of the Authority's arrangements to secure value for money (VFM) in its use of resources.

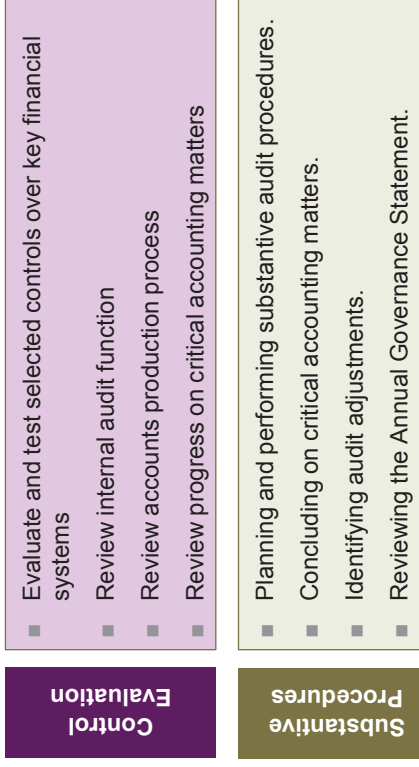
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## Financial statements

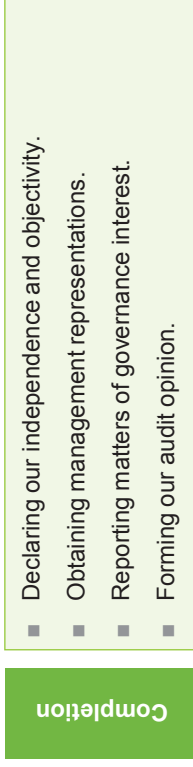
Our *External Audit Plan 2012/13* presented to you in March 2013 set out the four stages of our financial statements audit process.



This report focuses on the second and third stages of the process: control evaluation and substantive procedures. Our on site work for these took place in two tranches during April 2013 (interim audit) and July/ August 2013 (year end audit). We carried out the following work:



We are now in the final phase of the audit. Some aspects are also discharged through this report:



## VFM conclusion

Our *External Audit Plan 2012/13* explained our risk-based approach to VFM work, which follows guidance provided by the Audit Commission. We have completed our work to support our 2012/13 VFM conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;
- considering the results of any relevant work by the Authority, the Audit Commission, other inspectorates and review agencies in relation to these risk areas.

## Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 sets out the key findings from our audit work in relation to the 2012/13 financial statements.
- Section 4 outlines the key findings from our work on the VFM conclusion.

Our recommendations are included in Appendix 1.

## Acknowledgements

We would like to take this opportunity to thank Officers and Members for their continuing help and co-operation throughout our audit work.

This table summarises the headline messages. The remainder of this report provides further details on each area.

<b>Proposed audit opinion</b>	We anticipate issuing an unqualified audit opinion by 30 September 2013. We will also report that the wording of your Annual Governance Statement accords with our understanding.
<b>Audit adjustments</b>	We are pleased to report that our audit of your financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, most of which were of a presentational nature. There was no impact on the General Fund. We have raised one recommendation arising from our work, which is set out in Appendix 1.
<b>Accounts production and audit process</b>	The Authority has good processes in place for the production of the accounts and good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.
<b>Control environment</b>	The Authority's organisation and IT control environment is effective, and controls over the key financial systems are generally sound. We are satisfied that internal audit are compliant with the Code of Practice for Internal Audit in Local Government and have been able to place reliance on their work where this was relevant to our work.
<b>Completion</b>	At the date of this report our audit of the financial statements is substantially complete. Before we can issue our opinion we require a signed management representation letter (Appendix 4). We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.
<b>VFM conclusion</b>	We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified VFM conclusion by 30 September 2013.

**We have identified no issues in the course of the audit that are considered to be material.**

**The wording of your Annual Governance Statement accords with our understanding.**

**Proposed audit opinion**

We anticipate issuing an unqualified audit opinion by 30 September 2013.

**Audit differences**

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

We did not identify any material misstatements.

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the *Code of Practice on Local Authority Accounting the United Kingdom 2012/13 (the Code)*. We understand that the Authority will be addressing these where significant.

**Annual Governance Statement**

We have reviewed the Annual Governance Statement and confirmed that:



- it complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE; and
- it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

## Section three – financial statements Critical accounting matters

We have worked with Officers throughout the year to discuss specific risk areas. The Authority addressed the issues appropriately.

In our *External Audit Plan 2012/13*, presented to you in March, we identified the key risks affecting the Authority's 2012/13 financial statements.

We have now completed our testing of this area and set out our evaluation following our substantive work.

Key audit risk	Issue	Findings
	<p>The Council has implemented a new fixed asset system, Real Asset Management, and transferred data relating to Property Plant and Equipment to this for the 2012/13 financial year.</p> <p>The Council needed to ensure that the data transferred to the new system reconciled to that contained in the previous system, and that the information produced by the new system is reliable and accurate.</p> <p>The new system provides greater management information and has enabled the Council to increase the level of componentisation of assets. Management. At the planning stage we were reviewing the Council's accounting policy regarding this.</p>	<p>We reviewed Management's arrangements for</p> <ul style="list-style-type: none"> <li>■ ensuring that data was properly transferred</li> <li>■ testing the reliability of the new system</li> </ul> <p>We considered the work undertaken by Internal Audit on the above.</p> <p>We also reviewed Management's assessment of the change of componentisation policy and the changes to the accounts required as a result of this.</p> <p>From the work undertaken we are satisfied that the figures reported relating to property, plant and equipment are materially correct.</p>
	<p>The Council has outsourced its financial service operations to an external provider (LGSS). At our audit planning stage it was intended that existing Council staff who are transferring to LGSS would compile the statement of accounts, based on existing systems which would be maintained after the year end. This was aimed at mitigating the risk, but any change such as this inherently includes an element of risk.</p>	<p>We monitored the accounts production progress against the closedown plan and discussed this with Officers. In the event the transfer was delayed until 1 June 2013, and there was minimal impact on both the production of the accounting statements and responding to audit queries.</p>

The Authority has good processes in place for the production of the accounts and good quality supporting working papers.

Despite the organisational changes affecting finance and accounting staff, officers dealt efficiently with audit queries and the audit process could be completed within the planned timescales.

**Accounts production and audit process**

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the Authority’s accounting practices and financial reporting. We also assessed the Authority’s process for preparing the accounts and its support for an efficient audit.

We considered the following criteria:

**Prior year issues**

In his 2011/12 ISA 260 report the previous auditor made two recommendations, which we followed up as part of our 2012/13 audit. Our comments are as follows:

- (1) Ensure that adequate cover arrangements are in place so that all key controls continue to operate effectively during periods of staff absence.
  - During our 2012/13 audit, we found no evidence of any key controls failing to be operated as a result of staff absence, or for any other reason.
- (2) As recommended and agreed last year (2010/11), year end closedown procedures should be reviewed to allow unallocated cash at 31 March to be posted to the correct debtor categories prior to the preparation of the financial statements.
  - We were advised that steps had been taken during 2012/13 to address this issue and unallocated cash balances at 31 March 2013 were minimal.

Element	Commentary
<b>Accounting practices and financial reporting</b>	The Authority has good financial reporting arrangements in place. We consider that accounting practices are appropriate.
<b>Completeness of draft accounts</b>	We received a complete set of draft accounts prior to the start of our audit visit on 1st July
<b>Quality of supporting working papers</b>	Our <i>Accounts Audit Protocol</i> , which we issued in March 2013 and discussed with the corporate finance team, set out our working paper requirements for the audit. The quality of working papers provided was high and met the standards specified in our <i>Accounts Audit Protocol</i> .
<b>Response to audit queries</b>	Officers resolved audit queries promptly and always within an agreed time frame.

**The Authority's organisation and IT control environment is effective, and controls over the key financial systems are sound.**

**We are satisfied that internal audit are compliant with the Code of Practice for Internal Audit in Local Government and have been able to place reliance on their work where this was relevant to our work.**

During April 2013 we completed our control evaluation work. We did not issue an interim report as there were no significant issues arising from this work. For completeness we reflect on key findings from this work.

#### **Organisational and IT control environment**

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We therefore obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing on these controls.

The Authority also relies on information technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test relevant controls.

We found that your organisational and IT controls environment are effective overall.

#### **Internal Audit**

We work with your internal auditors to assess the control framework for certain key financial systems and seek to rely on any relevant work they have completed to minimise unnecessary duplication of work.

Where we intend to rely on internal audit's work in respect of the Authority's key financial systems, auditing standards require us to complete an overall assessment of the internal audit function and to evaluate and test aspects of their work.

We did not identify any significant issues with internal audit's work.

Based on our assessment of Internal Audit's files, attendance at Audit Committee and regular meetings during the course of the year, internal audit continue to comply with the Code of Practice for Internal Audit in Local Government .

#### **Controls over key financial systems**

Where we have determined that this is the most efficient audit approach to take, we test selected controls that address key risks within the financial systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Based on our work on controls over the year end process, the controls over the financial systems are sound.

**We confirm that we have complied with requirements on objectivity and**

**independence in relation to this year's audit of the Authority's financial statements.**

**Before we can issue our opinion we require a signed management representation letter.**

**Once we have finalised our opinions and conclusions we will prepare our *Annual Audit Letter* and close our audit.**

### **Declaration of independence and objectivity**

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Northampton Borough Council for the year ended 31 March 2013, we confirm that there were no relationships between KPMG LLP and Northampton Borough Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 3 in accordance with ISA 260.

### **Management representations**

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template in Appendix 4. We require a signed copy of your management representations before we issue our audit opinion.

### **Other matters**

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements'.

There are no other matters which we wish to draw to your attention in addition to those highlighted in this report relating to the audit of the Authority's 2012/13 financial statements.



**Our VFM conclusion considers how the Authority secures financial resilience and challenges how it secures economy, efficiency and effectiveness.**

**We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.**

#### Background

Auditors are required to give their statutory VFM conclusion based on two criteria specified by the Audit Commission. These consider whether the Authority has proper arrangements in place for:

- securing financial resilience: looking at the Authority’s financial governance, financial planning and financial control processes; and
- challenging how it secures economy, efficiency and effectiveness: looking at how the Authority is prioritising resources and improving efficiency and productivity.

We follow a risk based approach to target audit effort on the areas of greatest audit risk. We consider the arrangements put in place by the Authority to mitigate these risks and plan our work accordingly. Our approach was set out in more detail in our *External Audit Plan 2012/13*.

#### Risk assessment.

We completed our initial risk assessment taking account of the challenges faced by the Authority, particularly the current overall economic position, restraint on public funding, and changes to the welfare and local government finance arrangements.

Our initial risk assessment did not identify any significant risk that would result in a qualified conclusion.

We also considered the work carried out by the Authority and the arrangements it had put in place in respect of the two specified VFM criteria.

We concluded that risks were sufficiently mitigated and there was no need for us to carry out any additional unplanned audit work in this area.

VFM criterion	Met
<b>Securing financial resilience</b>	✓
<b>Securing economy, efficiency and effectiveness</b>	✓

#### Conclusion

We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Appendix 1: Key issues and recommendations

We have given the recommendation a risk rating and agreed what action management will need to take.

We will formally follow up these recommendations next year.

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
		<p><b>1</b> <b>Priority one:</b> issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> <p><b>2</b> <b>Priority two:</b> issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> <p><b>3</b> <b>Priority three:</b> issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>	
1	3	<p>Note 36 – Officers' remuneration: Senior officers paid over £50k were included in both note 36(a) and note 36(b). The SoRP only requires these officers to be disclosed once. Whilst this remains uncorrected in the 2012/13 Statement of Accounts, an explanatory note has now been inserted to draw the readers attention to this double disclosure. Recommendation: Only include details of senior staff earning over £50k once within Note 36 to the accounts.</p>	<p>The recommendation is noted that the Council has, on the face of it, been overly transparent in the presentation of its officer remuneration disclosures. The content of these disclosures will be reviewed and any amendments incorporated into the production of the 2013/14 financial statements. Assistant Head of Finance 30 June 2014</p>

## Appendix 2: Audit differences

This appendix sets out the non-trivial audit differences.

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in the Authority's case is the Audit Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

### Corrected audit differences

We are pleased to report that our audit of your financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments which were of a presentational nature.

### Uncorrected audit differences

Following the addition of the explanatory narrative to the Officer Remuneration note there are no non-trivial uncorrected differences.

## Appendix 3: Declaration of independence and objectivity

The Code of Audit Practice requires us to exercise our professional judgement and act independently of both the Commission and the Authority.

### Requirements

Auditors appointed by the Audit Commission must comply with the Code of Audit Practice (the Code) which states that:

*“Auditors and their staff should exercise their professional judgement and act independently of both the Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body that does not relate directly to the discharge of auditors’ functions, if it would impair the auditors’ independence or might give rise to a reasonable perception that their independence could be impaired.”*

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Audit Commission’s Standing guidance for local government auditors (Audit Commission Guidance) and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* (Ethical Standards).

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Audit Commission Guidance requires appointed auditors to follow the provisions of ISA (UK & I) 260 Communication of *Audit Matters with Those Charged with Governance* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor’s objectivity and independence.
- The related safeguards that are in place.

- The total amount of fees that the auditor and the auditor’s network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our Annual Audit Letter.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor’s professional judgement, the auditor is independent and the auditor’s objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor’s objectivity and independence may be compromised and explaining the actions which necessarily follow from this. These matters should be discussed with the Audit Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Audit Partner and the audit team.

### General procedures to safeguard independence and objectivity

KPMG’s reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

## Appendix 3: Declaration of independence and objectivity (continued)

**We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.**

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the Ethics and Independence Manual ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual Ethics and Independence Confirmation. Failure to follow these policies can result in disciplinary action.

### **Auditor declaration**

In relation to the audit of the financial statements of Northampton Borough Council for the financial year ending 31 March 2013, we confirm that there were no relationships between KPMG LLP and Northampton Borough Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

## Appendix 4: Draft management representation letter

We ask you to provide us with representations on specific matters such as whether the transactions

within the accounts are legal and unaffected by fraud.

The wording for these representations is prescribed by auditing standards.

We require a signed copy of your management representations before we issue our audit opinion.

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Northampton Borough Council ("the Authority"), for the year ended 31 March 2013, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2013 and of the Authority's expenditure and income for the year then ended; and
- iii. whether the financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

These financial statements comprise the Authority Movement in Reserves Statement, the Authority Comprehensive Income and Expenditure Statement, the Authority Balance Sheet, the Authority Cash Flow Statement and the Collection Fund and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

### Financial statements

1. The Authority has fulfilled its responsibilities, as set out in regulation 8 of the Accounts and Audit (England) Regulations 2011, for the preparation of financial statements that:

- give a true and fair view of the financial position of the Authority as at 31 March 2013 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 require adjustment or disclosure have been adjusted or disclosed.

### Information provided

4. The Authority has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Authority for the purpose of the audit; and
  - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

## Appendix 4: Draft management representation letter

**We ask you to provide us with representations on specific matters such as whether the transactions within the accounts are legal and unaffected by fraud.**

**The wording for these representations is prescribed by auditing standards.**

**21**  
**We require a signed copy of your management representations before we issue our audit opinion.**

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. The Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

7. The Authority has disclosed to you all information in relation to:

- a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
- management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements; and

b) allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Authority has disclosed to you the identity of the Authority's

related parties and all the related party relationships and transactions of which it is aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as the Authority understands them and as defined in IAS 24, except where interpretations or adaptations to fit the public sector are detailed in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

11. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with its knowledge of the business.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that:
- are statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - are funded or unfunded; and
  - are approved or unapproved,

have been identified and properly accounted for; and

- b) all settlements and curtailments have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Committee on 23 September 2013.

Yours faithfully,

Councillor Phil Larratt, Chair of the Audit Committee

Glenn Hammons, Chief Finance Officer



*cutting through complexity™*

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Appendices:  
2



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Statement of Accounts 2012/13</b>
---------------------	--------------------------------------

**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	23 <sup>rd</sup> September 2013
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance Directorate, LGSS
<b>Accountable Cabinet Member:</b>	Councillor A Bottwood

### 1. Purpose

---

To present the audited Statement of Accounts 2012/13 to Audit Committee.

### 2. Recommendations

---

- 2.1 That the Audit Committee approves the Statement of Accounts (**Appendix 1**), subject to any changes arising from the consideration of the report of the external auditor.
- 2.2 That the Audit Committee approves the Council's Letter of Representation (**Appendix 2**).

### 3. Issues and Choices

---

#### 3.1 Report Background

- 3.1.1 The draft Statement of Accounts 2012/13 were authorised to be made available for audit, and following that the accounts have been open to public inspection and have been audited by the Council's external auditors, KPMG.
- 3.1.2 KPMG have completed their audit and have produced their report to those charged with Governance; the Annual Governance Report, otherwise known as the ISA 260 which is considered elsewhere on this agenda.
- 3.1.3 Following the audit, it is standard practice for the auditors to request a letter of representation, attached at Appendix 2.

## **3.2 Issues**

- 3.2.1 There were no issues raised by the public during the period of public inspection.
- 3.2.2 This year, KPMG did not identify any national issues which applied to the Council's accounts.
- 3.2.3 KPMG's audit of the Council's financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments which were of a presentational nature. Any material adjustments, had there been any, would have been detailed in the Annual Governance Report.
- 3.2.4 Following the addition of the explanatory narrative to the Officer Remuneration note there are no non-trivial uncorrected differences.
- 3.2.5 The Council's auditors have identified one improvement, which the Council could make for next year and this is shown in the Annual Governance Report.

## **3.3 Choices (Options)**

- 3.3.1 Audit Committee are asked to approve the Statement of Accounts 2012/13 and the Letter of Representation.

## **4. Implications (including financial implications)**

---

### **4.1 Policy**

- 4.1.1 There are no specific policy issues arising from this report.

### **4.2 Resources and Risk**

- 4.2.1 The key areas of risk are highlighted in notes 3 and 4 to the Statement of Accounts 2012/13.

### **4.3 Legal**

- 4.3.1 The Council must publish the approved Statement of Accounts by 30<sup>th</sup> September.

### **4.4 Equality**

- 4.4.1 There are no specific equalities issues arising from this report.

### **4.5 Consultees (Internal and External)**

- 4.5.1 Members of the Public were consulted during the Statutory Period of Public Inspection.

### **4.6 Other Implications**

4.6.1 There are no other issues arising from this report.

## **5. Background Papers**

---

5.1 Appendix 1 – Statement of Accounts 2012/13

5.2 Appendix 2 – Letter of Representation

5.3 Office working files including evidence

**Bill Lewis,  
Assistant Head of Finance,  
01604 837167**



# Draft Audited Statement of Accounts 2012/2013

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# **A. Auditor's Report**

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



## A. Auditor's Report

## B. Explanatory Foreword

### 1. Introduction

This document presents the Statement of Accounts for Northampton Borough Council as at 31 March 2013. The Council has a statutory duty to approve and publish this Statement of Accounts document for the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

This document complies with recommended practice from the Chartered Institute of Public Finance and Accountancy and its format is largely prescribed.

To comply with the Accounts and Audit Regulation 2003 (as amended by later updates), the Council is required to make reasonable endeavours to have the Statement of Accounts audited and received and approved by the end of September 2013. The responsibility for approval is delegated to the Audit Committee. The Audit Committee met and approved the accounts at its meeting on XX<sup>th</sup> September 2013 to include any changes arising from the audit of the accounts. These accounts have been amended. The Council's Chief Financial Officer approved the accounts for publication on XX<sup>th</sup> September 2013.

This foreword outlines the key individual statements that comprise the Statement of Accounts, including a description of their purpose and the relationship between them. It also highlights the main activities/variations that took place during 2012/13 in each of the main activity areas.

### 2. The Statements

#### Single Entity Accounts

These financial statements are for a single entity.

The detailed accounts and related information are shown on pages 41 to 151 and consist of the following: -

#### Core Financial Statements

##### Movements in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into: -

- Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and
- Unusable Reserves.

The Surplus or Deficit on the Provision of Services line shows the 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.

##### Comprehensive Income and Expenditure Statement

This statement summarises the transactions, shown on an accounting basis in line with the requirements of International Financial Reporting Standards (IFRS), undertaken in the year to provide services to the public. 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 which may be different from the accounting cost. The taxation position is shown in the Notes to the Core Statements.

## B. Explanatory Foreword

### 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'.

### 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.

### Notes to the Core Statements

This section comprises the recommended notes to the Movements in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement, plus additional notes deemed useful to aid the understanding of the reader of the accounts.

### **Supplementary Financial Statements**

#### Housing Revenue Account (HRA) Income and Expenditure Account

The HRA Income and Expenditure Account shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Statement of Movement in the Housing Revenue Account Reserve. The HRA accounts do not form part of The CIPFA Code and so the presentation adopted is the same as in previous years, following UK GAAP.

#### Movement in Housing Revenue Account Reserve

This statement details the adjustments which must be made to the movement on the HRA Income and Expenditure Account in order to arrive at the year on year changes to the Housing Revenue Account Balance. The balances shown on this statement relate entirely to the Housing Revenue Account.

## B. Explanatory Foreword

### Notes to the HRA Accounts

This section comprises the recommended notes to the Housing Revenue Account supplementary financial statements.

### The Collection Fund Income and Expenditure Account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and non-domestic rates.

### Notes to the Collection Fund

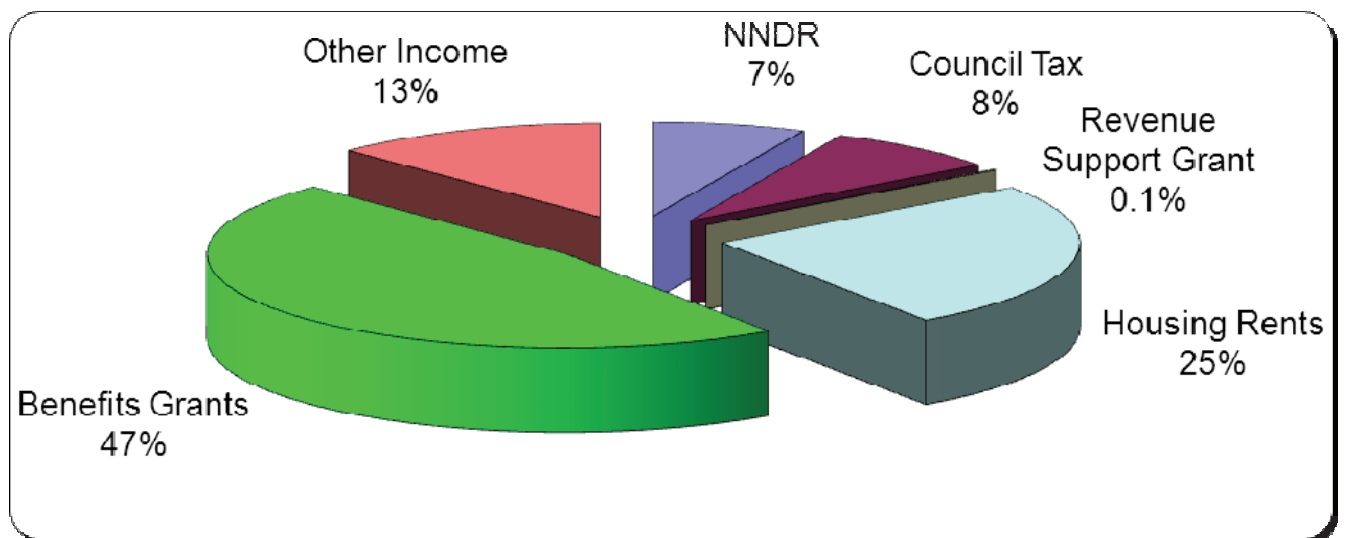
This section comprises the recommended notes to the Collection Fund supplementary financial statements.

### 3. Financial Summary 2012/13

This section shows service expenditure, interest payable, other operating costs, income from grants, local taxpayers and other sources compared in overall terms to the budget.

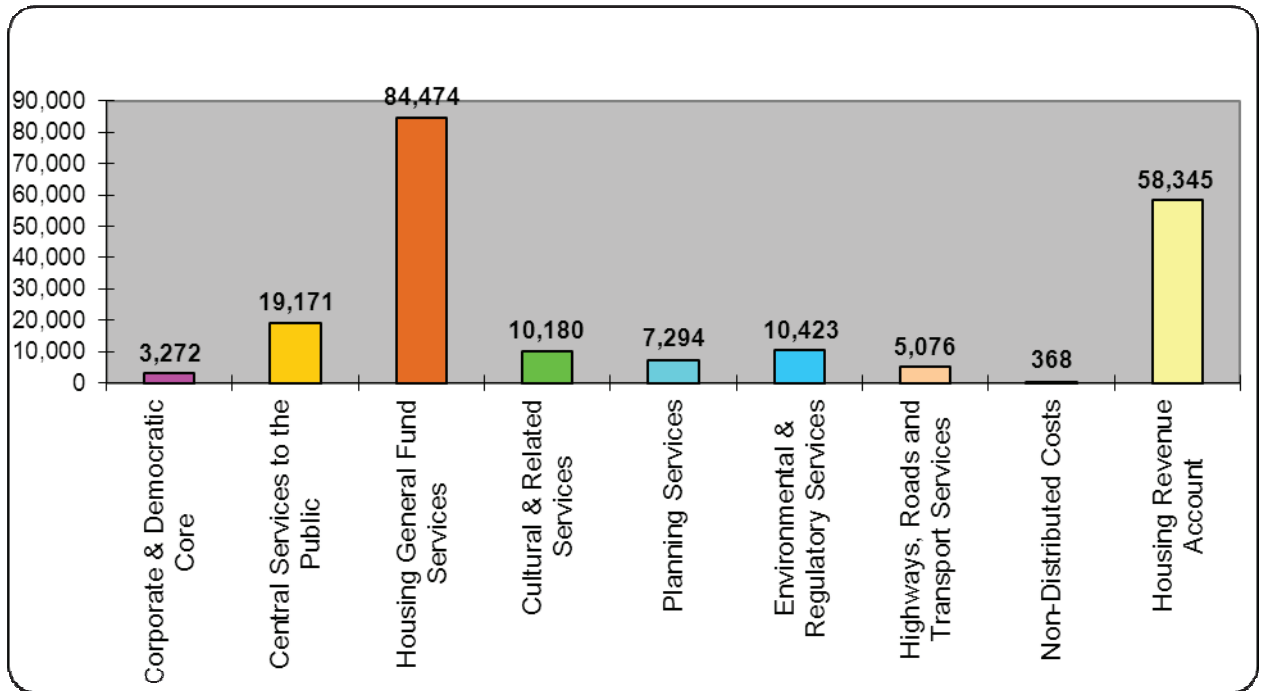
#### a) Revenue Spending and Sources of Income

The following charts outline where the Council's revenue money came from, how it was spent and on which services. The charts show the overall position of the Council's revenue accounts for 2012/13 (i.e. both General Fund and HRA).



## B. Explanatory Foreword

### What Services Have Been Provided with the Money?



## B. Explanatory Foreword

### b) General Fund Account

The following table summarises the position for the General Fund for 2012/13. Some notes are included following the table to explain the main variations to the budget for the year.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Director of Planning and Regeneration	3,042	2,808	-234
Director of Finance and Support	10,376	10,354	-22
Director of Housing	1,055	1,070	15
Borough Solicitor	2,064	1,958	-106
Director of Environment and Culture	15,276	15,200	-76
<b>Total within Budget Managers Control</b>	<b>31,813</b>	<b>31,390</b>	<b>-423</b>
Capital Expenditure charged to Revenue Account	39	301	262
Provisions	0	169	169
Net Support Service Recharges	-5,370	-5,173	197
Interest and Financing	1,744	1,679	-65
Parish Precepts and Grants	957	956	-1
Government Funding	-13,294	-13,294	0
Council Tax	-15,065	-15,059	6
Council Tax freeze grant	-353	-353	0
Non specific grants	0	-1,471	-1,471
<b>Technical Accounting Adjustments</b>	<b>-31,342</b>	<b>-32,245</b>	<b>-903</b>
<b>General Fund (under) / over spend</b>	<b>471</b>	<b>-855</b>	<b>-1,326</b>
Net Contribution to/(from) Reserves	-571	863	1,434
<b>General Fund Deficit (Surplus)</b>	<b>-100</b>	<b>8</b>	<b>108</b>
Balance b/fwd		-3,140	
<b>Balance c/fwd</b>		<b>-3,132</b>	

#### Variations to Budget

After taking account of contributions to reserves and balances, the Council's General Fund working balance was reduced by £8k. This is after making a net contribution to General Fund earmarked reserves of £863k to mitigate specific business risks.

There were a number of variances that have contributed to this position, which are listed below. Further details of these variances can be found in the Council's outturn reports which were considered by Cabinet on 17<sup>th</sup> July 2013.

## B. Explanatory Foreword

<b>Under (-) / Over spends</b>	<b>£000s</b>
Reserve Movements	1,434
Provisions	169
Interest and Debt Management	-65
Non specific grants	-1,471
Development Control	-147
Financial Services	-76
Audit	-79
Office Accommodation	-53
Benefits	250
Call Care	268
Travellers Sites	-60
Private Sector Housing Solutions	-222
Legal	-79
Community Developments	-58
Community Centres	-50
Information Technology	-154
Environmental Protection	-177
Environmental Services	389
Car Parking	107
Bus Station	-106
Markets	-69
Other Variations each below +/- £50k	357
	108

## B. Explanatory Foreword

### c) Housing Revenue Account

The following table outlines the outturn position for the Housing Revenue Account for 2012/13. Some notes are included following the table to explain the main variations to the budget for the year.

	Budget	Actual	Variance
	£000s	£000s	£000s
<b>Expenditure</b>			
Net Service Expenditure	-6,072	-6,351	-279
Interest and Capital Financing Adjustments	6,072	6,351	279
<b>(Surplus)/Deficit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance brought forward</b>		-5,001	
<b>Balance carried forward</b>		<b>-5,001</b>	

### Variations to Budget

After taking account of contributions to reserves and balances, the Council's Housing Revenue Account working balance remained at £5m. This is after making a net contribution to HRA earmarked reserves of £6.209m, to fund the capital programme in future years (£6.18m), HRA service improvements (£670k) and the HRA insurance reserve (£300k). Transfers were made from the Service Improvement Reserve (£274k) and the HRA Reform Reserve (£667k) to support revenue expenditure during the year.

There were a number of variances that have contributed to this position, the most significant of which are listed below. Further details of these variances can be found in the Council's outturn reports which were considered by Cabinet on 17<sup>th</sup> July 2013.

<b>Under (-) / Over spends</b>	£000s
Rent Income - Dwellings	-238
Service Charge income	192
General Management	-929
Special Services	200
Contribution to Earmarked Reserves	287
Rent Rebate Subsidy Deductions	-643
Capital Adjustments	842
Interest and Financing	279
Other Minor Variations	10
	<b>0</b>



## B. Explanatory Foreword

### d) Capital Expenditure

Capital expenditure relates to spending on new and improved assets, such as land, buildings, infrastructure, equipment, and IT. It also includes revenue expenditure funded from capital under statute (REFCUS). In 2012/13 the Council spent £32.28 million on capital projects, compared with a budget of £39.96 million, excluding finance lease expenditure and the HRA reform debt payment.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000s	£000s	£000s
<b>Expenditure</b>			
Housing Revenue Account Schemes	28,754	27,446	-1,308
General Fund Housing Schemes	3,223	2,510	-713
Other General Fund Schemes	7,979	7,319	-660
<b>Total Capital Expenditure</b>	<b>39,956</b>	<b>37,275</b>	<b>-2,681</b>
<b>Sources of Financing</b>			
Major Repairs Allowance		9,901	
Revenue Contributions to Capital Expenditure		301	
Grants and Contributions		22,585	
Capital Receipts		2,334	
Finance Leases		0	
Unsupported Borrowing		2,154	
		<b>37,275</b>	

### Capital Variations to Budget

The spend on the capital programme was approximately £2.7m below budget for the year. The majority of this variance relates to schemes that are currently underway or still planned to take place. The budget has been carried forward into the next financial year (i.e. 2013/14). The majority of this carry forward is due to the timing of approvals and the timescales for letting contracts.

## B. Explanatory Foreword

### e) Current Borrowing Facilities

Current borrowing facilities are as detailed below: -

Description	£000s
Long Term Borrowing - LOBOs	24,788
Homes and Communities Agency PWLB	1,170
Long Term Finance Leases	190,114
Temporary Borrowing	289
	299
	<b>216,660</b>

Long-term borrowing is undertaken to finance capital programme expenditure, both in relation to the historic programme and for future capital schemes up to three years in advance.

Borrowing decisions are made with reference to prudential indicators that ensure that borrowing is prudent, affordable and sustainable. The prudential indicator for gross debt and the capital financing requirement (CFR) is the key indicator of prudence, measuring whether external borrowing exceeds the closing CFR in the preceding year plus the estimates of any additional capital requirement for the current and next two financial years. The Council's external borrowing figure is £217m, which falls within the forward looking CFR forecast of £222m (based on prudential indicators agreed by Council in February 2013).

The Council's existing borrowing was reduced by £21k in respect of the annual annuity loan payment to the Homes and Communities Agency. The amount of temporary borrowing was reduced by £48k.

Capital programme expenditure of £2.2m financed by borrowing during 2012-13 was funded through internal borrowing (cash balances).

The current net book value (fair value) of the Council's property plant and equipment (non-current assets) is £461m, of which £354m relates to council dwellings.

## B. Explanatory Foreword

### 4. Significant Changes in 2012/13

#### a) Assets acquired or enhanced

Capital expenditure represents major investment in new and improved assets such as land, buildings, infrastructure, equipment, and information technology assets. Expenditure is incurred in pursuit of the Council's objectives and priorities and the delivery of services, and can be for the acquisition of new assets, enhancement of existing assets or investment in assets owned by third parties.

<b>Capital Expenditure</b>	
	£000s
<b>Housing Revenue Account</b>	
Council Housing	27,164
Other Housing Assets	282
Revenue Expenditure Funded from Capital under Statute	0
	<b>27,446</b>
<b>General Fund</b>	
Information Technology	494
Lease Buy Out	3,000
Corporate Buildings	1,025
Leisure and Community Facilities	974
Other Capital Works	1,577
Finance Leases	0
Derecognised Finance Leases	0
Revenue Expenditure Funded from Capital under Statute	2,759
	<b>9,829</b>
	<b>37,275</b>

#### b) Statutory Functions

There have been no changes to the statutory functions of the Authority during 2012/13. The Council has decided, however, that in 2013/14 it will join LGSS, a partnership established by the County Councils of Northamptonshire and Cambridgeshire, as an Added Value Partner.

On 1 June 2013, the Council transferred the majority of its support service functions (Revenues and Benefits, Insurance, Legal, Finance, Procurement, ICT, and Human Resources, Organisational Development and Business Improvement) to LGSS with the intention of reducing costs and improving the quality of the services it delivers.

#### c) Accounting Policies

There is a material prior period adjustment in relation to a change in the policy on Component Accounting. Further details can be found at note 1 in section F of the Statement of Accounts.

#### d) Exceptional Items and Unusual charges or credits in the accounts

There was one new unusual item for NBC during 2012-13. This was a grant for Decent Homes from the Homes and Communities Agency to the value of £16,945,000, which is new in 2012/13. There will be further Decent Homes grants in future years.

## B. Explanatory Foreword

### 5. Other Matters of Note

#### a) Pensions Liabilities and Assets

Retirement Benefits that are promised to employees under the terms of the pension scheme are recognised as a liability on the Council's balance sheet. Liabilities are measured on an actuarial basis, estimating the future cash flows that will arise. The Council's share of the investments held in the pension scheme is measured at fair value at the date of the balance sheet. Details of the Council's pension assets and liabilities can be found in note 45 to the financial statements.

#### b) Significant Provisions or Contingencies and Material Write-offs

The Council makes a provision to cover future insurance liabilities where values can be reasonably estimated. Details of this provision, and all other provisions made by the Council, are shown in note 24 to the Core Statements.

There are two significant contingency items reported in the accounts (at note 46 and 47 to the Core Statements) relating a capital grant received from the East Midland Development Agency (EMDA) and a capital grant received from West Northamptonshire Development Corporation (WNDC). The first capital grant received from EMDA for site clearance of the Blueberry Diner was awarded on condition of scheme completion within a fixed time period and, due to that time period not having been complied with, up to the full amount of the grant of £2m may be clawed back by EMDA. The Council is in discussion with the successor organisation to EMDA, HCA about this matter and is confident that the claw back will not be applied. These are not new contingent liabilities for this year. The second capital grant was received from WNDC for construction of the new Bus Interchange. The work must be completed by 31 March 2014

There have been no material write-offs in the year.

#### c) Current Economic Climate

The main financial impact on the Council of the current economic climate has been the continuation of low returns on investment due to the exceptionally low interest rates offered by banks, building societies and other investment counterparties.

The average rate of interest earned on investments in 2012/13 was 1.21%, compared to 1.00% in 2011/12. Actual investment interest earned in 2012/13 was £692k, compared to £770k in 2011/12.

The impact of the low returns has been managed through savings and efficiencies made generally across the Council's budgets.

#### d) Adequacy of Reserves

An appropriate level of reserves was determined by a professional judgement based on local circumstances including overall budget value, risks and robustness of budgets, major initiatives being undertaken, budget assumptions, available earmarked reserves and provisions, and the Council's historic record of effective budget management.

## B. Explanatory Foreword

The Chief Financial Officer has developed a risk management approach to the level of reserves and determined that the minimum level should be £3.1m.

In arriving at the recommendation on the minimum prudent level of reserves strategic, operational, and financial risks have been taken into account, as has the robustness of estimates information (above) and guidance from CIPFA and Government on Treasury risk.

In addition, earmarked reserves are held against specific risks and known expenditure commitments.

### 6. Conclusion

On the General Fund, the Council has managed to deliver an outturn at virtually on budget for 2012/13, allowing the Council to maintain its level of working balances at its risk assessed level of £3.1m and increase the level of earmarked reserves needed to support future expenditure and mitigate against future business risks. This is against a backdrop of an increasingly challenging funding regime (including Local Government Finance Reform), which presupposes continuing efficiency savings from council services and significantly cut the amount of government funding for 2013/14 and onwards. The Council is committed to continuing its programme of strategic business reviews, which will drive out further efficiencies and will allow the Council to meet the financial challenges ahead.

During 2012/13, the Council managed to maintain General Fund working balances at £3.1m whilst also contributing a net of £863k to General Fund earmarked reserves to mitigate some specific business risks. This is testament to the strong financial control operated by the Council and to the ability of service managers to deliver services, aided by strong support services, in a difficult economic climate.

The Capital Programme is under-spent by £2.7m in 2011/12 against budget; however this is largely to do with timing. The Council has made positive improvements in project management and is committed to maintaining and improving on this into the future.

The outturn for the Housing Revenue Account (HRA) shows that the level of working balances is maintained at £5m and general revenue earmarked reserves are increased. The revenue position of the HRA continues to be healthy with challenges facing the Council in delivering the capital improvements necessary to deliver good quality homes at an affordable price to its tenants. The HRA finance reform is now in place as of 1<sup>st</sup> April 2012 and the Council is monitoring the developing position on this.

The Council continues to consolidate and strengthen its financial position to enable a sound platform from which to maintain and improve essential services within available resources. The level of working balances and the risk mitigation provided by reserves should enable the Council to concentrate on improving its services and improving the overall efficiency of the Council in line with priorities.

## B. Explanatory Foreword

### 7. Further Information

Further information about these accounts is available from: -

Rebecca Smith Assistant Head of Finance (for Northampton Borough Council), LGSS Northamptonshire County Council John Dryden House 8-10 The Lakes Northampton NN4 7YD	Glenn Hammons Head of Corporate Finance, LGSS Northamptonshire County Council John Dryden House 8-10 The Lakes Northampton NN4 7YD
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Interested members of the public have a statutory right to inspect the accounts before the audit is completed and the availability of the accounts was advertised in the local press and on the Council's website in order to facilitate this.

## C. Statement of Responsibilities

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:-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief 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 31<sup>st</sup> March 2013.

Glenn Hammons Chief Finance Officer
Date: XX September 2013

## D. Accounting Policies

### 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 2012/13 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.



## D. Accounting Policies

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 **Cost of Services**

Internal service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public.

This is in accordance with the costing principals of the CIPFA Service Reporting Code of Practice 2012/13 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-democratic organisation.
- Non-Distributed Costs – the costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account as part of the Net Cost of Services.

### 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.

## D. Accounting Policies

### 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.

## D. Accounting Policies

- 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.

## D. Accounting Policies

- **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.

## D. Accounting Policies

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.

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.

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 UKPS 1.3 of the RICS Valuation Standards. As a matter of last resort, where no other valuation method can be used, depreciated replacement cost is used.
  - **Council Dwellings** – Land and building structure are valued at EUV for Social Housing, being 34% of market value. Individual components are valued at Depreciated Historic Cost.
  - **Vehicles and Assets under construction** within PPE are held at fair value.
  - **Community Assets** - the Authority recognises Community Assets at depreciated historic cost (not revalued).
  - **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.

## D. Accounting Policies

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

## D. Accounting Policies

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.

### p 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.

### q 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.

## D. Accounting Policies

- 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.

### r **Defining an Operating Lease**

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

### s **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.

### t **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.

### u **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.



## D. Accounting Policies

### v **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.

### w **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.

### x **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.

## D. Accounting Policies

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.

### y **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.

### z **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 1<sup>st</sup> 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

## D. Accounting Policies

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.

### aa **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**

### ab **Recognition of Revenue Expenditure.**

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

### ac **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.

## D. Accounting Policies

- **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

## D. Accounting Policies

- 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.

### ad 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.

## D. Accounting Policies

### ae Carbon Reduction Commitment Scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase, which will last until 31 March 2014. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption

### 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 £3.1m. This 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 – these reserves are explained below.

## **D. Accounting Policies**

### **Insurance Provision/Reserve**

Surpluses or deficits required in the insurance provision are charged or credited back to individual services. Claims paid that are not recognised in the provision are funded from this reserve. Any changes required to the Insurance Reserve will be debited or credited to the MIRS.

### **Subsidy Equalisation Reserve**

Subsidy claims are very much reliant upon regulations issued by the grant paying bodies. These can change in-year and so the net cost of benefit payments and subsidy claims from the Government can be extremely volatile. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Core Business Systems Reserve**

The Core Business Systems Reserve will be used to improve the main financial and subsidiary financial systems of the Council to streamline administrative processes and improve the quality of information and controls. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Building Maintenance Reserve**

This reserve consists of balances set aside from revenue to finance any major unanticipated maintenance projects. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Supporting Business and Economic Growth Reserve**

This reserve has been set up to finance corporate initiatives to support business and economic growth in the local area. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Change and Performance Reserve**

This reserve will continue to support strategic business reviews and other service reviews that will improve the performance of the Council. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Debt Financing Reserve**

This reserve has been set up to mitigate the additional market risks inherent in treasury management transactions during this period of worldwide economic uncertainty. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Rent Deposit Scheme**

The rent deposit scheme reserve supports part of the Council's anti-homelessness policies. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Leasing**

The leasing reserve is used to equalise the impact of lease agreements to revenue over the life of the lease. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

## D. Accounting Policies

### **Carbon Management**

This reserve is used to hold funding for carbon management initiatives and includes funds the Council has saved from operating such initiatives and also the balance of funding received from Salix (which is an independent social enterprise, a not for profit company limited by guarantee), which must be used specifically for this purpose. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **General Reserve**

The General Reserve allows the Council to commit funding to individual projects which may spread across more than one year. This reserve is also used for any contingency sums set aside during budget setting to mitigate risks within the budget. It also holds General Fund grants where any conditions have been met pending matching expenditure. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Arts Reserve**

This is used to finance the purchase of exhibits for the Museum and Art Gallery. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **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. Any changes required to these Reserves will be debited or credited to the Movement in Reserves Statement.

### **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.



## D. Accounting Policies

### 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.

## D. Accounting Policies

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 derecognition 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.

## D. Accounting Policies

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 derecognition 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 has no material interests in companies and other entities that have the nature of subsidiaries, associates, and joint ventures and so there is no requirement to prepare group accounts. 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.

## D. Accounting Policies

### aq 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 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.

### ar General Government Grants

General government grants and contributions in the form of Revenue Support Grant, Redistributed NNDR, 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. Further detail of this is shown in Note 11 to the accounts.

## D. Accounting Policies

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## **E. Core Financial Statements**

### **E1 Movement in Reserves Statement**

The Movement in Reserves Statement (MIRS) shows the movement in the year on the different reserves held by the Authority, analysed into:

- Usable Reserves – those that can be applied to fund expenditure or reduce local taxation); and
- Unusable Reserves – those that cannot be applied. These comprise of reserves to hold accounting adjustments relating largely to timing differences between when amounts have to be reported as income and expenditure and when those amounts are actually realised.

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 two pages, and includes restated figures for 2011/12.

## E. Core Financial Statements

### E1 Movement in Reserves Statement

	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves
	£000s	£000s	£000s	£000s
<b>Balance at 31st March 2011 Brought forward</b>	<b>-2,672</b>	<b>-16,009</b>	<b>-4,894</b>	<b>-17,239</b>
<b><u>Movement in reserves during 2011/12</u></b>				
Surplus or (deficit) on provision of services	4,095	0	194,448	0
Other Comprehensive Expenditure and Income	0	0	0	0
<b>Total Comprehensive Expenditure and Income</b>	<b>4,095</b>	<b>0</b>	<b>194,448</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	-4,762	0	-183,657	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-667</b>	<b>0</b>	<b>10,791</b>	<b>0</b>
Transfers to/from Earmarked Reserves	199	-199	-10,900	10,900
<b>Increase / (Decrease) in Year</b>	<b>-468</b>	<b>-199</b>	<b>-109</b>	<b>10,900</b>
<b>Balance at 31st March 2012 carried forward</b>	<b>-3,140</b>	<b>-16,209</b>	<b>-5,001</b>	<b>-6,340</b>
<b><u>Movement in reserves during 2012/13</u></b>				
Surplus or (deficit) on provision of services	2,369	0	-1,577	0
Other Comprehensive Expenditure and Income	0	0	0	0
<b>Total Comprehensive Expenditure and Income</b>	<b>2,369</b>	<b>0</b>	<b>-1,577</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	-3,224	0	-4,632	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-855</b>	<b>0</b>	<b>-6,209</b>	<b>0</b>
Transfers to/from Earmarked Reserves	863	-863	6,209	-6,209
<b>Increase / (Decrease) in Year</b>	<b>8</b>	<b>-863</b>	<b>0</b>	<b>-6,209</b>
<b>Balance at 31st March 2013 carried forward</b>	<b>-3,132</b>	<b>-17,072</b>	<b>-5,001</b>	<b>-12,549</b>

## E. Core Financial Statements

### E1 Movement in Reserves Statement

Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Note
£000s	£000s	£000s	£000s	£000s	£000s	
<b>0</b>	<b>-4,491</b>	<b>-1,705</b>	<b>-47,010</b>	<b>-387,448</b>	<b>-434,458</b>	
0	0	0	198,543	0	198,543	31c
0	0	0	0	15,136	15,136	9
<b>0</b>	<b>0</b>	<b>0</b>	<b>198,543</b>	<b>15,136</b>	<b>213,679</b>	
0	2,423	1,012	-184,984	184,984	0	7
<b>0</b>	<b>2,423</b>	<b>1,012</b>	<b>13,559</b>	<b>200,120</b>	<b>213,679</b>	
0	0	0	0	0	0	8
<b>0</b>	<b>2,423</b>	<b>1,012</b>	<b>13,559</b>	<b>200,120</b>	<b>213,680</b>	
<b>0</b>	<b>-2,068</b>	<b>-693</b>	<b>-33,451</b>	<b>-187,328</b>	<b>-220,779</b>	
0	0	0	792	0	792	31c
0	0	0	0	10,174	10,174	9
<b>0</b>	<b>0</b>	<b>0</b>	<b>792</b>	<b>10,174</b>	<b>10,966</b>	
-1,542	-1,199	-1,844	-12,441	12,441	0	7
<b>-1,542</b>	<b>-1,199</b>	<b>-1,844</b>	<b>-11,649</b>	<b>22,615</b>	<b>10,966</b>	
0	0	0	0	0	0	8
<b>-1,542</b>	<b>-1,199</b>	<b>-1,844</b>	<b>-11,649</b>	<b>22,615</b>	<b>10,966</b>	
<b>-1,542</b>	<b>-3,267</b>	<b>-2,537</b>	<b>-45,100</b>	<b>-164,713</b>	<b>-209,813</b>	



## E. Core Financial Statements

### E2 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 Statements.

2010/11	2011/12			
Net Expenditure Restated	Gross Expenditure Restated	Gross Income Restated	Net Expenditure Restated	
	£000s	£000s	£000s	
				<b>EXPENDITURE ON SERVICES</b>
1,775	19,444	-16,768	2,676	<b>Central services to the public</b>
8,881	8,398	-975	7,423	<b>Cultural, environmental and planning</b>
9,292	11,787	-4,431	7,356	Cultural and related services
4,741	7,692	-2,369	5,323	Environment and Regulatory Services
1,911	3,918	-4,026	-108	Planning Services
				<b>Highways, roads and transport</b>
				<b>Housing</b>
456	46,405	-45,962	443	Housing Revenue Account
151,457	0	0	0	Exceptional Item - change in valuation basis
0	192,920	0	192,920	Exceptional Item - HRA Reform Payment
6,242	81,374	-75,259	6,115	General Fund Housing
3,697	3,578	-48	3,530	<b>Corporate and democratic core</b>
-33	21	-70	-49	<b>Non distributed costs</b>
-29,209	0	0	0	Exceptional Item - Past Service Gain
<b>159,210</b>	<b>375,537</b>	<b>-149,908</b>	<b>225,629</b>	<b>Cost of Services</b>
603	7,394	-4,763	2,631	Other Operating Expenditure
4,555	15,740	-13,012	2,728	Financing and Investment Income and Expenditure
-35,809	143	-32,588	-32,445	Taxation and Non-Specific Grant Income
<b>128,559</b>			<b>198,543</b>	<b>(Surplus) or Deficit on Provision of Services</b>
7,913			-5,104	Surplus or deficit on revaluation of non current assets
0			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
-43,595			20,240	Actuarial gains / losses on pension assets / liabilities
<b>-35,682</b>			<b>15,136</b>	<b>Other Comprehensive Income and Expenditure</b>
<b>92,877</b>			<b>213,679</b>	<b>Total Comprehensive Income and Expenditure</b>

## E. Core Financial Statements

### E2 Comprehensive Income and Expenditure Statement

	2012/13			Note
	Gross Expenditure	Gross Income	Net Expenditure	
<b>EXPENDITURE ON SERVICES</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	
<b>Central services to the public</b>	19,171	-16,551	2,620	
<b>Cultural, environmental and planning</b>				
Cultural and related services	10,180	-886	9,294	
Environment and Regulatory Services	10,423	-3,919	6,504	
Planning Services	7,294	-3,231	4,063	
<b>Highways, roads and transport</b>	5,076	-3,493	1,583	
<b>Housing</b>				
Housing Revenue Account	58,345	-50,925	7,420	
Exceptional Item - change in valuation basis	0	0	0	
Exceptional Item - HRA Reform Payment	0	0	0	
General Fund Housing	84,474	-78,960	5,514	
<b>Corporate and democratic core</b>	3,272	-39	3,233	
<b>Non distributed costs</b>	368	-360	8	
Exceptional Item - Past Service Gain	0	0	0	
<b>Cost of Services</b>	<b>198,603</b>	<b>-158,364</b>	<b>40,239</b>	
Other Operating Expenditure	7,750	-5,327	2,423	10
Financing and Investment Income and Expenditure	20,611	-9,301	11,310	11
Taxation and Non-Specific Grant Income	1	-53,181	-53,180	12
<b>(Surplus) or Deficit on Provision of Services</b>			<b>792</b>	
Surplus or deficit on revaluation of non current assets			-1,855	
Impairment Losses on non-current assets charged to the revaluation reserve.			0	
Surplus or deficit on revaluation of available for sale financial assets			0	
Actuarial gains / losses on pension assets / liabilities			12,029	
<b>Other Comprehensive Income and Expenditure</b>			<b>10,174</b>	9
<b>Total Comprehensive Income and Expenditure</b>			<b>10,966</b>	

**E. Core Financial Statements**  
**E2 Comprehensive Income and Expenditure Statement**

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## E. Core Financial Statements

### E3 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'.

1st April 2011 Restated	31st March 2012 Restated		31st March 2013	Notes
£000s	£000s		£000s	
459,033	469,814	Property, Plant and Equipment	460,705	13
33,319	36,536	Heritage Assets	36,448	14
6,664	7,522	Investment Property	7,398	15
3,919	3,258	Intangible Assets	2,214	16
0	0	Assets Held for Sale	0	22
0	0	Long Term Investments	1,003	17
33	240	Long Term Debtors	163	17
<b>502,968</b>	<b>517,370</b>	<b>Long Term Assets</b>	<b>507,931</b>	
44,162	12,089	Short Term Investments	25,745	17g
892	869	Assets Held for Sale	1,144	22
502	420	Inventories	67	18
7,841	13,497	Short Term Debtors	17,023	20
34,633	25,205	Cash and Cash Equivalents	21,803	21,17g
<b>88,030</b>	<b>52,080</b>	<b>Current Assets</b>	<b>65,782</b>	
0	0	Cash and cash Equivalents	0	21
-191	-348	Short Term Borrowing	-299	17
-23,814	-12,521	Short Term Creditors	-14,018	23
-206	-384	Provisions	-318	24
<b>-24,211</b>	<b>-13,253</b>	<b>Current Liabilities</b>	<b>-14,635</b>	
-4,240	-3,825	Capital Grants Receipts in Advance	-5,279	17
-59	-52	Provisions	-205	24
-32,397	-216,092	Long Term Borrowing	-216,071	17
-95,633	-115,448	Other Long Term Liabilities	-127,710	41/45
<b>-132,329</b>	<b>-335,417</b>	<b>Long Term Liabilities</b>	<b>-349,265</b>	
<b>434,458</b>	<b>220,780</b>	<b>Net Assets</b>	<b>209,813</b>	
47,010	33,452	Usable Reserves	45,100	25
387,448	187,328	Unusable Reserves	164,713	26
<b>434,458</b>	<b>220,780</b>	<b>Total Reserves</b>	<b>209,813</b>	

The unaudited accounts were issued on 28th June 2013. The audited accounts were authorised for issue on XXth September 2013.

## **E. Core Financial Statements**

### **E3 Balance Sheet**

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## E. Core Financial Statements

### E4 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.

2011/12 £,000 Restated		2012/13 £,000	Notes
-198,543	Net Surplus or (deficit on the provision of services	-792	
17,877	Adjustment to surplus or deficit on the provision of services	38,947	
-7,217	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-28,660	
<b>-187,883</b>	<b>Net Cashflows from Operating Activities</b>	<b>9,495</b>	27, 28
9,709	Net Cashflows from Investing Activities	-18,616	29
168,747	Net Cashflows from Financing Activities	5,719	30
<b>-9,427</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-3,402</b>	
34,632	Cash and Cash Equivalents at the Beginning of the Reporting Period	25,205	
<b>25,205</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>21,803</b>	

## **E. Core Financial Statements**

### **E4 Cash Flow Statement**

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## F. Notes to the Core Financial Statements

### 1 Prior Year Adjustments

Accounting Policies in relation to component accounting have been revised. In relation to Council Dwellings, the following components are valued, enhanced and depreciated separately – Kitchen, Bathroom, Windows & Doors, Heating Systems and Lights & Electrics. No other components are material and are therefore treated as part of the building structure.

If the policy had been implemented in 2010/11 then the net book value of Council Dwellings by 31st March 2012 would have been £360.532m, compared to £373.257m as reported in the Statement of Accounts for 2011/12. This net decrease of £12.725m is a result of greater revaluation losses and increased depreciation charges under the revised policy.

The statements and supporting notes have been amended to reflect the restatement, the key effects of which are:

- At 1 April 2011 the carrying amount of Council Dwellings, part of Property, Plant and Equipment, has been reduced by £8.654m. This is offset by a reduction in the Capital Adjustment Account within Unusable Reserves.
- The fully restated 1 April 2011 Balance Sheet is provided on page 47. The adjustments that have been made to that Balance Sheet over the version published in the 2011/12 Statement of Accounts are as follows:

#### Effect on Balance Sheet 1 April 2011

	Opening Balances as at 1 April 2011 £'000	Restatement £'000	Restatement required to opening balances as at 1 April 2011 £'000
Property, Plant & Equipment	467,687	459,033	-8,654
Long-term Assets	511,622	502,968	-8,654
<b>Total Net Assets</b>	<b>443,112</b>	<b>434,458</b>	<b>-8,654</b>
Unusable Reserves	396,102	387,448	-8,654
<b>Net Worth/Total Reserves</b>	<b>443,112</b>	<b>434,458</b>	<b>-8,654</b>

#### Comprehensive Income and Expenditure Statement

The additional revaluation loss and depreciation charge results in an increase in HRA gross and net expenditure of £8.654m in 2010/11 and £4.071m in 2011/12. A restated statement is shown on page 44.



## F. Notes to the Core Financial Statements

### Movement in Reserves Statement - Unusable Reserves 2011/12

The restatement of the relevant lines of the Movement in Reserves Statement, as of 31 March 2012, as a result of the application of this new accounting policy is presented in the table below.

	<b>As previously Stated 31 March 2012 £'000</b>	<b>As Restated 31 March 2012 £'000</b>	<b>Restatement Required 2012 £'000</b>
<b>Balance as at the end of the previous reporting period - 31 March 2011</b>	<b>-396,102</b>	<b>-387,448</b>	<b>8,654</b>
Surplus or Deficit on the Provision of Services	0	0	0
Other Comprehensive Income & Expenditure	15,136	15,136	0
Adjustments between the accounting basis and the funding basis under regulations	180,913	184,984	4,071
<b>Increase/(decrease) in the year</b>	<b>196,049</b>	<b>200,120</b>	<b>4,071</b>
<b>Balance as at the end of the current reporting period - 31 March 2012</b>	<b>-200,053</b>	<b>-187,328</b>	<b>12,725</b>

There is an equal and opposite adjustment to Usable Reserves, as a result of an increase in the HRA deficit. A fully restated Movement in Reserves Statement is shown on page 41.

The resulting restated Balance Sheet for 31 March 2012 is provided on page 47. The adjustments that have been made to that Balance Sheet over the version published in the 2011/12 Statement of Accounts are as follows:

## F. Notes to the Core Financial Statements

### Effect on Balance Sheet 31 March 2012

	As previously Stated 31 March 2012 £'000	As Restated 31 March 2012 £'000	Restatement Required 2012 £'000
Property, Plant & Equipment	482,538	469,813	-12,725
Long-term Assets	530,094	517,369	-12,725
<b>Total Net Assets</b>	<b>233,504</b>	<b>220,779</b>	<b>-12,725</b>
Unusable Reserves	200,052	187,327	-12,725
<b>Net Worth/Total Reserves</b>	<b>233,504</b>	<b>220,779</b>	<b>-12,725</b>

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

IFRS7 requires the Authority to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that been issued, but is not yet required to be adopted by the Authority.

### **IAS 19 Employee Benefits**

The figures in the Comprehensive Income and Expenditure Statement and in note 44 to the accounts relating to pension transactions are based on the current version of IAS19. Changes to IAS19 come into effect for the financial year to 31st March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS8. There are new classes of components of defined benefit cost to be recognised in the financial statement relating to net interest on the defined benefit liability / asset and re-measurements of the net defined benefit liability / asset.

The effect of the change to IAS19 on the income statement to 31st March 2013 will be an increase of £988,000. This will be more fully disclosed in the accounts covering the financial year to 31st March 2014.

### **IFRS 13 - Fair Value Measurement**

The standard introduces the concept of a fair value hierarchy based on the inputs used to measure fair value. The hierarchy is: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs either directly (prices) or indirectly (derived from prices).

Level 3: Inputs that are not based on observable market data (unobservable inputs).

When inputs categorised in more than one level are used, the entire fair value measurement is classified in the same hierarchy level as the lowest level input that is significant to the entire measurement. The concept is intended to help increase consistency and comparability in fair value measurements and related disclosures.

## F. Notes to the Core Financial Statements

IFRS 13 enhances the disclosures about fair value measurements, including disclosure around the valuation method and inputs used and the information used to develop those inputs. Additional quantitative and descriptive disclosures are required where Level 3 unobservable inputs are used, with the intent of helping financial statement readers understand the sensitivity of the analysis to the key significant inputs.

The adoption of IFRS 13 for public sector circumstances will allow for a new definition of fair value called "public sector valuation". Fair value will not apply to:

Intangible Assets where no active market exists (carried at historical cost)

Heritage assets (held at valuation)

Community assets (held at valuation)

There will have to be a change in accounting policy in line with the adoption of IFRS 13.

### **Collection Fund**

As from 2013/14 there will be changes to the entries within the Council's Collection Fund account relating to changes that are required to account for the localisation of business rates. These changes include:

- Payments of non-domestic rates split between billing and precepting authorities and payments to central government;
- Business rate supplement changes;
- Impairments of non-domestic rates debts; and
- Movements and balances on the fund split between council tax, non-domestic rates, business rates supplements, and community charges.

These changes, along with the localisation of Council Tax Benefit, will change the balance of each transaction in the account. The account will, however, continue to be presented on the statutory basis with the agency nature of the account being accounted for in the Council's main accounts.

## **3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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In applying the accounting policies set out in Section D (above), the Authority has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.
- The state of the economy is very unpredictable at the present time. The Authority has based its assumptions about bad debt levels based on its current expectations about peoples' ability to pay.
- Valuations of Council Dwellings have been based on the latest Government guidance, and impairment has been recognised to reflect this. Local authority housing is facing significant financial reform in the coming years, however, there are no indications at present that the social housing valuation percentages for the local area will be changed again.
- 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.

## F. Notes to the Core Financial Statements

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.

The main areas where judgement and estimates are used are in accounting for fixed assets and provisions.

### 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 2013 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)	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 £403k for every year that useful lives had to be reduced.
Benefit Overpayments Provision	The Authority has made a provision of £4.11m 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 97.5% of the overall debt, any movement in the level of overpayments will have a corresponding, equivalent impact on the level of provision required.
Insurance Provision and Reserve	The Council has made a provision of £328k for actual insurance claims outstanding and reserves of £2.7m are 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.

## F. Notes to the Core Financial Statements

Pensions Liability	The Council has a liability for retirement benefits promised under the terms of the pension scheme of £127m. 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 effect would be: - <ul style="list-style-type: none"> <li>• 0.5% decrease in discount rate = £25.5m</li> <li>• 1 year increase in life expectancy = £8.6m</li> <li>• 0.5% salary increase = £5.2m</li> <li>• 0.5% increase in Pensions rate = £20m</li> </ul>
Arrears	The General Fund has provided for a bad debt provision of £467k. 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 £1.702m. Therefore any changes in the recovery of our debts will have a maximum impact of £1,082k.
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 and liabilities that have are carried at fair value based on a recently observed market price.

## F. Notes to the Core Financial Statements

### 5 MATERIAL ITEMS OF INCOME AND EXPENSE

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During the financial year 2012/13, the Council had four material items to disclose in the accounts which is not detailed elsewhere. The Council entered a contract from 4<sup>th</sup> June 2011 for the provision of Environmental Services (Waste Collection, Street Cleaning, Parks etc.). The contract payments in 2012/13 totalled £6.64m. The contract period is for a minimum of seven years.

Rent allowances for the year totalled £41.4m and rent rebates (combined total for General Fund and HRA) for the year were £31.7m.

In addition there was a grant for Decent Homes from the Homes and Communities Agency to the value of £16,945,000.

### 6 EVENTS AFTER THE BALANCE SHEET DATE

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The Statement of Accounts was authorised for issue by the Chief Finance Officer on the date shown in the Explanatory Foreword section B. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There has been a change to legislation around business rates which takes effect from 1 April 2013 in relation to the implementation of the local retention of business rates scheme.

Local authorities will assume the liability for refunding rate payers who have successfully appealed against the rateable value of their property on the rating list. This will include amounts that were paid over to central Government in respect of 2012/13 and prior years. Previously such amounts would not have been recognised as income by local authorities, but would have transferred to CLG.

When authorities assume these liabilities on 1 April 2013 a provision will need to be recognised. There is therefore a non adjusting post balance sheet event that gives this authority a liability of £155.8k from that date, being its share of the outstanding appeals risk.

## F. Notes to the Core Financial Statements

### 7 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.

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
<b>2011/12 - Restated</b>								
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the capital adjustment account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	-2,329	-51	0	-6,835	0	0	-9,215	9,215
Revaluation gains on PPE	1,341	5,695	0	0	0	0	7,036	-7,036
Revaluation losses on Property Plant and equipment	-2,995	-5,736	0	0	0	0	-8,731	8,731
Movements in the market value of Investment properties	652	0	0	0	0	0	652	-652
Amortisation of Intangible assets	-498	-411	0	0	0	0	-909	909
Capital Grants and contributions applied (if any)	3,061	0	0	0	0	0	3,061	-3,061
Income in relation to donated assets if any	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	-4,364	-192,920	0	0	0	0	-197,284	197,284
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	-2,168	-2,202	0	0	0	0	-4,370	4,370
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	446	0	0	0	0	0	446	-446
Capital expenditure charged against the General Fund and HRA balances	119	12,455	0	0	0	0	12,574	-12,574
Balance of MRA	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the capital adjustment account</b>	<b>-6,735</b>	<b>-183,170</b>	<b>0</b>	<b>-6,835</b>	<b>0</b>	<b>0</b>	<b>-196,740</b>	<b>196,740</b>

## F. Notes to the Core Financial Statements

<b>2011/12 - Restated</b>	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
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	392	0	0	0	0	-392	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	1,404	1,404	-1,404
<b>Total Adjustments primarily involving the Capital Grants Unapplied Account</b>	<b>392</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,012</b>	<b>1,404</b>	<b>-1,404</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,720	1,767	0	0	-3,487	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	4,978	0	4,978	-4,978
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-4	0	0	4	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-973	0	0	0	973	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	0	0	-46	0	-46	46
<b>Total Adjustments primarily involving the Capital Receipts Reserve</b>	<b>747</b>	<b>1,763</b>	<b>0</b>	<b>0</b>	<b>2,422</b>	<b>0</b>	<b>4,932</b>	<b>-4,932</b>
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>								
Transfer of deferred sale proceed credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	281	2	0	0	0	0	283	-283
<b>Total Adjustments primarily involving the Deferred Capital Receipts Reserve</b>	<b>281</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>283</b>	<b>-283</b>
<b>Adjustment primarily involving the Major Repairs Reserve:</b>								
Reversal of major Repairs Allowance credited to the HRA	0	1,326	0	-1,326	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	8,161	0	0	8,161	-8,161
<b>Total Adjustment primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>1,326</b>	<b>0</b>	<b>6,835</b>	<b>0</b>	<b>0</b>	<b>8,161</b>	<b>-8,161</b>



## F. Notes to the Core Financial Statements

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
<b>2011/12 - Restated</b>								
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b> 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	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	0	315	0	0	0	0	315	-315
<b>Adjustments primarily involving the Pensions Reserve:</b> Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement	-5,237	-1,699	0	0	0	0	-6,936	6,936
Employer's pensions contributions and direct payments to pensioners payable in the year	5,798	1,884	0	0	0	0	7,682	-7,682
<b>Total Adjustments primarily involving the Pensions Reserve</b>	<b>561</b>	<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>746</b>	<b>-746</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b> Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	0	0	0	0	0	0	0	0
<b>Adjustment primarily involving the Accumulated Absences Account:</b> 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	-7	-7	0	0	0	0	-14	14
<b>Total Adjustments</b>	<b>-4,761</b>	<b>-179,586</b>	<b>0</b>	<b>0</b>	<b>2,422</b>	<b>1,012</b>	<b>-180,913</b>	<b>180,913</b>

## F. Notes to the Core Financial Statements

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
2012/13	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the capital adjustment account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	-2,446	0	0	-7,819	0	0	-10,265	10,265
Revaluation gains on PPE	2,836	276	0	0	0	0	3,112	-3,112
Revaluation losses on Property Plant and equipment	-8,033	-24,919	0	0	0	0	-32,952	32,952
Movements in the market value of Investment properties	-46	0	0	0	0	0	-46	46
Amortisation of Intangible assets	-821	0	0	0	0	0	-821	821
Capital Grants and contributions applied (if any)	5,571	16,945	0	0	0	0	22,516	-22,516
Income in relation to donated assets if any	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	-2,759	0	0	0	0	0	-2,759	2,759
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	-1,326	-3,370	0	0	0	0	-4,696	4,696
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	903	0	0	0	0	0	903	-903
Capital expenditure charged against the General Fund and HRA balances	301	0	0	0	0	0	301	-301
Balance of MRA	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the capital adjustment account</b>	<b>-5,820</b>	<b>-11,068</b>	<b>0</b>	<b>-7,819</b>	<b>0</b>	<b>0</b>	<b>-24,707</b>	<b>24,707</b>
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,913	0	0	0	0	-1,913	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	69	69	-69
<b>Total Adjustments primarily involving the Capital Grants Unapplied Account</b>	<b>1,913</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>-1,844</b>	<b>69</b>	<b>-69</b>

## F. Notes to the Core Financial Statements

<b>2012/13</b>	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
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,636	2,670	0	0	-4,306	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	2,334	0	2,334	-2,334
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-73	0	0	73	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-755	0	0	0	755	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0		0	0	-56	0	-56	56
<b>Total Adjustments primarily involving the Capital Receipts Reserve</b>	<b>881</b>	<b>2,597</b>	<b>0</b>	<b>0</b>	<b>-1,200</b>	<b>0</b>	<b>2,278</b>	<b>-2,278</b>
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>								
Transfer of deferred sale proceed credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the Deferred Capital Receipts Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustment primarily involving the Major Repairs Reserve:</b>								
Reversal of major Repairs Allowance credited to the HRA	0	3,624	0	-3,624	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	9,901	0	0	9,901	-9,901
<b>Total Adjustment primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>3,624</b>	<b>0</b>	<b>6,277</b>	<b>0</b>	<b>0</b>	<b>9,901</b>	<b>-9,901</b>
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>								
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	0	302	0	0	0	0	302	-302

## F. Notes to the Core Financial Statements

<b>2012/13</b>	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
<b>Adjustments primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement	-6,211	-2,091	0	0	0	0	-8,302	8,302
Employer's pensions contributions and direct payments to pensioners payable in the year	5,940	2,000	0	0	0	0	7,940	-7,940
<b>Total Adjustments primarily involving the Pensions Reserve</b>	<b>-271</b>	<b>-91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-362</b>	<b>362</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>								
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	33	0	0	0	0	0	33	-33
<b>Adjustment primarily involving the Accumulated Absences Account:</b>								
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	41	4	0	0	0	0	45	-45
<b>Total Adjustments</b>	<b>-3,223</b>	<b>-4,632</b>	<b>0</b>	<b>-1,542</b>	<b>-1,200</b>	<b>-1,844</b>	<b>-12,441</b>	<b>12,441</b>

## F. Notes to the Core Financial Statements

### 8 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 2012/13.

	Balance at 31st March 2011	Additions to Reserve 2011/12	Use Of Reserve 2011/12	Balance at 31st March 2012	Additions to Reserve 2012/13	Use Of Reserve 2012/13	Balance at 31st March 2013
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>General Fund</b>							
Insurance	2,302	87	-246	2,143	390	-90	2,443
Subsidy Equalisation	500	0	0	500	62	0	562
Core Business Systems	299	0	-45	254	0	-20	234
Building Maintenance	329	0	-20	309	0	-75	234
Supporting Business and Economic Growth	386	119	-222	283	0	-58	225
Change and Performance	860	24	-66	818	0	-116	702
Debt Financing	377	0	0	377	109	-1	485
Rent Deposit Scheme	100	60	0	160	0	0	160
Leasing	7	0	0	7	0	0	7
Carbon Management	123	46	0	169	15	-89	95
General	7,230	995	-2,380	5,845	935	-1,204	5,576
Revenue Grants	3,477	1,986	-661	4,802	2,124	-1,479	5,447
Arts	19	0	0	19	0	0	19
Delapre Abbey	0	525	-3	522	390	-29	883
<b>Total General Fund</b>	<b>16,009</b>	<b>3,842</b>	<b>-3,643</b>	<b>16,208</b>	<b>4,025</b>	<b>-3,161</b>	<b>17,072</b>
<b>HRA</b>							
HRA Reserves	13,860	2,208	-13,287	2,781	6,013	0	8,794
Supporting People Reserve	558	0	0	558	0	0	558
HRA Reform Reserve	2,000	0	0	2,000	0	-667	1,333
Leaseholders Reserve	0	0	0	0	168	0	168
Insurance Reserve	0	0	0	0	300	0	300
Service Improvement Reserve	801	347	-148	1,000	670	-274	1,396
Project Reserve	20	0	-20	0	0	0	0
<b>Total HRA</b>	<b>17,239</b>	<b>2,555</b>	<b>-13,455</b>	<b>6,339</b>	<b>7,151</b>	<b>-941</b>	<b>12,549</b>
<b>Total Earmarked</b>	<b>33,248</b>	<b>6,397</b>	<b>-17,098</b>	<b>22,547</b>	<b>11,176</b>	<b>-4,102</b>	<b>29,621</b>

#### Insurance Reserve

Surpluses or deficits required in the insurance provision are charged or credited back to individual services. Claims paid that are not recognised in the provision are funded from this reserve. Any changes required to the Insurance Reserve will be debited or credited to the MIRS.

## **F. Notes to the Core Financial Statements**

### Subsidy Equalisation Reserve

Subsidy claims are very much reliant upon regulations issued by the grant paying bodies. These can change in-year and so the net cost of benefit payments and subsidy claims from the Government can be extremely volatile. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Core Business Systems Reserve

The Core Business Systems Reserve will be used to improve the main financial and subsidiary financial systems of the Council to streamline administrative processes and improve the quality of information and controls. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Building Maintenance Reserve

This reserve consists of balances set aside from revenue to finance any major unanticipated maintenance projects. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Supporting Business and Economic Growth Reserve

This reserve has been set up to finance corporate initiatives to support business and economic growth in the local area. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Change and Performance Reserve

This reserve will continue to support strategic business reviews and other service reviews that will improve the performance of the Council. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Debt Financing Reserve

This reserve has been set up to mitigate the additional market risks inherent in treasury management transactions during this period of world-wide economic uncertainty. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Rent Deposit Scheme

The rent deposit scheme reserve supports part of the Council's anti-homelessness policies. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Leasing

The leasing reserve is used to equalise the impact of lease agreements to revenue over the life of the lease. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Carbon Management

This reserve is used to hold funding for carbon management initiatives and includes funds the Council has saved from operating such initiatives and also the balance of funding received from Salix (which is an independent social enterprise, a not for profit company limited by guarantee), which must be used specifically for this purpose. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

## F. Notes to the Core Financial Statements

### General Reserve

The General Reserve allows the Council to commit funding to individual projects which may spread across more than one year. This reserve is also used for any contingency sums set aside during budget setting to mitigate risks within the budget. It also holds General Fund grants pending matching expenditure. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Revenue Grants

This reserve is for revenue grants where all the grant conditions have been met. These will be drawn down and matched to relevant expenditure when it is incurred.

### Arts Reserve

This is used to finance the purchase of exhibits for the Museum and Art Gallery. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### 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. Any changes required to these Reserves will be debited or credited to the Movement in Reserves Statement.

## 9 OTHER COMPREHENSIVE EXPENDITURE AND INCOME

2010/11 £,000	2011/12 £,000		2012/13 £,000
		<b>Revaluation Reserve</b>	
-3,930	-5,081	General Fund Revaluation Gains	-5,401
668	991	General Fund Revaluation Losses	5,544
0	20	General Fund Impairment	18
-1,511	-1,105	HRA Revaluation Gains	-2,243
12,686	71	HRA Revaluation Losses	227
<b>7,913</b>	<b>-5,104</b>	<b>Total</b>	<b>-1,855</b>
		<b>Actuarial Gains and Losses to the Pensions Reserve</b>	
<b>-43,595</b>	<b>20,240</b>		<b>12,029</b>
<b>-35,682</b>	<b>15,136</b>	<b>Other Comprehensive Expenditure and Income</b>	<b>10,174</b>

## F. Notes to the Core Financial Statements

### 10 OTHER OPERATING EXPENDITURE

2010/11	2011/12		2012/13
£000s	£000s		£000s
926	942	Parish council precepts	976
-20	-20	Levies	-20
1,231	973	Payments to the Government Housing capital Receipts Pool	755
48	132	Trading	248
-1,581	604	Gains/Losses on the disposal of non-current assets	464
<b>604</b>	<b>2,631</b>	<b>Total</b>	<b>2,423</b>

### 11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2010/11	2011/12		2012/13
£000s	£000s		£000s
1,792	1,625	Interest payable and similar charges	7,659
5,181	3,267	Pensions interest cost and expected return on pensions assets	4,438
-1,876	-812	Interest receivable and similar charges	-834
-541	-1352	Income and expenditure in relation to investment properties and changes in their fair value	47
<b>4,556</b>	<b>2,728</b>	<b>Total</b>	<b>11,310</b>

### 12 TAXATION AND NON SPECIFIC GRANT INCOME

2010/11	2011/12		2012/13
£000s	£000s		£000s
-14,954	-14,966	Council tax income	-15,092
-931	-1932	Capital grants and contributions	-6,200
-2,401	-3,355	Revenue Support Grant	-253
-16,535	-10,852	Non domestic rates	-13,042
-989	-1,340	Non-ring fenced government grants	-18,593
<b>-35,810</b>	<b>-32,445</b>	<b>Total</b>	<b>-53,180</b>



## F. Notes to the Core Financial Statements

### 13 PROPERTY, PLANT AND EQUIPMENT

#### a) Movements

<b>Movements in 2011/12 Restated</b>	<b>Council Dwellings</b>	<b>Housing Land and Buildings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>
	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>				
At 1st April 2011	359,188	17,736	83,251	10,477
Additions	21,156	28	3,590	940
Donations	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-64	388	-313	-188
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-10,402	3	-5,547	-699
Derecognition – disposals	-1,835	0	-154	-4,268
Derecognition – other	0	-225	0	0
Assets reclassified (to) / from Held for sale	0	0	-150	0
Other movements in cost or valuation	0	0	1,278	55
<b>At 31 March 2012</b>	<b>368,044</b>	<b>17,930</b>	<b>81,955</b>	<b>6,317</b>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2011	-7,321	-322	-6,621	-6,563
Depreciation Charge	-7,545	-320	-1,799	-438
Depreciation written out to the revaluation reserve	2	158	1,196	275
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,323	8	4,314	278
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	-20	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	-51	-11	0
Derecognition – Disposals	28	0	22	3,576
Derecognition – other	0	8	0	0
Other Movements	0	0	3	-3
<b>At 31 March 2012</b>	<b>-7,513</b>	<b>-519</b>	<b>-2,916</b>	<b>-2,875</b>
<b>Net Book Value</b>				
<b>At 31 March 2011</b>	<b>351,868</b>	<b>17,414</b>	<b>76,630</b>	<b>3,914</b>
<b>At 31 March 2012</b>	<b>360,531</b>	<b>17,411</b>	<b>79,039</b>	<b>3,442</b>

## F. Notes to the Core Financial Statements

Infra- structure Assets	Community Assets	Surplus Assets	Assets Under Construct -ion	Total Property, Plant and Equipment
£000s	£000s	£000s	£000s	£000s
1,402	5,134	1,390	1,614	<b>480,192</b>
0	419	0	2,130	<b>28,263</b>
0	0	0	0	<b>0</b>
0	0	-65	0	<b>-242</b>
0	0	1	0	<b>-16,644</b>
0	0	0	0	<b>-6,257</b>
0	0	0	0	<b>-225</b>
0	0	-735	0	<b>-885</b>
0	3	0	-1,614	<b>-278</b>
<b>1,402</b>	<b>5,556</b>	<b>591</b>	<b>2,130</b>	<b>483,925</b>
-238	-4	-91	0	<b>-21,160</b>
-16	-5	-20	0	<b>-10,143</b>
0	0	87	0	<b>1,718</b>
0	0	0	0	<b>11,923</b>
0	0	0	0	<b>-20</b>
0	0	0	0	<b>-62</b>
0	0	0	0	<b>3,626</b>
0	0	0	0	<b>8</b>
0	0	0	0	<b>0</b>
<b>-254</b>	<b>-9</b>	<b>-24</b>	<b>0</b>	<b>-14,110</b>
<b>1,164</b>	<b>5,130</b>	<b>1,299</b>	<b>1,614</b>	<b>459,033</b>
<b>1,148</b>	<b>5,547</b>	<b>567</b>	<b>2,130</b>	<b>469,814</b>

## F. Notes to the Core Financial Statements

Movements in 2012/13	Council Dwellings	Housing Land and Buildings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment
	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>				
At 1st April 2012	368,044	17,930	81,955	6,317
Additions	27,430	0	4,258	408
Donations	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-6,088	488	-547	-1,998
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-24,774	2	-6,270	-1,222
Derecognition – disposals	-1,720	-108	-1,098	-562
Derecognition – other	-1,629	-5	-10	-33
Assets reclassified (to) / from Held for sale	0	0	-250	0
Other movements in cost or valuation	0	0	2,057	5
<b>At 31 March 2013</b>	<b>361,263</b>	<b>18,307</b>	<b>80,095</b>	<b>2,915</b>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2012	-7,513	-519	-2,916	-2,875
Depreciation Charge	-7,813	-315	-1,464	-832
Depreciation written out to the revaluation reserve	7,390	225	316	2,126
Depreciation written out to the Surplus/Deficit on the Provision of Services	122	8	1,683	572
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	-18	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	-17	0
Derecognition – Disposals	29	2	0	545
Derecognition – other	78	0	1	21
Other Movements	0	0	0	0
<b>At 31 March 2013</b>	<b>-7,707</b>	<b>-599</b>	<b>-2,415</b>	<b>-443</b>
<b>Net Book Value</b>				
<b>At 31 March 2012</b>	<b>360,531</b>	<b>17,411</b>	<b>79,039</b>	<b>3,442</b>
<b>At 31 March 2013</b>	<b>353,556</b>	<b>17,708</b>	<b>77,680</b>	<b>2,472</b>

## F. Notes to the Core Financial Statements

Infra- structure Assets	Community Assets	Surplus Assets	Assets Under Construct- ion	Total Property, Plant and Equipment
£000s	£000s	£000s	£000s	£000s
1,402	5,555	591	2,130	<b>483,924</b>
309	126	0	1,789	<b>34,320</b>
0	0	0	0	<b>0</b>
0	0	-161	0	<b>-8,306</b>
0	0	0	0	<b>-32,264</b>
0	0	0	0	<b>-3,488</b>
0	0	-55	0	<b>-1,732</b>
0	0	-79	0	<b>-329</b>
422	-356	70	-2,130	<b>68</b>
<b>2,133</b>	<b>5,325</b>	<b>366</b>	<b>1,789</b>	<b>472,193</b>
-254	-9	-24	0	<b>-14,110</b>
-44	-12	-5	0	<b>-10,485</b>
0	0	22	0	<b>10,079</b>
0	0	0	0	<b>2,385</b>
0	0	0	0	<b>-18</b>
0	0	0	0	<b>-17</b>
0	0	0	0	<b>576</b>
0	0	2	0	<b>102</b>
-4	4	0	0	<b>0</b>
<b>-302</b>	<b>-17</b>	<b>-5</b>	<b>0</b>	<b>-11,488</b>
<b>1,148</b>	<b>5,546</b>	<b>567</b>	<b>2,130</b>	<b>469,814</b>
<b>1,831</b>	<b>5,308</b>	<b>361</b>	<b>1,789</b>	<b>460,705</b>

The table for 2011/12 in note 13a) above includes several assets valued at depreciated replacement cost (DRC). In common with some other local authorities, the Royal Institute of Chartered Surveyors (RICS) methodology for calculating DRC has been used. This requires financing costs to be incorporated into the calculation, while the CIPFA Code of Practice on Local Authority Accounting methodology for calculating DRC requires financing costs to be excluded. The total value of property plant and equipment is therefore over stated by £1.447m, relating to the financing costs included in the RICS methodology. The CIPFA Code of Practice methodology has been adopted from 2012/13.

## F. Notes to the Core Financial Statements

### b) Depreciation

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

### c) Capital Commitments

At 31 March 2013, the Authority has a number of committed contracts for the construction or enhancement of Property, Plant, and Equipment in 2013/14 and future years budgeted to cost £6,181k. Similar commitments at 31 March 2012 were £1,925k. The major commitments are:

Contract	Contractor	2013/14	2014/15	2015/16	Basis of Commitment
		£000s	£000s	£000s	
Complete Roofs	Oakleaf/Warkton	397	0	0	Roofing works on Housing properties
Bus Interchange	Keir Construction	5,784	0	0	Construction works
<b>Total</b>		<b>6,181</b>	<b>0</b>	<b>0</b>	

### d) 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. All valuations were carried out internally. 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 significant assumptions applied in estimating the fair 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

## F. Notes to the Core Financial Statements

	<b>Council Dwellings</b>	<b>Other HRA Land and Build.</b>	<b>Other Land and Build.</b>	<b>Vehicles, Plant, Furniture and Equip.</b>	<b>Surplus Assets</b>	<b>Total</b>
	£000s	£000s	£000s	£000s	£000s	£000s
Valued at fair value in						
2012/13	333,833	12,061	56,988	2,501	0	405,383
2011/12	0	0	540	0	0	540
2010/11	0	6,143	4,455	0	295	10,893
2009/10	0	32	6,832	0	0	6,864
2008/09	0	71	4,963	0	0	5,034
Previous Years	0	0	0	0	0	0
<b>Total</b>	<b>333,833</b>	<b>18,307</b>	<b>73,778</b>	<b>2,501</b>	<b>295</b>	<b>428,714</b>

## F. Notes to the Core Financial Statements

### f) Information on Assets Held

31/03/2012 Restated		31/03/2013
<b>Number</b>	<b>Operational Assets</b>	<b>Number</b>
12,102	<b>Council Dwellings</b>	12,047
	<b>Other Land and Buildings</b>	
	Council Houses not used as dwellings -	
27	Community Rooms	27
89	Shared Ownership Properties	88
3,150	Council Garages	3,132
16	Other Housing Properties	21
66	Operational Shops	66
62.88ha	Allotments	62.88ha
5	Sports & Leisure Centres	7
26	Community Centres	25
1	Museums, Art Galleries	1
1	Open Markets	1
13	Public Conveniences	13
5	Multi-Storey Pay & Display Car Parks	5
3	Local Area Offices	2
3	Central Administrative Offices	3
1	Gypsy Site	1
1	Bus Station	1
19	Surface Pay & Display Car Parks	18
6	Pavilions	7
1	Depots	1
13	Sub-Depots	14
73	<b>Infrastructure</b>	80
186	<b>Vehicles, Plant, Furniture and Equipment</b>	166
	<b>Community Assets</b>	
887.45ha	Parks and Open Spaces	887.45ha
1	Guildhall	1
1	Historical Buildings	1
2	Monuments/Memorials/Exhibitions	2
8	Cemeteries	8
	<b>Heritage Assets</b>	
37	Buildings & Statuary	37
163	Museum Exhibits	163
123	Guildhall Contents	123
15	Mayoral Regalia	15
	<b>Non-operational Assets</b>	
290	Commercial Property (Units)	290
65.97ha	Agricultural Land	65.97ha
1	Golf Course	1
1	Theatres	1
1	Indoor Market/Arts Venue	0
54	<b>Intangible Assets</b>	54

## F. Notes to the Core Financial Statements

### g) Donated Assets

The Council did not take on any material new donated assets in 2011/12 or 2012/13.

## 14 HERITAGE ASSETS

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Reconciliation of the heritage assets held by the Authority:

	Historic Building and Statuary	Museum Exhibits	Mayoral Regalia	Guildhall Artefacts	Total Heritage Assets
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
1 April 2011	1,717	29,655	48	1,932	33,352
Additions	112	0	0	0	112
Disposals	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,097	0	0	0	3,097
Revaluation increases/(decreases) recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2012</b>	<b>4,926</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,561</b>
<b>Depreciation and Impairment</b>					
1 April 2011	-33	0	0	0	-33
Depreciation	-53	0	0	0	-53
Disposals	0	0	0	0	0
Depreciation written out to the revaluation reserve	61	0	0	0	62
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2012</b>	<b>-25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-25</b>
<b>Net Book Value</b>					
at 31 March 2011	1,684	29,655	48	1,932	33,319
at 31 March 2012	4,901	29,655	48	1,932	36,536



## F. Notes to the Core Financial Statements

	Historic Buildings Statuary	Museum Exhibits	Mayoral Regalia	Guildhall Artefacts	Total Heritage Assets
	£,000	£000	£,000	£,000	£,000
<b>Cost or Valuation</b>					
1 April 2012	4,926	29,655	48	1,932	36,561
Additions	1	0	0	0	1
Disposals	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0
Revaluation increases/(decreases) recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2013</b>	<b>4,927</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,562</b>
<b>Depreciation and Impairment</b>					
1 April 2012	-25	0	0	0	-25
Depreciation	-89	0	0	0	-89
Disposals		0	0	0	0
Depreciation written out to the revaluation reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2013</b>	<b>-114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-114</b>
<b>Net Book Value</b>					
at 31 March 2012	4,901	29,655	48	1,932	36,536
<b>at 31 March 2013</b>	<b>4,813</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,448</b>

### 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.

## F. Notes to the Core Financial Statements

### 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.

### Enhancements of Heritage Assets

Enhancements on Heritage Assets reflect improvement works undertaken at Delapre Abbey and at Abington Park Museum.

### Disposals

There were no disposals of Heritage Assets in 2012/13

## 15. 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:

2011/12		2012/13
£000s		£000s
-892	Rental income from investment property	-580
19	Direct operating expenses arising from investment property	74
<b>-873</b>	<b>Net (gain) / loss</b>	<b>-506</b>

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:

2011/12		2012/13
£000s		£000s
6,664	<b>Balance at start of the year</b>	7,521
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
	Transfers:	
0	to/from Inventories	0
206	to/from Property, Plant and Equipment	-70
651	Net Gains / Losses from fair value adjustments	-54
<b>7,521</b>	<b>Balance at end of year</b>	<b>7,397</b>

## F. Notes to the Core Financial Statements

### 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.

- a) All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

	Internally Generated Assets	Other Assets
	£000s	£000s
3 Years	0	1,907
5 Years	0	168
10 Years	0	138
<b>Total</b>	<b>0</b>	<b>2,214</b>

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1,240k charged to revenue in 2012/13 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.

## F. Notes to the Core Financial Statements

### b) Movements

2011/12				2012/13		
Internally Generated Assets	Other Assets	Total		Internally Generated Assets	Other Assets	Total
£000s	£000s	£000s		£000s	£000s	£000s
			<b>Balance at start of year</b>			
0	5,271	5,271	Gross carrying amounts	0	5,179	5,179
0	-1,351	-1,351	Accumulated amortisation	0	-1,921	-1,921
<b>0</b>	<b>3,920</b>	<b>3,920</b>	<b>Net carrying amount at start of year</b>	<b>0</b>	<b>3,258</b>	<b>3,258</b>
0	298	298	Purchases	0	195	195
0	73	73	Changes in Asset class - Gross value	0	2	2
0	0	0	Changes in Asset class - Amortisation	0	0	0
0	-463	-463	Disposals - Gross value	0	0	0
0	340	340	Disposals - Amortisation	0	0	0
0	-909	-909	Amortisation for the Period	0	-1,241	-1,241
<b>0</b>	<b>3,259</b>	<b>3,920</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>2,214</b>	<b>2,214</b>
			Comprising:			
0	5,179	5,179	Gross carrying amounts	0	5,376	5,376
0	-1,920	-1,920	Accumulated Amortisation	0	-3,162	-3,162
<b>0</b>	<b>3,259</b>	<b>3,259</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>2,214</b>	<b>2,214</b>

- c) There is one item of capitalised software that is individually significant to the financial statements:

31 March 2012		31 March 2013	Remaining Amortisation Period
£000s		£000s	
1,575	IBS - Housing Management System	1,196	5 Years

## F. Notes to the Core Financial Statements

### 17. FINANCIAL INSTRUMENTS

#### a) Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2012	31 March 2013	31 March 2012	31 March 2013
	£000s	£000s	£000s	£000s
<b>Investments</b>				
Loans and receivables	0	1,003	37,293	47,548
<b>Total Investments</b>	<b>0</b>	<b>1,003</b>	<b>37,293</b>	<b>47,548</b>
<b>Debtors</b>				
Loans and receivables	240	163	6,345	13,627
<b>Total Debtors</b>	<b>240</b>	<b>163</b>	<b>6,345</b>	<b>13,627</b>
<b>Borrowings</b>				
Financial Liabilities at amortised cost	-216,092	-216,072	-348	-299
Financial liabilities at fair value through profit and loss	0	0	0	0
<b>Total Borrowings</b>	<b>-216,092</b>	<b>-216,072</b>	<b>-348</b>	<b>-299</b>
<b>Other Long Term Liabilities</b>				
PFI and finance leases	-418	-289	0	0
<b>Total Other long term liabilities</b>	<b>-418</b>	<b>-289</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>				
Financial Liabilities at amortised cost	-3,825	-5,279	-12,581	-12,175
<b>Total Creditors</b>	<b>-3,825</b>	<b>-5,279</b>	<b>-12,581</b>	<b>-12,175</b>

#### b) Reclassifications

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

## F. Notes to the Core Financial Statements

### c) Income, Expense, Gains, and Losses

2011/12				2012/13		
Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total		Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total
£000s	£000s	£000s		£000s	£000s	£000s
-1,625	0	-1,625	Interest expenditure	-7,659	0	-7,659
0	-508	-508	Impairment losses	0	-589	-589
-1,625	-508	-2,133	<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	-7,659	-589	-8,248
0	812	812	Interest income	0	833	833
0	812	812	<b>Total Income in Surplus or Deficit on the Provision of Services</b>	0	833	833
<b>-1,625</b>	<b>304</b>	<b>-1,321</b>	<b>Net gain/(loss) for the year</b>	<b>-7,659</b>	<b>244</b>	<b>-7,415</b>

The Authority did not have any Financial Assets available for sale or Assets and Liabilities at Fair Value through profit and loss for either 2011/12 or 2012/13.

### d) Fair Values of Assets and Liabilities

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

- Estimated ranges of interest and discount rates at 31 March 2013:
  - 1.15% to 4.03% for loans from the PWLB based on new lending rates for equivalent loans at that date;
  - 1.00% to 4.11% for other loans payable, based on discount rates applying at that date;
  - 0.35% to 0.76% for loans receivable, based on new lending rates for equivalent loans at that date;
- no early repayment or impairment is recognised;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2012		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Financial Liabilities	-12,929	-12,929	-12,474	-12,474
Long Term Creditors	-220,335	-196,414	-221,639	-209,646

## F. Notes to the Core Financial Statements

The fair value of liabilities at 31 March 2012 and at 31 March 2013 is lower than the carrying amount at the same date because the Authority's portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2012 and 31 March 2013 respectively) arising from a commitment to pay interest to lenders below current market rates.

	31 March 2012		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Loans and Receivables	43,638	43,707	62,178	62,306
Long Term Debtors	240	240	163	163

The fair value of the assets at 31 March 2012 and 31 March 2013 is higher than the carrying amount at the same date because the Authority's portfolio of investments includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2012 and 31 March 2013 respectively) attributable to the commitment to receive interest above current market rates.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

### e) Short Term Borrowing

31 March 2012	Short Term Borrowing	31 March 2013
£000s		£000s
90	Billing Parish Council 7 day notice account	90
239	Northampton Volunteer Bureau 7 day notice account	189
19	HCA principal due within 1 year	20
<b>348</b>		<b>299</b>

## F. Notes to the Core Financial Statements

### f) Long Term Borrowing

31 March 2012	Long Term Borrowing	31 March 2013
£000s		£000s
	Analysis of loans by type	
190,113	Public Works Loan Board	190,113
24,788	Money Market LOBOs	24,788
1,191	Homes and Communities Agency	1,170
<b>216,092</b>		<b>216,071</b>
	Analysis of loans by maturity	
20	Maturing in 1-2 years	15,743
23,824	Maturing in 2-5 years	10,129
12,194	Maturing in 5-10 years	15,194
180,054	Maturing in over 10 years	175,005
<b>216,092</b>		<b>216,071</b>

### g) Investments

31/03/2012	Investment Type	31/03/2013
£,000		£,000
	<b>Included in Cash and Cash Equivalents</b>	
10,141	Deposit and Call Accounts	17,071
3,930	Money Market Funds	2,620
11,000	Fixed Term Investments	0
<b>25,071</b>		<b>19,691</b>
	<b>Current Investments - Under 1 Year</b>	
0	Building Society Investments < 1 Year	5,505
12,089	Bank Investments < 1 Year	20,240
0	Local Authorities < 1 Year	0
0	Other Investments < 1 Year	0
<b>12,089</b>		<b>25,745</b>
	<b>Long Term Investments - Over 1 Year</b>	
0	Long Term Investments - Fixed Term	1,003
<b>0</b>		<b>1,003</b>
<b>37,160</b>	<b>Total</b>	<b>46,439</b>



## F. Notes to the Core Financial Statements

### 18. INVENTORIES

	Westbridge Depot Main Stores	Sub Stores	Other Stores	Total
	£000s	£000s	£000s	£000s
<b>2011/12</b>				
Balance outstanding at start of year	268	63	171	502
Purchases	1,034	8	163	1,205
Revaluations	0	0	11	11
Recognised as an expense in the year	-878	-54	-147	-1,079
Written off balances	-171	0	-18	-189
Reversals of write-offs in previous years	0	0	0	0
Reclassification / Transfers	0	0	-30	-30
<b>Balance outstanding at year end</b>	<b>253</b>	<b>17</b>	<b>150</b>	<b>420</b>
<b>2012/13</b>				
Balance outstanding at start of year	253	17	150	420
Purchases	737	0	149	886
Revaluations	0	0	1	1
Recognised as an expense in the year	-797	0	-187	-984
Written off balances	-193	0	-22	-215
Reversals of write-offs in previous years	0	0	0	0
Reclassification / Transfers	0	-17	-25	-42
<b>Balance outstanding at year end</b>	<b>0</b>	<b>0</b>	<b>66</b>	<b>66</b>

### 19. CONSTRUCTION CONTRACTS

In 2012/13, the Council did not have any external construction contracts in progress.

## F. Notes to the Core Financial Statements

### 20. DEBTORS

1 April 2011 £,000	31 March 2012 £,000		31 March 2013 £,000
5,675	11,911	Central Government Bodies	16,041
-1,227	-1,728	Less Impairment Allowance	-1,497
<b>4,448</b>	<b>10,183</b>	<b>Central Government Bodies</b>	<b>14,544</b>
2,071	827	Other Local Authorities	648
-448	-120	Less Impairment Allowance	-79
<b>1,623</b>	<b>707</b>	<b>Other Local Authorities</b>	<b>569</b>
52	0	NHS Bodies	59
-11	0	Less Impairment Allowance	-11
<b>41</b>	<b>0</b>	<b>NHS Bodies</b>	<b>48</b>
1,560	2,718	Public Corporations and Trading Funds	748
-337	-394	Less Impairment Allowance	-310
<b>1,223</b>	<b>2,324</b>	<b>Public Corporations and Trading Funds</b>	<b>438</b>
6,366	5,945	Other entities and Individuals	7,087
-5,860	-5,661	Less Impairment Allowance	-5,664
<b>506</b>	<b>284</b>	<b>Other entities and Individuals</b>	<b>1,423</b>
<b>7,841</b>	<b>13,498</b>	<b>Total</b>	<b>17,022</b>

### 21. CASH AND CASH EQUIVALENTS

31/03/2012		31/03/2013
£000s		£000s
11	Cash held by the Authority	12
0	Bank current accounts - Giro Account	0
<b>11</b>	<b>Total Cash and Giro Accounts</b>	<b>12</b>
<b>123</b>	<b>Overdraft/Operating Account used as part of cash management</b>	<b>2,099</b>
10,141	Deposit Account Facilities with banks	17,071
0	Deposit Account Facilities with building societies	0
3,930	Deposits with money market funds	2,620
11,000	Short Term Investments (up to 3 months) with banks	0
0	Short Term Investments (up to 3 months) with building societies	0
<b>25,071</b>	<b>Total Cash Equivalents</b>	<b>19,691</b>
<b>25,205</b>	<b>Total Cash and Cash Equivalents</b>	<b>21,802</b>

## F. Notes to the Core Financial Statements

### 22. ASSETS HELD FOR SALE

	Current		Non Current	
	2011/12	2012/13	2011/12	2012/13
	£000s	£000s	£000s	£000s
<b>Balance outstanding at start of year</b>	893	869	0	0
Assets newly classified as held for sale:				
Property Plant and Equipment	885	428	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Revaluation losses	-85	0	0	0
Revaluation gains	574	0	0	0
Impairment losses	0	0	0	0
Assets declassified as held for sale:		0		
Property, Plant and Equipment	0	0	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Assets sold	-1398	-153	0	0
Transfers from non-current to current	0	0	0	0
Other movements	0	0	0	0
<b>Balance outstanding at year end</b>	<b>869</b>	<b>1,144</b>	<b>0</b>	<b>0</b>

### 23. CREDITORS

31/03/2012		31/03/2013
£000s		£000s
1,591	Central Government Bodies	891
1,636	Other Local Authorities	3,259
13	NHS Bodies	42
7,242	Public Corporations and Trading Funds	7,542
2,039	Other Entities and Individuals	2,285
<b>12,521</b>	<b>Total Creditors</b>	<b>14,018</b>

## F. Notes to the Core Financial Statements

### 24. PROVISIONS

#### Long Term Provisions

	Insurance Provision	Other Provisions	Total
	£000s	£000s	£000s
<b>Balance at 1 April 2012</b>	-47	-5	-52
Additional provisions made	-178	0	-178
Amounts used	21	0	21
Unused amounts reversed	4	0	4
Unwinding of discounts	0	0	0
<b>Balance at 31 March 2013</b>	<b>-200</b>	<b>-5</b>	<b>-205</b>

#### Short Term Provisions

	Insurance Provision	Accumulated Absences	Other Provisions	Total
	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2012</b>	-181	-203	0	-384
Additional provisions made	-115	-159	0	-274
Amounts used	103	204	0	307
Unused amounts reversed	34	0	0	34
Unwinding of discounts	0	0	0	0
<b>Balance at 31 March 2013</b>	<b>-159</b>	<b>-158</b>	<b>0</b>	<b>-317</b>

#### 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 31<sup>st</sup> March 2013; an actuarial forecast of future valid claims made against 2012/13 and before is held in the Insurance Reserve.

#### b) Other

The balance of £5k on Long Term Provisions represents a small provision in respect of the Rent Assistance and Rent Guarantee Schemes.

The balance of £158k on Short Term Provisions represents a provision for payments for leave time owed to staff at 31<sup>st</sup> March; there is unlikely to be a claim for this so this is represented as a provision rather than a charge to the accounts.

## F. Notes to the Core Financial Statements

### 25. USABLE RESERVES

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Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 6 and further detail about earmarked reserves is shown in Note 7.

### 26. UNUSABLE RESERVES

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a) Balances

31/03/2012 Restated		31/03/2013
£000s		£000s
-49,477	Revaluation Reserve	-50,714
343	Financial Instruments Adjustment Account Available for Sale Financial Instruments Reserve	41
0		0
-253,157	Capital Adjustment Account	-241,373
-270	Deferred Capital Receipts Reserve	-214
115,030	Pensions Reserve	127,421
0	Collection Fund Adjustment Account	-33
0	Unequal Pay Back Pay Account	0
204	Short Term Compensated Absences Account	159
<b>-187,327</b>		<b>-164,713</b>

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.

## F. Notes to the Core Financial Statements

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.

General Fund	Housing Revenue Account	2011/12		General Fund	Housing Revenue Account	2012/13
£000s	£000s	£000s		£000s	£000s	£000s
<b>-42,494</b>	<b>-3,552</b>	<b>-46,046</b>	<b>Balance at 1 April</b>	<b>-45,071</b>	<b>-4,407</b>	<b>-49,478</b>
-5,081	-1,105	-6,186	Upward Revaluation of assets	-5,401	-2,243	-7,644
1,011	71	1,082	Downward Revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	5,563	226	5,789
<b>-4,070</b>	<b>-1,034</b>	<b>-5,104</b>	<b>Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>162</b>	<b>-2,017</b>	<b>-1,855</b>
582	102	684	Difference between fair value depreciation and historical cost depreciation	213	276	489
911	77	989	Accumulated gains on assets sold or scrapped	21	109	130
<b>1,493</b>	<b>179</b>	<b>1,673</b>	<b>Amounts written off to the Capital Adjustment Account</b>	<b>234</b>	<b>385</b>	<b>619</b>
<b>-45,071</b>	<b>-4,407</b>	<b>-49,478</b>	<b>Balance at 31 March</b>	<b>-44,675</b>	<b>-6,039</b>	<b>-50,714</b>

### 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.

2011/12		2012/13
£000s		£000s
658	Balance as at 1 April	343
-315	Transitional Arrangements - Unattached Premia	-302
<b>343</b>	<b>Balance as at 31 March</b>	<b>41</b>

## F. Notes to the Core Financial Statements

### 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.

The Council currently holds no equity investments, other quoted investments, or other financial assets classified as available for sale.

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

## F. Notes to the Core Financial Statements

General Fund	HRA Restated	2011/12 Restated		General Fund	HRA	2012/13
£000s	£000s	£000s		£000s	£000s	£000s
-64,705	-373,045	-437,750	Balance at 1 April	-65,072	-188,085	-253,157
			Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
			- Charges for depreciation and impairment of non current assets	2,446	7,818	10,264
2,329	7,929	10,258	- Revaluation losses on Property, Plant and Equipment	8,033	24,919	32,952
2,995	8,763	11,758	- Revaluation gains on Property, Plant and Equipment	-2,836	-276	-3,112
-1,341	-5,695	-7,036	- Amortisation of intangible assets	821	0	821
498	411	909	- Revenue expenditure funded from capital under statute	2,759	0	2,759
4,364	192,920	197,284	- 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	1,326	3,371	4,697
2,168	2,202	4,370				
<b>11,013</b>	<b>206,530</b>	<b>217,543</b>		<b>12,549</b>	<b>35,832</b>	<b>48,381</b>
-1,360	-314	-1,674	Adjusting amounts written out of the Revaluation Reserve	-234	-385	-619
<b>9,653</b>	<b>206,216</b>	<b>215,869</b>	<b>Net written out amount of the cost of the Revaluation Reserve</b>	<b>12,315</b>	<b>35,447</b>	<b>47,762</b>
			Capital financing applied in the year:			
-4,280	-698	-4,978	- Use of the Capital Receipts Reserve to Finance new capital expenditure	-1,734	-600	-2,334
0	-8,161	-8,161	- Use of the Major Repairs Reserve to finance new capital expenditure	0	-9,901	-9,901
			- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital expenditure	-5,571	-16,945	-22,516
-3,061	0	-3,061	- Application of grants to capital financing from the Capital Grants Unapplied Account	-69	0	-69
-1,462	58	-1,404	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	-903	0	-903
-446	0	-446	- Capital expenditure charged against the General Fund and HRA balances	-301	0	-301
-119	-12455	-12,574				
<b>-9,368</b>	<b>-21,256</b>	<b>-30,624</b>		<b>-8,578</b>	<b>-27,446</b>	<b>-36,024</b>
-652	0	-652	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	46	0	46
0	0	0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0	0
<b>-65,072</b>	<b>-188,085</b>	<b>-253,157</b>	<b>Balance at 31 March</b>	<b>-61,289</b>	<b>-180,084</b>	<b>-241,373</b>



## F. Notes to the Core Financial Statements

### 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.

2011/12		2012/13
£000s		£000s
-35	Balance as at 1 April	-270
-281	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
46	Transfer to the Capital Receipts Reserve upon receipt of cash	57
<b>-270</b>	<b>Balance as at 31 March</b>	<b>-213</b>

### 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 benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay 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.

2011/12		2012/13
£000s		£000s
95,536	Balance as at 1 April	115,030
20,240	Actuarial gains or losses on pension assets and liabilities	12,029
6,927	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	8,302
-7,968	Employer's pensions contributions and direct payments to pensioners payable in the year	-7,939
295	Pensions Correction	-1
<b>115,030</b>	<b>Balance as at 31 March</b>	<b>127,421</b>

## F. Notes to the Core Financial Statements

### h) Collection Fund Adjustment Account

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

2011/12		2012/13
£000s		£000s
0	Balance as at 1 April	0
0	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	-33
<b>0</b>	<b>Balance as at 31 March</b>	<b>-33</b>

### 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 such time as 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 is neutralised by transfers to or from the Account.

2011/12		2012/13
£000s		£000s
190	Balance as at 1 April	204
14	Movements in year	-45
<b>204</b>	<b>Balance as at 31 March</b>	<b>159</b>

## F. Notes to the Core Financial Statements

### 27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12		2012/13
£'000		£'000
<b>(198,543)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(792)</b>
	<b><u>Adjust net surplus or deficit on the provision of services for non cash movements</u></b>	
13,285	Depreciation	10,263
1,695	Impairment and downward valuations	29,840
909	Amortisation	821
0	Adjustments for effective interest rates	0
53	Increase/Decrease in Interest Creditors	0
4,020	Increase/Decrease in Creditors	673
90	Increase/Decrease in Interest and Dividend Debtors	(159)
(5,400)	Increase/Decrease in Debtors	(8,036)
82	Increase/Decrease in Inventories	353
(746)	Pension Liability	362
170	Contributions to/(from) Provisions	87
4,370	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	4,697
0	Issuing of Council Mortgages relating to deferred capital receipts	0
0	Carrying amount of short and long term investments sold	0
(651)	Movement in Investment Property Values	46
<b>(180,666)</b>	<b>Adjusted net surplus or deficit on the provision of services for non cash movements</b>	<b>38,155</b>
	<b><u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u></b>	
(3,453)	Capital Grants credited to surplus or deficit on the provision of services	(24,429)
0	Proceeds from the sale of short and long term investments	0
(3,764)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(4,231)
<b>(7,217)</b>	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	<b>(28,660)</b>
<b>(187,883)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>9,495</b>

## F. Notes to the Core Financial Statements

### 28. CASH FLOW STATEMENT - OPERATING ACTIVITIES (INTEREST)

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2011/12		2012/13
£'000		£'000
902	Interest Received	675
(1,572)	Interest Paid	(7,659)
0	Dividends Received	0
<b>(670)</b>	<b>Total</b>	<b>(6,984)</b>

### 29. CASH FLOW STATEMENT - INVESTING ACTIVITIES

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2011/12		2012/13
£'000		£'000
(28,265)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(34,516)
(29,000)	Purchase of short and long term investments	(31,500)
(274)	Other payments for investing activities	0
1,809	Proceeds from the sale of property plant and equipment, investment property and intangible assets	2,653
61,005	Proceeds from short-term and long-term investments	17,000
4,434	Other Receipts from Investing Activities	27,747
<b>9,709</b>	<b>Total Cash Flows from Investing Activities</b>	<b>(18,616)</b>

## F. Notes to the Core Financial Statements

### 30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2011/12		2012/13
£'000		£'000
184,230	Cash receipts of short and long term borrowing	70
(15,021)	Billing Authorities - Council Tax and NNDR adjustments	5,927
(92)	Repayment of Short-Term and Long-Term Borrowing	(139)
(370)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(139)
<b>168,747</b>	<b>Total Cash Flows from Financing Activities</b>	<b>5,719</b>

## F. Notes to the Core Financial Statements

### 31. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

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

The income and expenditure of the Authority's directorates recorded in the budget reports for the year is as follows:

## F. Notes to the Core Financial Statements

### a) Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2011/12

	Customers & Communities	Resources	Regeneration, Enterprise, and Planning	Borough Secretary
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-12,184	-2,596	-3,795	-460
Government Grants	-61	-85,277	0	0
<b>Total Income</b>	<b>-12,245</b>	<b>-87,873</b>	<b>-3,795</b>	<b>-460</b>
Employee Expenses	8,808	11,258	3,498	1,920
Other Service Expenses	19,776	87,158	2,629	812
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>28,584</b>	<b>98,416</b>	<b>6,127</b>	<b>2,732</b>
<b>Total</b>	<b>16,339</b>	<b>10,543</b>	<b>2,332</b>	<b>2,272</b>

### Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2012/13

	Customers & Communities	Resources	Regeneration, Enterprise, and Planning	Borough Secretary
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-10,879	-2,570	-4,118	-689
Government Grants	-65	-89,284	0	0
<b>Total Income</b>	<b>-10,944</b>	<b>-91,854</b>	<b>-4,118</b>	<b>-689</b>
Employee Expenses	6,864	11,330	3,548	1,763
Other Service Expenses	19,280	90,877	3,378	885
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>26,144</b>	<b>102,207</b>	<b>6,926</b>	<b>2,648</b>
<b>Total</b>	<b>15,200</b>	<b>10,353</b>	<b>2,808</b>	<b>1,959</b>

## F. Notes to the Core Financial Statements

### a) Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2011/12 ctd.

	Housing General Fund	General Fund Total	HRA	Total
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-3,545	-22,580	-48,002	-70,582
Government Grants	-61	-85,399	0	-85,399
<b>Total Income</b>	<b>-3,606</b>	<b>-107,979</b>	<b>-48,002</b>	<b>-155,981</b>
Employee Expenses	2,652	28,136	9,861	37,997
Other Service Expenses	1,263	111,638	23,364	135,002
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>3,915</b>	<b>139,774</b>	<b>33,225</b>	<b>172,999</b>
<b>Total</b>	<b>309</b>	<b>31,795</b>	<b>-14,777</b>	<b>17,018</b>

### Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2012/13 ctd.

	Housing General Fund	General Fund Total	HRA	Total
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-2,547	-20,803	-51,325	-72,128
Government Grants	-297	-89,646	0	-89,646
<b>Total Income</b>	<b>-2,844</b>	<b>-110,449</b>	<b>-51,325</b>	<b>-161,774</b>
Employee Expenses	2,569	26,074	10,581	36,655
Other Service Expenses	1,345	115,765	10,936	126,701
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>3,914</b>	<b>141,839</b>	<b>21,517</b>	<b>163,356</b>
<b>Total</b>	<b>1,070</b>	<b>31,390</b>	<b>-29,808</b>	<b>1,582</b>

### b) Reconciliation of Income and Expenditure Reported in Budget Reports to Cost of Services in the Comprehensive Income and Expenditure Statement

	2011/12 £,000	2012/13 £,000
Net expenditure in the Directorate Analysis	17,018	1,582
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	207,391	38,951
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	1,220	-294
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>225,629</b>	<b>40,239</b>



## F. Notes to the Core Financial Statements

### c) Reconciliation to Subjective Analysis

	2011/12 - Restated			
	Customers and Communities	Resources	Regeneration, Enterprise and Planning	Borough Secretary
	£000s	£000s	£000s	£000s
Fees, charges and other service income	-12,589	-2,596	-4,301	-460
Interest and investment income	0	0	0	0
Income from Council Tax	0	0	0	0
Government grants and contributions	-61	-85,277	0	0
Employee expenses	9,162	7,534	3,657	2,003
Other service expenses	19,843	87,552	2,636	814
Support service recharges	-287	-4,037	-76	-690
Depreciation, amortisation and impairment	2,891	1,118	-238	18
Interest payments	0	0	0	0
Pensions interest cost and expected return on pensions assets	0	0	0	0
Precepts and levies	0	0	0	0
Payments to Housing Capital Receipts Pool	0	0	0	0
Gain or loss on disposal of non-current assets	293	-34	-96	0
<b>Surplus or deficit on the provision of services</b>	<b>19,252</b>	<b>4,260</b>	<b>1,582</b>	<b>1,685</b>

	2012/13			
	Customers and Communities	Resources	Regeneration, Enterprise and Planning	Borough Secretary
	£000s	£000s	£000s	£000s
Fees, charges and other service income	-10,879	-2,279	-4,376	-689
Interest and investment income	0	0	0	0
Income from Council Tax	0	0	0	0
Government grants and contributions	-65	-89,284	0	0
Employee expenses	7,158	7,304	3,727	1,827
Other service expenses	19,304	90,894	3,476	889
Support service recharges	-2,144	-3,244	33	-312
Depreciation, amortisation and impairment	6,433	631	1,103	19
Interest payments	0	0	0	0
Pensions interest cost and expected return on pensions assets	0	0	0	0
Precepts and levies	0	0	0	0
Payments to Housing Capital Receipts Pool	0	0	0	0
Gain or loss on disposal of non-current assets	-264	12	-41	0
<b>Surplus or deficit on the provision of services</b>	<b>19,543</b>	<b>4,034</b>	<b>3,922</b>	<b>1,734</b>

## F. Notes to the Core Financial Statements

	2011/12 - Restated				
	Housing General Fund	HRA	Debt Financing	Other (Below the line)	Total
	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	-4,156	-48,002	0	-204	-72,308
Interest and investment income	0	-222	-590	0	-812
Income from Council Tax	0	0	0	-14,966	-14,966
Government grants and contributions	-61	0	0	-17,274	-102,673
Employee expenses	2,761	8,881	0	0	33,998
Other service expenses	1,274	23,364	0	0	135,483
Support service recharges	4,571	197,712	0	0	197,193
Depreciation, amortisation and impairment	41	11,407	0	0	15,237
Interest payments	0	70	1,555	0	1,625
Pensions interest cost and expected return on pensions assets	0	801	0	2,466	3,267
Precepts and levies	0	0	0	922	922
Payments to Housing Capital Receipts Pool	0	0	0	973	973
Gain or loss on disposal of non-current assets	4	437	0	0	604
<b>Surplus or deficit on the provision of services</b>	<b>4,438</b>	<b>194,448</b>	<b>965</b>	<b>-28,083</b>	<b>198,543</b>

	2012/13				
	Director of Housing	HRA	Debt Financing	Other (Below the line)	Total
	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	-3,749	-51,325	0	-6,160	-79,457
Interest and investment income	0	6,353	-532	0	5,821
Income from Council Tax	0	0	0	-15,092	-15,092
Government grants and contributions	-297	-16,945	0	-14,982	-121,573
Employee expenses	2,678	9,551	0	0	32,245
Other service expenses	1,371	10,935	0	0	126,869
Support service recharges	3,253	5,012	0	0	2,598
Depreciation, amortisation and impairment	324	33,254	0	0	41,764
Interest payments	0	-304	1,308	0	1,004
Pensions interest cost and expected return on pensions assets	0	1,118	0	3,320	4,438
Precepts and levies	0	0	0	956	956
Payments to Housing Capital Receipts Pool	0	0	0	755	755
Gain or loss on disposal of non-current assets	-17	774	0	0	464
<b>Surplus or deficit on the provision of services</b>	<b>3,563</b>	<b>-1,577</b>	<b>776</b>	<b>-31,203</b>	<b>792</b>

## F. Notes to the Core Financial Statements

### 32. TRADING ACCOUNTS

The Authority has established 2 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Authority or other organisations. Details of these units are as follows:

2010/11 Net	2011/12 Net		2012/13 Income	2012/13 Exp.	2012/13 Net
£000s	£000s		£000s	£000s	£000s
-514	-1,611	Property Management	-1,709	1,978	269
21	11	Construction Services	0	0	0
<b>-493</b>	<b>-1,600</b>	<b>Total Surplus\Deficit</b>	<b>-1,709</b>	<b>1,978</b>	<b>269</b>

Property Management - Relates to the property costs of Industrial Units, Investment Property and Other Properties that the Council rents out.

Construction Services - This was previously the provision of a Highways Repairs service. This loss making service ceased in 2008/09 however there were residual Service charges and Capital costs which have reduced over time and are now complete.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Authority's services to the public (e.g. markets), whilst others may be support services to the Authority's services to the public. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure:

2010/11 Net	2011/12 Net		2012/13 Income	2012/13 Exp.	2012/13 Net
£000s	£000s		£000s	£000s	£000s
4	1	Trade Refuse	0	0	0
729	817	Markets	-531	699	168
<b>733</b>	<b>818</b>	<b>Total Surplus\Deficit</b>	<b>-531</b>	<b>699</b>	<b>168</b>

Trade Refuse - This service previously provided a waste collection service to local companies. The service has now ceased but there were still minor residual costs in 2011/12.

Markets - This service maintains and manages the Northampton market square.

## F. Notes to the Core Financial Statements

### 33. AGENCY SERVICES

An Agency agreement with the County Council commenced on 1<sup>st</sup> July 2003 which allows the Council to undertake a much smaller range of functions than under the previous Highways Agency Agreement.

2011/12		2012/13
£000s		£000s
271	Administration costs and ancillary services	262
-187	Income including transfer fees from NCC	-187
<b>84</b>	<b>Net surplus / deficit arising on the agency agreement</b>	<b>75</b>

### 34. POOLED BUDGETS

The Council has entered into a pooled budget arrangement with its partners, led by Northamptonshire County Council, to work together to increase the joint working they undertake to improve the well being of children and young people in their area and to better deliver the "Every Child Matters" agenda. In 2012/13 the Borough's contribution to the pooled budget was £11k (£10k in 2011/12).

The contributions were agreed to be in the following proportions for 2012/13: -

Northamptonshire County Council	56%
PCT	31%
District / Borough Councils in Northamptonshire (Total)	11%
Police Authority	2%

The contributions are subject to change as per the agreement.

2011/12		2012/13
£000s		£000s
-256	<b>Balance Brought Forward</b>	-244
	Funding Provided to the Pool	
-11	Northampton BC	-11
-573	The Partners	-537
<b>-584</b>		<b>-548</b>
<b>596</b>	<b>Expenditure Met from the Pool</b>	<b>501</b>
<b>-244</b>	<b>Balance Carried Forward</b>	<b>-291</b>

## F. Notes to the Core Financial Statements

### 35. MEMBERS' ALLOWANCES

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

<b>2011/12</b>		<b>2012/13</b>
£000s		£000s
	<b>Expenditure</b>	
26	Mayor/Deputy Mayor Allowance	27
399	Members' Allowances	400
3	Expenses	1
<b>428</b>	<b>Total</b>	<b>428</b>

## F. Notes to the Core Financial Statements

### 36. OFFICERS' REMUNERATION

#### a) Senior Officers

Job Title	Year	Note	Salary (inc Fees and Allowances)	Compensation for loss of Office	Benefits in Kind (Car Allowance)	Total Remuneration excl Pension	Pension Contributions	Total Remuneration including Pension
			£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive	2012/13		138	0	1	139	18	157
	2011/12		138	0	1	139	18	157
Borough Secretary	2012/13	7	78	0	1	79	10	89
	2011/12		70	0	1	71	9	80
Director of Customers and Communities	2012/13	7	111	0	1	112	15	127
	2011/12		111	0	1	112	15	127
Director of Resources	2012/13	7	108	0	1	109	14	123
	2011/12		105	0	1	106	14	120
Director of Housing	2012/13		108	0	1	109	14	123
	2011/12		105	0	1	106	14	120
Director of Regeneration, Enterprise and Planning	2012/13	1 & 7	51	0	0	51	7	58
Head of Partnership Support	2012/13	2, 6, & 7	42	39	1	82	6	88
	2011/12		63	0	1	64	9	73
Head of Customer and Cultural Services	2012/13	7	69	0	1	70	9	79
	2011/12		67	0	1	68	9	77
Head of Strategic Housing	2012/13	7	83	0	0	83	11	94
	2011/12		80	0	0	80	11	91
Head of Business Change	2012/13	7	85	0	1	86	11	97
	2011/12		83	0	1	84	11	95
Head of Joint Planning Unit	2012/13		67	0	1	68	9	77
	2011/12		65	0	1	66	9	75
Head of Planning	2012/13		85	0	1	86	11	97
	2011/12		85	0	1	86	11	97
Head of Policy and Community Engagement	2012/13	3	16	28	0	44	0	44
	2011/12		62	0	1	63	8	71
Head of Communities and Environment	2012/13	4	60	0	1	61	8	69
	2011/12		56	0	1	57	7	64
Head of Regeneration and Development	2012/13		71	0	1	72	9	81
	2011/12		71	0	1	72	9	81
Head of Finance and Resources	2012/13	8	65	0	1	66	9	75
Head of Revenues and Benefits	2011/12		59	0	1	60	8	68
Total	2012/13	5	1,237	67	13	1,317	161	1,478
	2011/12		1,220	0	14	1,234	162	1,396

## F. Notes to the Core Financial Statements

### Notes re 2012/13

1. Director of Regeneration, Enterprise & Planning started 1 October 2012 – Annualised salary £102k.
2. Head of Partnership Support – Redundancy – Left 31 January 2013 – Annualised salary £69k.
3. Head of Policy & Community Engagement – Redundancy – Left 9 April 2012 – Annualised salary £61k.
4. Change of Title from Head of Public Protection to Head of Communities & Environment
5. Head of Landlord Services vacant post - Annualised Salary £83k. Post is awaiting permanent recruitment and is currently being covered on an interim basis.

### Notes re 2011/12

6. Maternity leave – Annualised salary £69k.
7. In March 2012 there was a senior management restructure with the effect that there were changes to the following roles:

Borough Solicitor	Became	Borough Secretary
Director of Environment & Culture	Became	Director of Customers & Communities
Director of Finance & Support	Became	Director of Resources
Director of Local Strategic Partnership	Became	Head of Partnership Support
Director of Planning & Regeneration	Became	Director of Regeneration, Enterprise & Planning
Head of Customer Services & ICT	Became	Head of Customer & Cultural Services
Head of Housing Needs & Support	Became	Head of Strategic Housing
Head of Human Resources	Became	Head of Business Change

8. The roles of Head of Finance and Head of Revenues and Benefits were deleted as part of the restructure in March 2012 and replaced with a single role of Head of Finance and Resources.

## F. Notes to the Core Financial Statements

### b) Officers paid over £50,000

The Council is required, under the Accounts and Audit Regulations 2011 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 and includes the posts in the table at 36a above:

2011/12 No. of Employees	Remuneration Band	2012/13 No. of Employees
9	£50,000 - £54,999	7
3	£55,000 - £59,999	1
3	£60,000 - £64,999	4
3	£65,000 - £69,999	2
2	£70,000 - £74,999	2
0	£75,000 - £79,999	1
2	£80,000 - £84,999	2
1	£85,000 - £89,999	2
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
2	£105,000 - £109,999	2
2	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	0
1	£135,000 - £139,999	1

### c) Exit Packages

(a) Exit Package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other agreed departures		(d) Total Number of exit packages by cost band (b + c)		(e) Total cost of exit packages in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12 £'000	2012/13 £'000
£0 - £20,000	14	8	5	4	19	12	£154	£82
£20,001 - £40,000	2	2	0	1	2	3	£42	£88
£40,001 - £60,000	3	0	1	1	4	1	£186	£53
£60,001 - £80,000	1	0	0	0	1	0	£75	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0



## F. Notes to the Core Financial Statements

The total cost in the table above includes £223k for exit packages that have been agreed, accrued for, and charged to the Authority's Comprehensive Income and Expenditure Statement in the current year and £457k for 2011/12.

### 37. 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:

2011/12		2012/13
£000s		£000s
164	Fees payable with regard to external audit services carried out by the appointed auditor (Section 5 Audit Commission Act 1998)	97
0	Fees payable in respect of statutory inspection (Section 10 Local Government Act 1999)	0
33	Fees payable for the certification of Grant Claims and Returns (Section 28 Audit Commission Act 1998)	46
1	Fees payable in respect of other services provided by the appointed auditor	1
<b>198</b>		<b>144</b>

The Council's appointed auditor for the 2011/12 Statement of Accounts audits was the Audit Commission, and for the 2012/13 Statement of Accounts it is KPMG.

## F. Notes to the Core Financial Statements

### 38. GRANT INCOME

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

2011/12		2012/13
£000s		£000s
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
-3,354	Revenue Support Grant	-209
-10,852	NNDR from Pool	-13,042
-558	Other Grants individually less than £100,000	-400
0	Decent Homes Grant	-16,945
0	St Crispins S106	-125
0	South Meadow Road S106	-506
0	Former Rylands School s106	-206
-351	Council Tax freeze grant	-352
-989	New Homes Bonus	-1,259
-266	Housing and Planning Delivery Grant	0
-1,000	West Northants Development Corporation	-5,000
-109	Northants Improvement and Efficiency Partnership	0
<b>-17,479</b>	<b>Total</b>	<b>-38,044</b>
	<b>Credited to Services</b>	
-170	Additional Housing Admin. Grant	-156
-15,014	Council Tax Benefit Subsidy	-14,990
-818	Rent Rebate Subsidy Limitation Claim	0
-187	Northampton County Council Contribution for Grass Cutting	-187
-184	Homelessness Admin Grant	0
-1,662	Housing Benefit Admin. Grant	-1,578
-27,928	HRA Rent Rebates Grant	-30,275
-269	Non HRA Rent Rebates	-386
0	Northampton Area Procurement Service Contributions	0
-1,568	Northamptonshire County Council Recycling Credits	-1,584
0	Recruitment Portal project	0
-39,312	Rent Allowance Grant	-41,127
-23	Section 106 Contributions	-92
-16	Shared Customer Contact Centre	0
-125	Home Choice funding	-187
0	Single Persons Discount	0
-568	Joint Planning Unit Contribution	-598
-140	Supporting People	-126
-495	NCC Food Caddies	0
-132	Housing and Planning Delivery Grant	-195
-721	Other Grants Individually Less Than £100,000	-1,364
<b>-89,332</b>	<b>Total</b>	<b>-92,845</b>

## F. Notes to the Core Financial Statements

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

2011/12		2012/13
£000s		£000s
	<b>Capital Grants Receipts in Advance</b>	
916	S 106 - St Crispins Hospital Site	861
373	S 106 - Pineham	0
0	English Heritage Grant	149
0	Other Grants/Contributions Individually Less Than £100,000	262
<b>1,289</b>	<b>Total</b>	<b>1,272</b>
	<b>Revenue Grants Receipts in Advance:</b>	
135	Grants/Contributions Individually Less Than £100,000	4
<b>135</b>	<b>Total</b>	<b>4</b>
	<b>Donated Assets Account:</b>	
0	Grants/Contributions Individually Less Than £100,000	0
<b>1,424</b>	<b>Grand Total</b>	<b>1,276</b>

## F. Notes to the Core Financial Statements

### Long-Term Liabilities

2011/12		2012/13
£000s		£000s
	<b>Capital Grants Receipts in Advance:</b>	
439	S 106 - St Crispins Hospital Site	308
68	S 106 Pineham	873
873	S 106 - SW Country Park - Swan Valley	442
442	S 106 - Land at Upton SWD Ph1 re Country Park	113
0	S106 - Sainsburys Sixfields	548
0	S106 - Land at Booth Rise	236
0	S106 - British Timken	115
0	S106 - Banbury Lane	307
229	Other Grants/Contributions Individually Less Than £100,000	608
<b>2,051</b>	<b>Total</b>	<b>3,550</b>
	<b>Revenue Grants Receipts in Advance:</b>	
1,438	S 106 - St Crispins Hospital Site	1,489
125	S 106 - CCTV-Southern Development Link road	0
85	S 106 - CCTV-Harvey Reeves Road	155
125	Other Grants/Contributions Individually Less Than £100,000	84
<b>1,773</b>	<b>Total</b>	<b>1,728</b>
	<b>Donated Assets Account:</b>	
0	<b>Total</b>	0
<b>3,824</b>	<b>Grand Total</b>	<b>5,278</b>

### 39. 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.

*The UK 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).

*Members* of the Council have direct control over the Council's financial and operating policies. During 2012/13 expenditure to the value of £4.996m ( £3.289m 2011/12) was paid to parties where members had an interest or where they serve as a nominated representative on outside bodies and income to the value of £2.835 (£4.207m in 2011/12) was receivable from these bodies. Contracts were entered into in full compliance with the Council's standing orders. All transactions are recorded in the Register of Members' Interest, open to public inspection at The Guildhall, Northampton.

## F. Notes to the Core Financial Statements

There have been changes to the organisations that Councillors are involved with and overall an increase in the values between 2011/12 and 2012/13. The increases are mainly due to including the paying over the Bid values for the Brackmills and the Town Centre whose organisations now have Members on their boards. Additionally there has been an increase in relation to the West Northamptonshire Development Corporation (WNDC) due to the various Regeneration projects.

The Council approved grant funding (£1.762m) to a number of organisations, some of which have representatives of the Council as members and these are detailed in the Register of Members' Interests. The values involved are not considered by the Council to be material but it is supposed would cause the organisations in question considerable hardship if withdrawn.

Grants paid to outside bodies where a member has an involvement with the organisation:

	<b>2012/13 Payments £</b>
Citizens Advice Bureau	80,250
Welfare Rights Advice Service (Community Law)	65,250
Northants Racial Equality Council	19,750
Northampton Theatres Trust	543,208
Northampton Twining Association	700
<b>Total</b>	<b>709,158</b>

## F. Notes to the Core Financial Statements

### Other Grants Paid to Outside Bodies:

*Only values paid over £5k are individually listed.*

	2012/13 £
Relate Marriage Guidance	12,000
Home-Start Northampton	18,750
Northants Society for Autism	5,750
Dostiyo Asian Womens Group	8,250
Doddridge Community Care	17,250
Door To Door Service	73,000
Soup Kitchen	18,750
Tools for Self Reliance	7,500
Volunteer Bureau	126,750
Manna House	8,750
Shopmobility	24,875
Northampton Rape Crisis Centre	30,750
Nene Valley Christian Refuge	8,125
Age Concern	71,625
Northampton Womens Aid	38,250
Bellinge Community House	18,000
Families In Partnership	8,875
Crime to Christ Charitable	11,250
Sunflower Centre	10,000
Experts By Experience	7,250
Arts Development NBC	25,000
General All Community Centres	95,000
Northampton Association for single homeless	37,500
River Nene Regional Park	5,000
Nightsafe - Building Safer Communities	5,922
Stand Up Schools Programme	15,000
Other small grants	31,832
<b>Total</b>	<b>741,004</b>

## F. Notes to the Core Financial Statements

### Grants to Community Centres Participating in the Community Asset Transfer Scheme

The Council paid a number of transition grants to local groups taking on the operation of their local community centres in 2012/13.

	2012/13 £
Abington Community Centre	18,800
Bellinge Community Centre	11,261
Briar Hill Community Centre	13,512
Far Cotton Resource Centre	6,475
Duston Community Centre	10,200
Kingsthorpe Community Centre	9,889
Rectory Farm Community Centre	13,611
Spencer/Dallington Community Centre	15,600
Standens Barn Community Centre	25,458
St James Community Centre	14,295
Semilong Community Centre	16,744
Kings Heath Community Centre	23,300
Camp Hill Community Centre	12,200
Vernon Terrace Community Centre	9,889
Alliston Gardens Community Facility	19,583
The Pastures Spring Park	24,900
<b>Total</b>	<b>245,717</b>

### Councillor Community Enabling Fund Grants paid to outside bodies where a Member has an involvement with the organisation.

A new scheme was implemented in 2012/13 to enhance the Community Leadership role of elected members. This provides up to £3,000 for each member to use on appropriate expenditure in their local communities.

	2012/13 Payments £
Brookside Community Trust	1,500
Northampton Leisure Trust	2,150
Camrose Community Toy Library	1,500
Cedar Road Primary School	292
Duston Parish Council	800
Friends of Eastfield Park	200
Wootton and East Hunsbury PC	869
<b>Total</b>	<b>7,311</b>

In addition Community Enabling Grants totalling £59k were paid to external organisations where there is no member involvement in the recipient organisation.

## F. Notes to the Core Financial Statements

### 40. 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 historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

<b>Total 2011/12</b>		<b>Total 2012/13</b>
£000s		£000s
<b>20,106</b>	<b>Opening Capital Financing Requirement</b>	<b>215,440</b>
	<b>Capital Investment</b>	
28,263	Property, Plant and Equipment	34,320
112	Heritage Assets	1
0	Investment Properties	0
298	Intangible Assets	195
197,284	Revenue Expenditure Funded from Capital under Statute	2,759
<b>225,957</b>		<b>37,275</b>
	<b>Sources of Finance</b>	
-4,978	Capital Receipts	-2,334
0	Sums Set aside from Capital Receipts	0
-12,626	Government Grants and Other Contributions	-32,486
-446	Sums Set aside from Revenue	-903
-12,573	Direct Revenue Contributions	-301
		-76
<b>-30,623</b>		<b>-36,100</b>
<b>215,440</b>	<b>Closing Capital Financing Requirement</b>	<b>216,615</b>



## F. Notes to the Core Financial Statements

Total 2011/12		Total 2012/13
£000s		£000s
<b>20,106</b>	<b>Opening Capital Financing Requirement</b>	<b>215,440</b>
0	Increase in underlying need to borrow (supported by government financial assistance)	0
195,389	Increase in underlying need to borrow (unsupported by government financial assistance)	1,175
454	Assets acquired under finance lease	0
-509	Assets derecognised as finance leases	0
<b>195,334</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>1,175</b>
<b>215,440</b>	<b>Closing Capital Financing Requirement</b>	<b>216,615</b>

### 41. LEASES

#### Authority as Lessee

##### Finance 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 assets, and a specialist vehicle. The assets acquired under these leases are carried in the Balance Sheet at the following net amounts:

31/03/2012		31/03/2013
£000s		£000s
384	Vehicles, Plant, Furniture and Equipment	304
12	Intangible Fixed Assets	3
<b>396</b>		<b>307</b>

- 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:

## F. Notes to the Core Financial Statements

31/03/2012		31/03/2013
£000s		£000s
624	Future minimum lease payments	464
8	Vehicles, Plant, Furniture and Equipment	4
	Intangible Fixed Assets	
<b>632</b>	<b>Future minimum lease payments</b>	<b>468</b>
	Net present value of minimum lease payments	
139	Current	129
418	Non-current	289
<b>557</b>	<b>Present value of minimum lease payments</b>	<b>418</b>
<b>75</b>	<b>Finance costs payable in future years</b>	<b>50</b>

- 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:

31/03/2012		Local Authority as Lessee - Finance Leases	31/03/2013	
Present Value of Leases	Minimum Lease Payments		Present Value of Leases	Minimum Lease Payments
£000s	£000s		£000s	£000s
139	164	Not later than one year	129	148
331	378	Later than one year and not later than five years	276	307
87	90	Later than 5 years	13	13
<b>557</b>	<b>632</b>		<b>418</b>	<b>468</b>

- d) The Council has a sub lease arrangement for a finance lease for wheeled bins. The total of future minimum sub lease payments expected to be received under this non-cancellable sub lease at the balance sheet date is as follows:

31 March 2012	Local Authority as Lessee - Finance Leases - Sub Leases	31 March 2013
£000s		£000s
107	<b>Total future minimum lease payments</b>	
	Vehicles, Plant, Furniture and Equipment	51

## F. Notes to the Core Financial Statements

### Operating Leases

- e) The Council uses 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:

<b>31/03/2012</b>	<b>Local Authority as Lessee - Operating Leases</b>	<b>31/03/2013</b>
£000s		£000s
212	Not later than one year	295
424	Later than one year and not later than five years	786
26	Later than 5 years	4
<b>662</b>	<b>Minimum lease payments</b>	<b>1085</b>
<b>-434</b>	<b>Future minimum sub-lease payments receivable</b>	<b>-289</b>

- 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:

<b>31/03/2012</b>	<b>Local Authority as Lessee - Operating Leases</b>	<b>31/03/2013</b>
£000s		£000s
	Minimum lease payments	
347	Contract Hire	184
678	Other	162
0	Contingent rents	0
-156	Sublease payments receivable	-112
<b>869</b>		<b>234</b>

### **Authority as Lessor**

#### Finance Leases

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

## F. Notes to the Core Financial Statements

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

31 March 2012	Leases - Authority as Lessor - Finance Leases	31 March 2013
£000s		£000s
225	<b>Gross investment in leases</b> Other Land and Buildings	210
6	<b>Net present value of minimum lease payments receivable</b> Current	7
136	Non-current	123
<b>142</b>	<b>Present value of minimum lease payments receivable</b>	<b>130</b>
<b>83</b>	<b>Unearned finance income</b>	<b>80</b>

- 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 2012		Leases - Authority as Lessor - Finance Leases	31 March 2013	
Gross investment in leases	Minimum Lease payments receivable		Gross investment in leases	Minimum Lease payments receivable
£000	£000		£000	£000
17	6	Not later than one year	17	7
68	30	Later than one year and not later than five years	69	33
140	100	Later than five years	124	91
<b>225</b>	<b>136</b>	<b>Minimum lease payments receivable</b>	<b>210</b>	<b>131</b>

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.

## F. Notes to the Core Financial Statements

- 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:

31/03/2012	Local Authority as Lessor - Operating Leases - Minimum Lease Payments	31/03/2013
£000s		£000s
2,051	Not later than one year	1,966
5,375	Later than one year and not later than five years	5,283
53,657	Later than 5 years	53,704
<b>61,083</b>		<b>60,953</b>

The minimum lease payments receivable do not include rents that are contingent on future events, such as adjustments following rent reviews. In 2012/13, £9k contingent rents were receivable by the Authority (£9k in 2011/12).

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

### 42. IMPAIRMENT LOSSES

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During 2012/13 buildings on Sheep Street were impaired to recognise the development of the site as a Bus Interchange and the land was revalued at the same time. One of the buildings damaged by fire in 2011/12 was reinstated and its value increased accordingly. The other building damaged during 2011/12 is anticipated to be reinstated during 2013/14.

### 43. CAPITALISATION OF BORROWING COSTS

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The Council has no capitalised borrowing costs. All borrowing costs are recognised as an expense in the accounts as they are incurred.

### 44. TERMINATION BENEFITS

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The Authority terminated the contracts of a number of employees in 2012/13, incurring liabilities of £261,218 (£460,408 in 2011/12). Of this total, £111,195 relates to pension strain, and £150,023 relates to the lump sum payments. The majority of these benefits were incurred as a result of restructures that occurred during the year.

### 45. DEFINED BENEFIT PENSION SCHEMES

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#### 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.

## F. Notes to the Core Financial Statements

The Authority participates in one post employment scheme:

The Local Government Pension Scheme, administered locally by Northamptonshire County Council – this 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 pensions 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.

- a) 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:

2011/12		2012/13
£000s		£000s
	<b><u>Comprehensive Income and Expenditure Statement</u></b>	
	<b>Net Cost of Service</b>	
3,991	Current Service Cost	3,759
49	Past Service Cost	0
-380	Settlements and curtailments	105
295	Correction of Pension Contributions	-1
	<b>Financing and investment Income and Expenditure</b>	
13,028	Interest Cost	12,198
-9,761	Expected Return on Scheme Assets	-7,760
<b>7,222</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of services</b>	<b>8,301</b>
20,240	Actuarial gains and losses	12,029
<b>27,462</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>20,330</b>
	<b>Movement in Reserves Statement</b>	
-27,462	Reversal of net charges against the Surplus or deficit for the Provision of Services for the post employment benefits in accordance with the Code	-20,330
<b>7,968</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b> <b>employers' contributions payable to scheme</b>	<b>7,939</b>

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2013 is a loss of £95m.

## F. Notes to the Core Financial Statements

These figures are based on the current version of IAS19. Changes to IAS19 come into effect for the financial year to 31st March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS8. The effect of the change to IAS19 on the income statement to 31st March 2013 will be an increase of £988,000. This will be disclosed in the accounts covering the financial year to 31st March 2014.

### Assets and Liabilities in Relation to Post-employment Benefits

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

2010/11	2011/12		2012/13
£000s	£000s		£000s
-320,187	-254,467	<b>Opening Balance</b>	-257,184
-5,895	-3,991	Current Service Cost	-3,759
-16,295	-13,028	Interest Cost	-12,198
-1,738	-1,384	Contribution by Scheme Participants	-1,266
50,224	-12,621	Actuarial Gains/(Losses)	-24,662
29,209	-49	Past Service Gains/(Costs)	-
0	-200	Curtailment Gains/(Losses)	-105
0	17,156	Liabilities Extinguished on Settlements	-
10,215	11,401	Benefits Paid	11,333
<b>-254,467</b>	<b>-257,183</b>	<b>Closing Balance</b>	<b>-287,841</b>

c) Reconciliation of fair value of the scheme (plan) assets:

2010/11	2011/12		2012/13
£000s	£000s		£000s
154,530	158,931	<b>Opening Balance</b>	142,153
11,115	9,761	Expected Return on Assets	7,760
1,738	1,384	Contribution by Scheme Participants	1,266
7,539	6,789	Contributions by the Employer	7,071
854	884	Contributions in respect of unfunded benefits	869
-6,629	-7,619	Actuarial Gains/(Losses)	12,633
	-16,576	Assets distributed in settlements	0
-10,216	-11,401	Benefits Paid	-11,333
<b>158,931</b>	<b>142,153</b>	<b>Closing Balance</b>	<b>160,419</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## F. Notes to the Core Financial Statements

The actual return on scheme assets in the year was a loss of £20.4m (£2.2m in 2011/12).

### d) Scheme History

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s	£000s
Present Value of Scheme Liabilities	-208,600	-320,187	-254,468	-257,184	-287,841
Fair Value of Assets	111,482	154,530	158,931	142,153	160,419
<b>Surplus / (Deficit) in the Scheme</b>	<b>-97,118</b>	<b>-165,657</b>	<b>-95,537</b>	<b>-115,031</b>	<b>-127,422</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £127m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2013 is £7.4m.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, 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 2007.



## F. Notes to the Core Financial Statements

e) The principal assumptions used by the actuary have been:

31/03/2012		31/03/2013
	Long Term Expected Rate of Return on Assets in the Scheme	
6.2%	Equity Investments	4.5%
3.5%	Bonds	4.5%
4.4%	Property	4.5%
3.5%	Other	4.5%
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
21.4	- Men	21.4
23.3	- Women	23.3
	Longevity at 65 for Future Pensioners:	
23.4	- Men	23.4
25.5	- Women	25.5
2.5%	Rate of Inflation	2.8%
4.8%*	Rate of Increase in Salaries*	5.1%**
2.5%	Rate of Increase in Pensions	4.5%
4.8%	Rate for Discounting Scheme Liabilities	4.5%
50.0%	Take-up of Option to Convert Annual Pension into Retirement Lump Sum Pre April 2008	50.0%
75.0%	Take-up of Option to Convert Annual Pension into Retirement Lump Sum Post April 2008	75.0%

\*Salary increases are assumed to be 1% p.a. until 31st March 2015, reverting to the long term assumption shown thereafter

\*\*Salary increases are assumed to be 1% p.a. until 31st March 2016, reverting to the long term assumption shown thereafter

f) The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31/03/2012		31/03/2013
71%	Equities	73%
21%	Bonds	22%
6%	Property	5%
2%	Cash	0%
<b>100.0%</b>		<b>100.0%</b>

## F. Notes to the Core Financial Statements

### History of Experienced Gains and Losses

- g) The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31<sup>st</sup> March 2013:

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s	£000s
Fair Value of Employer Assets	111,482	154,531	158,931	142,153	160,419
Experienced Gain/Loss(-) on Assets	-41,244	34,004	-6,629	-7,619	12,633
Gain/Loss(-) as % of Asset Fair Value	-37.00%	22.00%	-4.17%	-5.36%	7.88%
Present Value of Liabilities	-208,600	-320,188	-254,468	-257,184	287,841
Experienced Gain/Loss(-) on Liabilities	-739	-726	35,113	-4,227	259
Gain/Loss(-) as % of Total Liabilities	0.35%	0.23%	-13.80%	1.64%	0.09%

### 46. CONTINGENT LIABILITIES

The Council is potentially liable for the following payments: -

- 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 2013 was estimated to be £596k (£825k as at 31st March 2012).
- 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 time period and, due to that time period not having been complied with, up to the full amount of the grant of £2m may be clawed back by the HCA (EMDA's successor). The Council is making endeavours to secure a development partner for this site and is keeping the HCA fully updated of the progress. To date they have continued to be supportive.
- A West Northants Development Corporation (WNDC) agreement re the completion of the Bus interchange required by end of March 2014 with a potential cost of £3m.
- A Class action relating to Local Land Charges fees and the environmental information which according to a decided case should have been provided for free. This will effect all local authorities and could cost this Council £15k.
- Currently the Council is involved in the following Human Resources issues:
  - There are 8 Equal pay historical claims which, if lost, could cost £140k.
  - an unfair dismissal claim that is to go to tribunal.
  - a legal challenge to the changes in terms and conditions.

## F. Notes to the Core Financial Statements

- 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 bond holders 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. Home Group has a strong credit rating, the bond issue is underpinned by income from the properties constructed using the finance provided. The NBC proportion of the financial guarantee is 1.35% of £82.551m, representing a value of £1.111m.
- There are various outstanding issues relating to the Councils Environment contract which are not considered to be material.

### 47. CONTINGENT ASSETS

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The Council is currently monitoring the following contingent assets:

- 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.
- Recovery of costs estimated at £1.75m expended by NBC on the Grosvenor Multi Storey Car Park (MSCP) refurbishment from Legal and General in the event that the Development Agreement becomes unconditional.
- Recovery of £384k relating to the Enterprise Zone - this will come from any Business Rates uplift generated.
- There are potential outstanding payment deductions relating to the Councils contract with EMS and relating to quarters 2, 3, and 4.
- Costs awarded to the council from a successful court case which totalled £58k. This income will be divided between Regeneration and Legal.

## F. Notes to the Core Financial Statements

### 48. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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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 as a result 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 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 includes, but is not entirely dependant 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 2012-13 were £20m and 729 days for UK nationalised or part nationalised banking institutions, and £15m and 729 days for other UK counterparties, overseas counterparties with AAA sovereign ratings, UK local authorities and the UK Debt Management Office. 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, however, business customers are assessed, taking into account their financial position, past experience, and other factors, in line with parameters set by the Council, when contracts are entered into. This forms part of the Council's procurement procedures.

The Council's maximum exposure to credit risk in relation to its investments totalling £46.4m in banks, building societies and other institutions cannot be assessed generally

## F. Notes to the Core Financial Statements

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 irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2013 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 uncollectability over the last five financial years adjusted to reflect current market conditions.

Estimated Maximum Exposure to Default and Uncollectability at 31 March 2012		Amount at 31 March 2013	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31 March 2013	Estimated Maximum Exposure to Default and Uncollectability at 31 March 2013
£000s		£000s	%	%	£000s
0	Mortgages	32	0%	0%	0
0	Finance Leases	181	0%	0%	0
87	Customers: Tenants	2,645	3.09%	3.09%	82
1,330	Customers: Sundry Debtors	3,452	29.29%	29.29%	1,011
0	Deposits with Banks and Financial Institutions	46,439	0%	0%	0
<b>1,417</b>		<b>52,749</b>			<b>1,093</b>

No credit limits were exceeded during the reporting period and the Authority 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 2012/13.

## F. Notes to the Core Financial Statements

The Council does not generally allow credit for its customers (with the exception of mortgagees) such that £6.1m of the £52.7m exposure to credit risk 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 2012	Aged Debt Analysis	Amount at 31 March 2013
£000s		£000s
3,595	Less than three months	2,854
970	Three to six months	781
618	Six months to one year	842
2,412	More than one year	1,621
<b>7,595</b>		<b>6,098</b>

Impairment on the debtors financial asset has been identified, standing at a total of £6.3m at the end of 2012/13.

The Council holds collateral against a number of mortgages. The balance sheet value of the principal amount outstanding on these is currently £32.8k (£34.1k in 2011/12).

The terms and conditions relating to the pledge are standard in all the mortgages held and are summarised as follows:

- The property is to be kept in good and substantial repair;
- No structural alterations, demolitions, additions are to be carried out to the property or any part of it without written consent of the Council;
- To comply in all respects with the Planning Acts;
- Not to do or permit on the property anything which may prejudice the insurance of the property;
- Limitations on the usage of the property;
- The right of the Council to inspect the property;
- That the borrower is required to observe and perform any covenants and provisions relating to the property;
- The Council's power of sale;
- Events on which the whole mortgage becomes repayable;
- Remedies available to the Council;
- The Council's power to transfer the benefit of the charge;
- The power of the Council to make written concessions in favour of the borrower.

### Liquidity Risk

The Council has a comprehensive cashflow 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-

## F. Notes to the Core Financial Statements

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:

Amount at 31 March 2012	Maturity Profiles of Financial Liabilities	Amount at 31 March 2013
£000s		£000s
-12,929	Less than one year	-12,474
-149	One to two years	-21,086
-24,026	two to five years	-10,341
-196,160	More than five years	-190,212
<b>-233,264</b>		<b>-234,113</b>

Amounts maturing within one year include short term creditors, short term grants and Section 106 funding commitments, and temporary borrowing. Longer term maturities comprise long term debt, and long term grants and Section 106 funding. Two LOBO loans totalling £15.6m are due for maturity in the final quarter of 2014-15. Repayment of these will be funded from internal borrowing, new loans, or a combination of both.

### Market Risk

#### Interest Rate Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, 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;
- Investment at fixed rates – the fair value of the assets will fall.

Borrowing is not carried at fair value, so nominal gains and losses on fixed rate borrowing would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowing and investment 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 Council has a number of strategies for managing interest rate risk. For example, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The Council has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year.

## F. Notes to the Core Financial Statements

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 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be: -

Amount at 31 March 2012		Amount at 31 March 2013
£000s		£000s
248	Increase in interest payable on variable rate borrowing	249
-283	Increase in interest receivable on variable rate investments	-261
0	Increase in government grant receivable for financing costs	0
<b>-35</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-12</b>
82	Share of overall impact credited to the HRA	-15
<b>47</b>	<b>Impact remaining on General Fund</b>	<b>-27</b>
57	Increase in fair value of fixed rate investment assets	128
<b>57</b>	<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>128</b>
<b>33</b>	<b>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</b>	<b>33</b>

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

### Price Risk

The Council does not 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.



## F. Notes to the Core Financial Statements

### 49. BUILDING CONTROL TRADING ACCOUNT

A local authority is required at the end of the financial year to prepare a statement that sets out fully the details of its scheme for setting charges in relation to its building control function. The statement should also show the income recovered and the total costs incurred. There is no requirement for the information to be published; however it has been decided to continue publishing this note.

The Building Control chargeable service has, for the three-year period to 31st March 2013, made an operating surplus of £41k on a turnover of £869k. In the previous three-year period to 31st March 2012, there was an operating surplus of £59k against a turnover of £879k.

	2012/13		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
<b>Expenditure</b>			
Employees	120	73	193
Premises	0	0	0
Transport	5	3	8
Supplies and services	5	4	9
Support service charges	115	71	186
Capital Charges	0	0	0
<b>Total Expenditure</b>	<b>245</b>	<b>151</b>	<b>396</b>
<b>Income</b>			
Building Regulation fees	-245	0	-245
Other Income	0	0	0
<b>Total Income</b>	<b>-245</b>	<b>0</b>	<b>-245</b>
<b>Surplus (-) / Deficit for Year</b>	<b>0</b>	<b>151</b>	<b>151</b>
Comparatives for 2011/12	2011/12		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure	306	165	471
Income	-279	0	-279
<b>Surplus (-) / Deficit for Year</b>	<b>27</b>	<b>165</b>	<b>192</b>

## F. Notes to the Core Financial Statements

### 50. PUBLICITY EXPENDITURE

There is now no longer a requirement to publish this note within the statement of accounts, however, the information must be produced and made available on request. It has been decided to continue publishing the note. In accordance with the Local Government Act 1986 (Section 5(1)), the Council's spending on publicity was: -

2011/12			2012/13	
£000s			£000s	
		<b>Expenditure</b>		
15		Recruitment Advertising	13	
242		Publicity Unit	276	
100		Other Publicity	131	
<b>357</b>		<b>Total</b>	<b>420</b>	

### 51. LOCAL AUTHORITIES (GOODS AND SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provides a variety of services to other local authorities, the income from this is outlined below: -

2011/12			2012/13	
Exp	Income		Exp	Income
£000s	£000s		£000s	£000s
255	-300	Call Care	96	-79
100	-100	Print Services Unit	74	-74
<b>355</b>	<b>-400</b>		<b>169</b>	<b>-152</b>

### 52. TRUST FUNDS

The Council acts as sole trustee in respect of two Trust Funds. One for the Northamptonshire Regiment Museum (balances of £88k) and the other the Northamptonshire Yeomanry Museums Trust (balances of £1k). The Trust funds are used to finance expenditure on the exhibits donated by the Regiments at their disbandment, which are housed at Abington Museum. Surplus funds are invested and accounted for separately to the Council's funds and no money is expended unless there are funds to do so.

## F. Notes to the Core Financial Statements

### 53. MINIMUM REVENUE PROVISION

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The Council is required by Statutory Instrument 2003 No. 3146 to set aside a minimum revenue provision (MRP) for the repayment of debt, and by Statutory Instrument 2008 No.414 to determine an amount of minimum revenue provision which it considers to be prudent. In doing so the Council is required to have regard to guidance issued under Section 21A of the Local Government Act 2003.

The Council approved the Council's Annual MRP statement for 2012/13, which is required by the guidance issued by CLG, on 29th February 2012. The MRP charged to the 2012/13 accounts relates to the General Fund historic debt liability incurred for the year.

The debt liability for General Fund capital expenditure up to and including 2007/08 has been calculated at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".

The debt liability for General Fund capital expenditure incurred since 2008/09 has been calculated as equal instalments over a period reasonably commensurate with the estimated useful life of each asset, in accordance with option 3 of the guidance, the "asset life method".

The Council's Minimum Revenue Provision, including finance lease adjustments, for 2012/13 was £903k. This compares to £446k in 2011/12.

### 54. HERITAGE ASSETS – 5 YEAR SUMMARY OF TRANSACTIONS

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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 for this information not to be given for any period prior to 1 April 2010 where it is not practicable. 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 £75,000 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 £3,000.

There has been one disposal, in March 2011, of a collection of stuffed animals sold at auction for £52k, which is taken to be its carrying value at the time.

## F. Notes to the Core Financial Statements

### 55. HERITAGE ASSETS – COLLECTIONS AND POLICIES

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#### COLLECTIONS

##### 1. Designated Shoe Collections

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. The Shoe Collection began purely as a collection of footwear, however, over the years this has developed into a collection including over 12,000 shoes and covering the whole of the footwear industry worldwide. In total the collection contains over 50,000 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 also a Numismatic Collection and an Ancient Egyptian Collection. The latter consists of approximately 250 items from prehistory to the Ptolemaic period. The former is a 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.

##### 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.

## **F. Notes to the Core Financial Statements**

### **4. Decorative Art - Nature of the Current Collection**

The current collection encompasses ceramics, glassware, and metalware. 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.

## F. Notes to the Core Financial Statements

### 56. COLLECTION FUND

The Council, as a billing authority, is required to maintain a Collection Fund. The Collection Fund is used to account for the collection of Council Tax and National Non-Domestic Rate (NNDR) and then pays amounts to precepting authorities on the basis of their precept requests. The statutory transactions relating to this fund are detailed in the supplementary statements. Under the Code, the Authority is required to report on the collection fund figures shown within the core statements on an agency basis. The effect of this is shown below.

a) Precept Split

The split of these precepts is shown below:

Precept 2011/12	Percentage of Total Precepts		Precept 2012/13	Percentage of Total Precepts
<b>£000s</b>		<b>Precepting Authorities</b>	<b>£000s</b>	
68,779	71%	Northamptonshire County Council	69,089	71%
12,925	13%	Northamptonshire Police Authority	12,983	13%
14,966	16%	Northampton Borough Council	15,059	16%
<b>96,670</b>	<b>100%</b>	<b>Total Precepts for the year</b>	<b>97,131</b>	<b>100%</b>

b) Allocation of deficit

For the purposes of the accounts, the balance on the Collection Fund is assigned to the precepting authorities as shown below: -

Collection Fund Balance 2011/12	Treatment	Collection Fund Balance 2012/13
£		£
	<b>Creditors / Debtors</b>	
-434	Northamptonshire County Council	-150,083
-82	Northamptonshire Police Authority	-28,203
	<b>Reserve</b>	
-95	Northampton Borough Council	-32,714
<b>-611</b>	<b>Collection Fund Balance</b>	<b>-211,000</b>

## F. Notes to the Core Financial Statements

### c) Allocation of Council Tax Balances

The treatment of other balances, including debtors and creditors, relating to collection fund activity is shown below for both the statutory presentation and the presentation on an agency basis.

Statutory Presentation 2011/12 £000s	Agency Presentation 2011/12 £000s		Statutory Presentation 2012/13 £000s	Agency Presentation 2012/13 £000s
8,996	1,394	<b>Creditors / Debtors</b> Local Taxpayers Arrears	8,819	1,383
-1,100	-170	Local Taxpayers Prepayments	-2,276	-357
-7,999	-1,240	Local Taxpayers Impairments	-8,094	-1,269
-	-74	Northamptonshire County Council	0	-1,251
-	-14	Northamptonshire Police Authority	0	-235
-1	-	<b>Reserves</b> Collection Fund	-211	0
-	-	Council Tax Adjustment Account	0	-33
<b>-104</b>	<b>-104</b>	<b>Total</b>	<b>-1,762</b>	<b>-1,762</b>

### d) Allocation of NNDR Balances

The treatment of NNDR balances, held in debtors and creditors, is shown below for both the statutory presentation and the presentation on an agency basis.

Statutory Presentation 2011/12 £000s	Agency Presentation 2011/12 £000s		Statutory Presentation 2012/13 £000s	Agency Presentation 2012/13 £000s
1,000	-	<b>Creditors / Debtors</b> Local Taxpayers Arrears	2,066	-
-1,456	-	Local Taxpayers Prepayments	-1,734	-
-476	-	Local Taxpayers Impairments	-449	-
7,284	-	NNDR Pool	2,057	-
-	6,352	Net Amount owed to/ from Central Government	-	1,940
<b>6,352</b>	<b>6,352</b>	<b>Total 165</b>	<b>1,940</b>	<b>1,940</b>

# G1.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.

2010/11 Restated	2011/12 Restated		2012/13		Notes
	£000s		£000s	£000s	
		<b>Income</b>			
-42,246	-44,789	Dwelling Rents	-46,810		HRA3
-1,118	-1,107	Non Dwelling Rents	-1,094		
-1,452	-1,351	Charges for services and facilities	-2,669		
-88	-13	Contributions Towards Expenditure	-72		
0	0	Housing Revenue Account subsidy receivable	0		
0	0	Sums Directed by the Secretary of State that are income in accordance with UK GAAP	0		
<b>-44,904</b>	<b>-47,260</b>	<b>Total Income</b>		<b>-50,644</b>	
		<b>Expenditure</b>			
11,038	12,548	Repairs and Maintenance	12,795		
		Supervision and Management			
6,310	6,918	General Management	7,263		
-6,249	0	Exceptional Item - Past Service Gain	0		
0	192,920	Exceptional Item - HRA Reform Payment			
3,536	3,777	Special Services	4,290		
90	86	Rent, Rates, Taxes and other charges	29		
10,014	11,972	Negative Housing Revenue Account subsidy payable	1		HRA6
13,086	11,407	Depreciation and Impairment of Fixed Assets	33,245		HRA7
151,457	0	Exceptional Item - change in valuation basis	0		
0	0	Debt Management Costs	84		
396	177	Increased in provision for bad/doubtful debts	357		
0	0	Sums Directed by the Secretary of State that are expenditure in accordance with UK GAAP	0		
891	818	Rent Rebates transfer to General Fund	0		HRA8
<b>190,569</b>	<b>240,623</b>	<b>Total Expenditure</b>		<b>58,063</b>	
<b>145,665</b>	<b>193,363</b>	<b>Net Cost of Services</b>		<b>7,420</b>	
0	0	HRA Services share of Corporate and Democratic Core		0	
0	0	HRA share of other amounts included in the whole Authority Net Cost of Services but not allocated to specific services		0	
<b>145,665</b>	<b>193,363</b>	<b>Net Cost of HRA Services</b>		<b>7,420</b>	
-2,447	437	Gain (-) or Loss on sale of HRA Fixed Assets		774	
-247	-153	Interest Payable and other similar charges		6,057	
		Interest and Investment Income			
1,108	801	Pensions interest cost and expected return on pensions assets		1,118	
-452	0	Non Specific Grant Income		-16,945	
11,174	-1,034	Surplus or deficit on revaluation of non current assets		-2,017	
<b>154,801</b>	<b>193,414</b>	<b>Surplus (-) or Deficit for the year on HRA services</b>		<b>-3,593</b>	



## G2.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.

<b>2010/11 Restated</b>	<b>2011/12 Restated</b>		<b>2012/13</b>
£.000	£000s		£000s
154,801	193,414	Surplus (-) / Deficit for the year on the HRA Income and Expenditure Account	-3,594
-152,840	-193,522	Net additional amount required by statute to be debited or credited to the HRA Balance for the year	3,594
<b>1,961</b>	<b>-108</b>	<b>Increase (-) / Decrease in the HRA Balance for the Year</b>	<b>0</b>
-6,854	-4,893	HRA Balance brought forward	-5,001
<b>-4,893</b>	<b>-5,001</b>	<b>HRA Balance carried forward</b>	<b>-5,001</b>

## G2.Movement in Housing Revenue Account Reserve

### Detailed Transactions

2010/11 Restated	2011/12 Restated		2012/13	Note
	£000s		£000s	
		<b>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</b>		
-160,111	-9,858	Impairment of non-current assets	-24,919	
-170	-411	Amortisation of intangible non-current assets	0	
	0	Capital Grants and Contributions Transferred to the Capital Adjustment A/c	16,945	
2,447	-437	Gain or Loss on sale of HRA non-current assets	-774	
3,879	-1,699	HRA share of contributions to or from the pensions reserve	-2,091	
-35	-192,920	Revenue Expenditure Funded from Capital Under Statute	0	
452	0	Application of Capital Grants and Contributions to capital financing passing through CI and E	0	
131	5,695	Revaluations	276	
<b>-153,407</b>	<b>-199,630</b>		<b>-10,563</b>	
		<b>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</b>		
3,646	1,326	Transfer to / from (-) Major Repairs Reserve	3,625	HRA9
0	0	Transfers to / from (-) Housing Repairs Account	0	HRA5
-11,174	1,034	Transfers to / from (-) Revaluation Reserve	2,017	
1,786	1,884	Employer's contributions payable to the Northamptonshire County Council Pension Fund and retirement benefits payable direct to pensioners	2,000	
315	315	Financial Instruments Adjustments	302	
13	-7	Amount by which officer remuneration charged to CI and E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	
0	12,455	Capital expenditure charged in-year to the HRA Balance		
5,981	-10,899	Net transfers to / from (-) earmarked reserves	6,209	
<b>567</b>	<b>6,108</b>		<b>14,156</b>	
		<b>Net additional amount required to be credited or debited to the HRA balance for the year</b>	<b>3,594</b>	
<b>-152,840</b>	<b>-193,522</b>			

## G3. Notes to the HRA Accounts

### 1. Prior Year Adjustments

Accounting Policies in relation to component accounting have been revised. In relation to Council Dwellings, the following components are valued, enhanced and depreciated separately – Kitchen, Bathroom, Windows & Doors, Heating Systems and Lights & Electrics. No other components are material and are therefore treated as part of the building structure.

If the policy had been implemented in 2010/11 then the net book value of Council Dwellings by 31st March 2012 would have been £360.532m, compared to £373,257m as reported in the Statement of Accounts for 2011/12. This net decrease of £12.725m is a result of greater revaluation losses and increased depreciation charges under the revised policy.

Further details are presented at note F1 to these Accounts.

### 2. HRA Assets and Capital Transactions

- a) At 31<sup>st</sup> March 2013 the Council was responsible for managing 12,047 units of accommodation (excluding shared ownership properties): -

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four+	
Flats-Low Rise	1,462	394	2	1	1,859
Flats-Medium Rise	1,760	858	119	4	2,741
Flats-High Rise	398	83	21		502
Houses and Bungalows	880	2,552	3,174	339	6,945
<b>Totals</b>	<b>4,500</b>	<b>3,887</b>	<b>3,316</b>	<b>344</b>	<b>12,047</b>

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

Type of Property	Stock at 31/03/2012	Stock Movements			Stock at 31/03/2012
		Sold	Disposed	Demolished	
Flats	5,118	-16	0	1	5,103
Houses and Bungalows	6,984	-40	0	0	6,944
<b>Dwellings (excl. Shared)</b>	<b>12,102</b>	<b>-56</b>	<b>0</b>	<b>1</b>	<b>12,047</b>
Shared Ownership	89	-1	0	0	88
<b>Totals</b>	<b>12,191</b>	<b>-57</b>	<b>0</b>	<b>1</b>	<b>12,135</b>

### G3. Notes to the HRA Accounts

c) The gross balance sheet value of housing assets at 31<sup>st</sup> March was as follows:-

<b>2011/12 Restated</b>	<b>Gross Balance Sheet Value</b>	<b>2012/13</b>
£000s		£000s
104,208	Operational Assets	
263,837	Land	100,646
20,197	Dwellings	260,618
	Other Capital Assets	20,427
<b>388,242</b>	<b>Total Operational Assets</b>	<b>381,691</b>
71	Non Operational Assets	520
<b>388,313</b>	<b>TOTAL</b>	<b>382,211</b>
<b>1,060,010</b>	Vacant Possession Value as at 1st April	<b>991,714</b>

d) Capital Receipts

<b>2011/12</b>	<b>Housing Capital Receipts</b>	<b>2012/13</b>
£000		£000
434	Land Sales	61
1,331	Dwelling Sales	1,781
0	Other Property Sales	0
<b>1,765</b>	<b>Total</b>	<b>1,842</b>
-973	Payable to the Secretary of State	-755
<b>-973</b>	<b>Net cost of Payments to CLG</b>	<b>-755</b>
<b>792</b>	<b>Useable Capital Receipts</b>	<b>1,087</b>

## G3. Notes to the HRA Accounts

### e) Capital Expenditure and Financing

2011/12	HRA Capital Expenditure and Financing	2012/13
£000s		£000s
	<b>Expenditure</b>	
0	Land Purchase	0
21,156	Dwellings	27,163
158	Other Property	283
192,920	Self-Financing	0
<b>214,234</b>	<b>Total Expenditure</b>	<b>27,446</b>
	<b>Financing</b>	
	Dwellings	
192,920	Borrowing	0
540	Useable Capital Receipts	318
12,455	Revenue Contributions	0
8,161	Major Repairs Reserve	9,901
0	Grants	16,945
0	Third Party Contributions	0
<b>214,076</b>		<b>27,163</b>
	Other Property	
158	Useable Capital Receipts	283
0	Major Repairs Reserve	0
<b>158</b>		<b>283</b>
<b>214,234</b>	<b>Total Financing</b>	<b>27,446</b>

### 3 Arrears

During 2012/13, arrears as a percentage of gross income were 5.3%. This represents a decrease of 0.2% since 2011/12 when the percentage was 5.1%. The figures for rent arrears are detailed below: -

2011/12	Arrears	2012/13
£000s		£000s
2,278	Gross Arrears at 31 March	2,482
-716	Prepayments	-609
<b>1,562</b>	<b>Net Arrears at 31 March</b>	<b>1,873</b>
1,607	Provision for bad debts at 31 March	1,218

## G3. Notes to the HRA Accounts

### 4 Vacant Possession Value

2011/12	HRA Vacant Possession Value	2012/13
£000s		£000s
1,060,010	Vacant Possession Value as at 1st April	991,714

2011/12	HRA Existing Use	2012/13
£000s		£000s
360,409	Existing Use Value as at 1st April	337,183

The Vacant Possession value of dwellings within the HRA as at 1 April was £991m (£1,060m in 2011/12). For the balance sheet, the figure has been reduced to 34% of this value for all except a small number of specific properties, i.e. £337m (£360m in 2011/12). This reflects the economic cost of providing Council housing at less than open market rents.

### 5 Housing Repairs Account

The transactions on the Housing Repairs Account for 2012/13 balanced to nil for the year, although this may not always be the case.

2011/12	Housing Repairs Account	2012/13
£000s		£000s
0	Balance B/f	0
10,347	Expenditure in the Year	12,795
-10,347	Contributions to the Housing Repairs Account	-12,795
0	Increase (-) / Decrease in the Housing Repairs Account Balance for the year	0
<b>0</b>	<b>Balance c/f</b>	<b>0</b>

## G3. Notes to the HRA Accounts

### 6 Housing Subsidy

The Government operated a "subsidy system" in relation to the Housing Revenue Account until 31<sup>st</sup> March 2012, leaving only a residual adjustment payment in 2012/13. It was based on a notional account representing the Government's assessment of what the Council should be collecting and spending. A breakdown of the elements in the subsidy calculations is shown below: -

2011/12	Housing Subsidy	2012/13
£000s		£000s
23	Prior Year Adjustment	1
-21,913	Management and Maintenance Allowance	0
-8,161	Major Repairs Allowance	0
-1,262	Charges for Capital	0
0	Other Allowances	0
43,284	Notional Rent	0
1	Interest on Receipts	0
<b>11,972</b>	<b>Total Amount to be paid to Government</b>	<b>1</b>

### 7 Depreciation, Amortisation, Impairment, and Revaluation of Non Current Assets

#### a) Depreciation and Amortisation

2011/12 Restated	Depreciation and Amortisation	2012/13
£000s		£000s
10,573	Operational Assets	
321	Dwellings	7,814
13	Other Property	315
	Vehicles, Plant and Equipment	16
<b>10,906</b>	<b>Total Depreciation</b>	<b>8,146</b>
411	Intangible Assets -amortisation	414
<b>411</b>	<b>Total Amortisation</b>	<b>414</b>
<b>11,317</b>	<b>Total</b>	<b>8,560</b>

### G3. Notes to the HRA Accounts

b) Impairment

2011/12	Impairment	2012/13
£000s		£000s
0	Operational Assets	0
51	Dwellings	0
0	Other Property	0
	Vehicles, Plant and Equipment	0
<b>51</b>	<b>TOTAL</b>	<b>0</b>

c) Revaluation Gains and Losses

2011/12 I and E	2011/12 RRA	Revaluation Gains and Losses	2012/13 I and E	2012/13 RRA
£000s	£000s		£000s	£000s
12,012	63	Dwellings	13,226	13
11	8	Other Property	47	214
0	0	Vehicles, Plant and Equipment	4	0
<b>12,023</b>	<b>71</b>	<b>Revaluation Losses</b>	<b>13,277</b>	<b>226</b>
-5,673	-2	Dwellings	-260	-1,315
-23	-1,103	Other Property	-16	-927
0	0	Vehicles, Plant and Equipment	0	-1
<b>-5,696</b>	<b>-1,105</b>	<b>Revaluation Gains</b>	<b>-276</b>	<b>-2,243</b>
<b>6,327</b>	<b>-1,034</b>	<b>TOTAL</b>	<b>13,001</b>	<b>-2,017</b>



## G3. Notes to the HRA Accounts

### 8 Secretary of State Determinations

When councils raise rents by more than an amount determined by the Government, the Government limits the subsidy payable to those councils. Now that the responsibility for paying rent rebates has transferred to the General Fund, any authorities that had rent rebate subsidy limited have to transfer an amount from the HRA to the General Fund to recompense the General Fund in order that the General Fund does not carry additional costs.

2011/12	Secretary of State Determinations	2012/13
£000s		£000s
818	Rent Rebate Subsidy Limitation	0
<b>818</b>	<b>Total Effect of Special Directions</b>	<b>0</b>

### 9 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. The transactions on the MRR are detailed below: -

Major Repairs Reserve	£000s
Balance at 1 April 2012	0
Council Dwellings Depreciation	-7,814
Depreciation adjustment to agree to MRA	-3,629
	<b>-11,443</b>
Amount used to finance Capital Expenditure	
Dwellings	9,901
Other Property	0
	<b>9,901</b>
<b>Balance at 31 March 2013</b>	<b>-1,542</b>

### **G3. Notes to the HRA Accounts**

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# H1. Collection Fund Income and Expenditure Account

The Collection Fund account reflects the statutory requirement for billing Authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non Domestic Rates (NNDR).

2011/12		2012/13	Note
£000s		£000s	
	<b>INCOME</b>		
-83,973	Council Tax (net of benefits, discounts and transitional relief)	-84,566	
-14,764	Transfers from General Fund Council Tax benefits	-14,796	
-94,330	Income collectable from business ratepayers	-93,664	
0	Contributions Towards previous years' Collection Fund deficit	0	CF3
<b>-193,067</b>		<b>-193,026</b>	
	<b>EXPENDITURE</b>		
68,779	Precepts and demands:- Northamptonshire County Council	69,089	56a
12,925	Northamptonshire Police Authority	12,983	56a
14,966	Northampton Borough Council	15,059	56a
94,027	National Non-Domestic Rates Payments to national pool	93,363	
304	Cost of collection	301	
2,065	Bad and Doubtful Debts / Appeals Write-offs Provisions	0 2,020	CF4
0	Contributions Towards previous years' Collection Fund surplus	0	
<b>193,066</b>		<b>192,816</b>	
-1	<b>(Surplus)/deficit for the year</b>	-210	
0	Fund balance b/fwd	-1	
<b>-1</b>	<b>Fund Balance c/fwd</b>	<b>-211</b>	

## H2. Notes to the Collection Fund

### 1. National Non Domestic Rates (NNDR)

The Council collects non-domestic rates for its area that are based on local rateable values multiplied by a uniform rate in the pound. The total amount, less certain reliefs and other deductions, is paid into a central pool (the NNDR pool) managed by Central Government, which in turn pays back to councils a standard amount per head of the local adult population.

The total non-domestic rateable value as at 31 March 2013 was £245.9m and the equivalent figure for 2011/12 was £245.8m. The National Non-Domestic Rate multiplier for 2012/13 was 45.8p and the equivalent figure for 2011/12 was 43.3p. The small business non-domestic rating multiplier for 2012/13 was 45p and the equivalent figure for 2011/12 was 42.6p.

### 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: -

2011/12 Band D Equivalents	Band	Estimated number of taxable properties 2011/12 after discounts	Ratio	2012/13 Band D Equivalents
17.1	A(-)	32.8	5/9	18.2
16,738.8	A	25,102.8	6/9	16,735.2
14,068.8	B	18,135.4	7/9	14,105.3
17,397.1	C	19,713.9	8/9	17,523.5
9,281.3	D	9,314.8	9/9	9,314.8
6,073.0	E	5,009.4	11/9	6,122.6
3,094.6	F	2,158.9	13/9	3,118.4
1,838.1	G	1,126.4	15/9	1,877.4
105.8	H	53.9	18/9	107.7
68,614.5	Gross Council Tax Base			68,923.1
1,715.4	Non-collection provision			1,723.1
<b>66,899</b>	<b>Council Tax Base Used for setting the Precept</b>			<b>67,200</b>

The provision for non-collection was set at 2.5% for 2012/13 (and the same for 2011/12).

## H2. Notes to the Collection Fund

### 3. Analysis of In-year Contributions to Fund Deficits

The in-year contributions to Collection Fund deficits from the precepting authorities are detailed below: -

2011/12	Allocation Of Collection Fund Deficits	2012/13
<b>£000s</b>		<b>£000s</b>
0	Northampton Borough Council	0
0	Northamptonshire County Council	0
0	Northamptonshire Police Authority	0
<b>0</b>	<b>Total Deficit Recovered</b>	<b>0</b>

### 4. Provision for Bad and Doubtful Debts

2011/12	Provision for Bad and Doubtful Debts	2012/13
<b>£000s</b>		<b>£000s</b>
7,402	Bad Debt Provision B/f	7,999
-1,469	Write Offs	-1,925
2,066	Provision Made in Year	2,020
<b>7,999</b>	<b>Bad Debt Provision c/f</b>	<b>8,094</b>

# I Glossary of Terms

## GLOSSARY OF TERMS

### **Accrual**

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.

### **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.

### **Amortisation**

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed aka wear and tear.

### **Amortised Cost**

The cost of intangible assets reduced by the amount of amortisation charged to date.

### **Assets**

Right or other access to future economic benefits.

### **Assets Held for Sale**

Non-Current Assets which meet the relevant criteria to be classified as held for sale.

### **Available for Sale Assets**

Financial assets that have a quoted market price and/or do not have fixed or determinable payments.

### **Balance Sheet**

Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.

### **Balance Sheet Date**

The date at which the Authority reports its financial statements. For Northampton Borough Council, this date is the 31st March.

### **Capital Adjustment Account**

Capital reserve largely comprising of resource applied to capital financing and is not available to the Authority to support new investment

### **Capital Costs**

Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.

### **Capital Expenditure**

Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.

### **Capital Grant**

Grant which is intended to fund capital expenditure.

# I Glossary of Terms

## **Capital Grant Unapplied Reserve**

Capital reserve reflecting the value of capital grant received where there are no conditions outstanding; however expenditure on the associated asset has not been incurred.

## **Capital Reserves**

Reserve balances held for capital purposes

## **Cash Flow Statement**

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

## **CIPFA Code**

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Councils Statement of Accounts.

## **Collection Fund**

The fund maintained by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

## **Collection Fund Adjustment Account**

Revenue reserve to represent the difference between the income received by a local authority in Council Tax and the amount attributable to them.

## **Collection Fund Statements**

The statutory financial statements produced as part of the Statement of Accounts by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

## **Community Assets**

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

## **Comprehensive Income and Expenditure Statement (CIES)**

This statement reports the net cost of all the services which the Council is responsible for, and demonstrates how that cost has been financed.

## **Contingent Liability**

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

## **Core Service Areas**

The services provided by the Authority externally, such as education, highway maintenance and adult social care.

## **Corporate and Democratic Core**

Costs associated with the democratic management of the Authority such as the Chief Executive's salary and Members' Allowances.

## **Council**

The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

# I Glossary of Terms

## **Council Tax**

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

## **Credit**

A credit represents income to an account.

## **Creditors**

Represents the amount that the Council owes other parties.

## **Debit**

A debit represents expenditure against an account.

## **Debtors**

Represents the amounts owed to the Council.

## **Deficit**

Arises when expenditure exceeds income or when expenditure exceeds available budget.

## **Defined Benefit Scheme**

Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

## **Depreciation**

The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed aka wear and tear.

## **Derecognition**

The process by which assets that are no longer deemed to belong to the Authority either by sale, destruction or other form of disposal, are removed from the accounts of the Authority.

## **Discount**

An allowance received through the early repayment of debt

## **Discounted Cash Flow**

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value (present value).

## **Donated Assets**

Assets which have been acquired at below market cost.

## **Earmarked Reserves**

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

## **Employee**

A person who holds an office within the Authority, but does not include a person who is an elected councillor.



# I Glossary of Terms

## **Employee Costs**

The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pensions costs.

## **Enhancement Expenditure**

Expenditure which increases the value of an asset.

## **Exceptional Items**

Events which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.

## **Extraordinary Items**

Material items possessing a high degree of abnormality which arise from events or transactions that fall outside the ordinary activities of the reporting entity and which are not expected to recur.

## **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.

## **Finance Costs**

Reflects the element of annual payment for PFI or Leased assets which is in relation to interest payable on the loan liability.

## **Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

## **Financial Assets**

A right to future economic benefits controlled by the Authority.

## **Financial Instruments Adjustment Account**

Revenue reserve which records the timing differences between the rate at which gains and losses are recognised and the rate at which debits and credits are required to be made against Council Tax.

## **Financial Liabilities**

An obligation to transfer economic benefits controlled by the Authority.

## **General Reserves / General Fund Balance**

The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

## **Going Concern**

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

## **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).

# I Glossary of Terms

## **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**

Assets associated with the road networks owned and maintained by Northampton Borough Council.

## **Intangible Asset**

Non-current assets which do not have physical form such as software.

## **Internal Service Costs**

The provision of services by the central departments of the County Council. Examples finance, personnel, legal, administration, information technology and property.

## **International Accounting Standard (IASs)**

Regulations outlining the method of accounting for activities, IASs are currently being replaced with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

## **International Financial Reporting Standards**

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.

## **Investment Property Assets**

Assets held solely for the purposes of rental generation or for increasing the value pre-sale (capital appreciation).

## **Leases**

A method of funding expenditure by payment over a defined period of time.

## **Lessee**

The person or organisation that is using or occupying an asset under lease (tenant).

## **Lessor**

The person or organisation that owns an asset under lease (landlord).

## **Liabilities**

An obligation to transfer economic benefits. Current liabilities are payable within one year.

## **Loans and Receivables**

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

## **Materiality**

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

# I Glossary of Terms

## **Minimum Revenue Provision (MRP)**

A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).

## **Movement in Reserves Statement**

The statement detailing the movement in the reserves of the Authority.

## **Non-Current Assets**

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

## **Non-Distributed Costs**

The value of revenue operating expenditure that is not able to be apportioned to one of the authorities core service areas.

## **Operating Lease**

A lease where an asset is used only for a small proportion of its economic life.

## **Pensions Costs**

The benefits paid by the Authority which are accrued during the period of employment and paid to ex-employees after retirement.

## **Pensions Liability**

The cost, calculated by an Actuary, of providing the current members of a pension scheme with retirement benefits as set out in the pension scheme rules.

## **PFI**

See Private Finance Initiative

## **PFI Credits**

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

## **Premium**

A payment made in association with the early repayment of debt.

## **Previous Year Adjustments**

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

## **Principal**

The amount of repayment to a lender which relates to the reduction in the loan, rather than the interest paid on the loan.

## **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.

## **Projected Unit Method**

This is a common actuarial funding method to value pension scheme liabilities.

# I Glossary of Terms

## **Provisions**

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.

## **Quoted Market Prices**

A method of determining the fair value of financial assets via prices quoted on an active market.

## **Recognition**

The process upon which assets are deemed to belong to the Authority either by purchase, construction or other form of acquisition.

## **Revaluation Gain**

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

## **Revaluation Reserve**

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

## **Revenue Expenditure**

Expenditure which is not capital.

## **Revenue Grant**

Grant which is not capital.

## **Revenue Expenditure Funded from Capital under Statute**

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

## **Service Reporting Code of Practice (SERCOP)**

Produced by CIPFA, this establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

## **Service Concession Arrangements**

Arrangements which involve the supply and maintenance of assets and service delivery.

## **Service Costs**

Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.

## **Short Term Benefits**

Employee benefits earned and consumed during employment.

## **Soft Loans**

Low interest rate loans.

## **Specific Grant**

# I Glossary of Terms

A grant awarded to a Council for a specific purpose or service that cannot be spent on anything else.

## **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**

Arises when income exceeds expenditure or when expenditure is less than available budget.

## **Surplus Assets**

Assets which are no longer in operation.

## **Tenant**

The person or organisation that is occupying an asset under lease.

## **Termination Benefits**

Employee benefits paid upon termination of employment such as redundancy.

## **Treasury Management**

Utilisation of cash flows through investments and loans.

## **Useful Life**

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

## **Value Added Tax**

National taxation charged on goods and services.

## **Work in Progress**

The fair value of incomplete contracts for goods and services which are to be charged to external customers.



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Your Ref:  
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Date: 12<sup>th</sup> September 2013  
E-mail: [ghammons@northamptonshire.gov.uk](mailto:ghammons@northamptonshire.gov.uk)

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Northampton Borough Council ("the Authority"), for the year ended 31 March 2013, for the purpose of expressing an opinion:

- as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2013 and of its expenditure and income for the year then ended; and
- whether the financial statement have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

These financial statements comprise the Authority Movement in Reserves Statement, the Authority Comprehensive Income and Expenditure Statement, the Authority Balance Sheet, the Authority Cash Flow Statement and the Collection Fund and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

### Financial statements

1. The Authority has fulfilled its responsibilities, as set out in regulation 8 of the Accounts and Audit (England) Regulations 2011, for the preparation of financial statements that:
  - give a true and fair view of the financial position of the Authority as at 31 March 2013 and of the Authority's expenditure and income for the year then ended; and
  - have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 require adjustment or disclosure have been adjusted or disclosed.

#### **Information provided**

4. The Authority has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Authority for the purpose of the audit; and
  - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

7. The Authority has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and
  - b) allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as the Authority understands them and as defined in IAS 24, except where interpretations or adaptations to fit the public sector are detailed in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

11. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with its knowledge of the business.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that:
  - are statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - are funded or unfunded; and
  - are approved or unapproved,have been identified and properly accounted for; and
- b) all settlements and curtailments have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Committee on 23 September 2013.

Yours faithfully

.....  
**Councillor Phil Larratt**  
**[Chair of the Audit Committee]**

.....  
**Glenn Hammons**  
**[Section 151 Officer]**



## Appendix A to the Management Representation Letter of Northampton Borough Council: Definitions

### **Financial Statements**

A complete set of financial statements comprises:

- Comprehensive Income and Expenditure Statement for the period
- Balance Sheet as at the end of the period
- Movement in Reserves Statement for the period
- Cash Flow Statement for the period
- Notes, comprising a summary of significant accounting policies and other explanatory information, and
- Balance Sheet as at the beginning of the earliest comparative period (ie a third Balance Sheet) when an authority applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund

The financial statements of a defined benefit pension fund and of police authorities and fire and rescue service authorities in England and Wales must contain:

- a) A fund account disclosing changes in net assets available for benefits.
- b) A net assets statement showing the assets available for benefits at the year end.
- c) Notes to the accounts.

## **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state the following:

Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

## **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

## **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are 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:

- a) was available when financial statements for those periods were authorised for issue, and
- b) 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.

## **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

## **Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- a) entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the authority (ie subsidiaries);
- b) associates;
- c) joint ventures in which the authority is a venture;
- d) an entity that has an interest in the authority that gives it significant influence over the authority;
- e) key management personnel, and close members of the family of key management personnel; and
- f) post-employment benefit plan (pension fund) for the benefit of employees of the authority, or of any entity that is a related party of the authority.

Key management personnel are all chief officers (or equivalent), elected members, chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

The following are deemed not to be related parties by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13:

- a) providers of finance in the course of their business in that regard and trade unions in the course of their normal dealings with an authority by virtue only of those dealings; and
- b) an entity with which the relationship is solely that of an agency.

### **Related party transaction**

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

**Glenn Hammons**  
**Section 151 Officer**

Appendices  
1



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Annual Governance Statement 2012/13</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	23 <sup>rd</sup> September 2013
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance Directorate, LGSS
<b>Accountable Cabinet Member:</b>	Councillor A Bottwood

### 1. Purpose

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1.1 To present the Annual Governance Statement 2012/13 to the Audit Committee for approval.

### 2. Recommendations

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2.1 To approve the Annual Governance Statement 2012/13 for publication alongside the Statement of Accounts.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The Council must publish an Annual Governance Statement. For 2010/11 onwards, this statement must accompany the Statement of Accounts, but does not need to be included in the Statement of Accounts.

3.1.2 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims, and objectives. It can therefore only provide reasonable and not absolute assurance.

3.1.3 In many organisations the system (and statement) of internal control is often seen as an audit or finance function. The responsibility for this lies with both officers and Members. In summary:

- The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to value for money.
- In discharging this overall responsibility, the Council (elected Members and officers) is responsible for ensuring there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

## **3.2 Issues**

3.2.1 The significant governance issues are detailed in section 7 of the Annual Governance Statement. There were no significant control weaknesses identified by Internal Audit for 2012/13.

## **3.3 Choices (Options)**

3.3.1 Audit Committee are requested to consider and approve the Annual Governance Statement 2012/13 (attached at **Appendix 1**).

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no specific policy issues arising from this report.

### **4.2 Resources and Risk**

4.2.1 The system on internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims, and objectives. It can therefore only provide reasonable and not absolute assurance.

### **4.3 Legal**

4.3.1 There are no specific legal issues arising from this report.

### **4.4 Equality**

4.4.1 There are no specific equalities issues arising from this report.

### **4.5 Consultees (Internal and External)**

4.5.1 Audit Committee were consulted in July 2013. In addition, Heads of Service, Directors, and the Chief Executive have provided returns that have been taken into account in developing the Annual Governance Statement 2012/13.

## **4.6 Other Implications**

4.6.1 There are no other issues arising from this report.

## **5. Background Papers**

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5.1 Annual Governance Statement 2012/13 Consultation report to Audit Committee  
29<sup>th</sup> July 2013.

5.2 Appendix 1 – Annual Governance Statement 2012/13

5.3 Assurance Statements from Heads of Service, Directors, and the Chief Executive

**Bill Lewis, Assistant Head of Finance, 01604 837167**

**NORTHAMPTON BOROUGH COUNCIL  
DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13**

## **1 Executive Summary**

This document describes Northampton Borough Council's governance arrangements and assesses how closely the Council aligns with good practice. In overall terms this is a positive statement for the financial year 2012/13. This document relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the Statement of Accounts, Audit Committee, the overview and scrutiny process and external audit.

External audit was undertaken by the Audit Commission until September 2012, from which time KPMG have taken over. This provides assurance on the controls the Council has in place. Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Annual Audit and Inspection Letter. The Council received an unqualified audit opinion on its 2011/12 accounts, the latest ones published.

The statement reports positive progress on the three significant issues that arose as part of last year's statement:

- Procurement
- Voids
- Performance Indicators (Housing)

## **2 Statement of Compliance**

The authority's financial management arrangements conform with the governance requirements of CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government Framework.

## **3 Scope of responsibility**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Overview and challenge of the Council's management of risk is performed by the Audit Committee.

Northampton Borough Council has, through its cross party Constitutional Review Working Group, agreed a local code of corporate governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government' from 2007. A copy of the local code is on the Council's website at [www.northampton.gov.uk](http://www.northampton.gov.uk).

This Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) and 4(4) of the Accounts and Audit Regulations 2011.

#### **4 The purpose of the governance framework**

The System of Internal Control and the Governance Framework have been in place at Northampton Borough Council for the year ended 31 March 2013 and up to the date of the approval of the statement of accounts.

The Governance Framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims, and objectives and can therefore only provide reasonable, not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims, and objectives. It is also designed to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

#### **5 The Governance Framework**

The Constitution is the relevant governance document and the Code of Governance forms part of it. The Borough Secretary (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes. A full review of the Constitution was undertaken during 2010/11 to ensure it was accurate and reflected current best practice and legal requirements and Council approved a revised Constitution on 14<sup>th</sup> March 2011. Various minor changes have occurred since then to respond to changing circumstances and it is currently in the process of being updated to reflect the Council's new partnership with LGSS.

The Council's Governance Framework derives from the six core principles identified in a 2004 publication entitled The Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by CIPFA, and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA / SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles that this Governance Framework follows and the key elements of each of those core principles are as follows.

##### **5.1 Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

The Council's strategic objectives are set out in the Corporate Plan 2013-16 which was adopted by the Council at its meeting on 25<sup>th</sup> February 2013. These objectives are based around the two headings:

- Your Town
- You



Progress against the plan is monitored via the Council's Corporate Performance Framework which integrates financial and service planning. The Council's annual financial planning process is driven by the council's Medium Term Financial Strategy to ensure that the future priorities and ambitions are resourced.

Partnership working is an increasingly important way in which Local Government can deliver more efficient and effective services to local residents. The Council is a member of a number of partnerships with organisations across the local area, and in some cases is also the lead authority with responsibility for establishing and leading some of these partnerships.

The Council has adopted a Partnerships Protocol. The protocol establishes minimum standards of governance and management to be followed by partnerships in order to satisfy the Council that the partnerships are being well run and are delivering benefit to the Council and the residents of the Borough. The protocol outlines key requirements for initiating, approving, setting up, operating, reviewing, and exiting partnership arrangements including the Governance Arrangements to be adopted.

The Council maintains a database of all partnerships it is involved in. This contains details of the Council's representatives in the partnership, the Council's contribution, the name of the lead organisation, the resources committed by the Council and the risk register. The Council evaluates each partnership to assess the risks and rewards to the Council and local communities, including legal issues, insurance, implications arising from the Council's Constitution, the Council's own processes and applicable protocols, financial regulations, issues of partnership procurement and whether the benefits from the partnership are likely to justify the costs involved in membership. The viability and validity of continuing with any partnership is reviewed on a regular basis as part of the ongoing service planning process.

The Council undertakes a significant number of consultations with customers. To facilitate this, the Council has adopted a consultation strategy, toolkit and web based portal. This process sets out a clear methodology for defining aims and objectives, resourcing the consultation, defining the level and method of consultation required, identifying whom to consult, ensuring inclusivity, planning the consultation, using the results, and evaluating the effectiveness of the consultation. Through adopting this methodology, the Council can be sure that consultations are more focussed and effective.

The Council has a comprehensive and robust performance management framework. The framework is reviewed annually to ensure that learning and improvement is captured and changes made where necessary. The Council monitors delivery of its priorities and objectives through the performance management framework. A service plan is in place for each of the Council's service areas and the objectives set out in the Corporate Plan are embedded in these plans. The service plans represent the key plan for each service and clearly set out targets and actions for each service and how each service area contributes to corporate objectives and targets. The service plans address service-level improvements, including value for money objectives. Service plans also set out how each service will contribute to a range of corporate performance and improvement imperatives.

A Management Board Data Set is reported on a monthly basis to Management Board and performance data is included in regular combined performance and financial monitoring reports to Cabinet. Service plans are reviewed at Departmental Management Teams, ensuring that plans remain current, that targets remain relevant and appropriately challenging, and that the service is delivering the actions necessary to achieve the corporate objectives.

Through reviews by external auditors, external agencies, Internal Audit, and internal review teams, the Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. A corporate procurement strategy/toolkit has been developed to ensure proper arrangements are in place for procurement of goods and services. This was reviewed by Members and senior officers before being adopted.

The Council reviewed its financial regulations during 2010/11 with the updated financial regulations being approved by Council in May 2011. It is currently revisiting these in light of the new partnership with LGSS. Revised procurement rules were adopted in March 2008. All budgets are allocated to named budget officers, who are responsible for controlling spend against budgets, and who are also responsible for assets used in the provision of their services.

The Council's Risk Management Strategy, which incorporates business continuity management, was further improved in 2011. The Strategy clearly sets out the processes and responsibilities for managing risks across the authority and is supported by a Risk and Business Continuity Management Handbook. Risks are identified and registers comprehensively refreshed on an annual basis as part of the Service Planning process and are updated monthly at Departmental Management Team meetings. This enables risks to be associated clearly to objectives and priorities, providing management with valuable monthly reporting information and ensuring resources are targeted to the priorities and objectives most at risk.

The Council has approved critical functions and business continuity plans for these functions are well developed across the authority. A high proportion of these plans have been tested. These business continuity plans are currently being reviewed and a Corporate Business Continuity Plan is being drafted. Assurance on the Council's risk and business continuity function is provided through regular verbal and written updates to the Audit Committee and through internal audits.

## **5.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles**

### **5.2.1 The Constitution**

The Council has adopted a Constitution, which sets out how the Council operates, how decisions are made and the procedures that are followed to ensure these are efficient, transparent, and accountable to local people. The constitution reflects the 'Executive/Scrutiny' model following the Local Government Act 2000. The Constitution has been reviewed and a revised Constitution was adopted in May 2011. The Council is currently reviewing its constitution in light of its partnership with LGSS.

### **5.2.2 The Cabinet**

Cabinet is responsible for making executive decisions as defined by law and operates within the budget and policy framework approved annually by full Council. Meetings are open to the public except when personal or confidential matters are being discussed. Accountable Cabinet Members have authority to make non-key delegated decisions in accordance with the Leader's Scheme of Delegations in the Constitution. Furthermore, senior and other officers of the Council can make decisions under delegated authority – again the extent of these delegations is set out in the Officers' Scheme of Delegations in the Constitution. The Council publishes a key decision notice, which contains details of key decisions to be made by the Cabinet. Each Cabinet member has a specific range of

responsibilities requiring him or her to work closely with senior and other employees in order to achieve the Council's ambitions.

### **5.2.3 Management Board**

The Council's Management Board, which consists of the Chief Executive, Directors (including the S151 officer), the Monitoring Officer, and Head of Business Change, met on a weekly basis during 2012/13. Management Board considers other internal control issues, including strategic risk management, performance management, compliances, efficiency and value for money, and financial management. Management Board has a corporate responsibility for the messages that the Council puts out, both internally and externally.

### **5.2.3 Corporate Briefing**

This group consists of Management Board members and also all Heads of Service. The meetings are diarised fortnightly to meet as required. The agenda and meeting 'go ahead' are agreed weekly by the Chief Executive.

The group, which is non-decision making, provides collective responsibility for:

- Providing corporate leadership
- Employee development
- Internal and external communications
- Performance management
- Co-ordinating and delivering corporate objectives and priorities for action
- Reviewing corporate policy
- Reviewing corporate standards
- Considering key operational matters

### **5.2.5 Directorate Management Team**

Each Directorate has a Directorate Management Team where the Director and Heads of Service meet to discuss Management Board feedback, council wide and service specific matters. These meetings ensure that:

- Directorates contribute to Management Board, Corporate Briefing and other teams/groups
- Feedback from Management Board, Corporate Briefing and other teams/groups is communicated within the Directorate
- Communication of corporate requirements within and between teams within the respective directorate occurs
- Service area performance is reviewed through Performance Report Packs.

### **5.2.6 Managers' Workshop**

The managers' workshop started in 2007/08 and has a planned roll out of corporate subjects. The workshop attendance covers over 100 managers across the council.

### **5.2.7 Programme and Project Management Governance**

During 2012/13 there were 5 Programme Boards reporting into Management Board on the key project streams for the year of Northampton Alive, LGSS, Stock Options, Prevention, and Improvement. Each Programme Board is chaired by a Director, and they report into Management Board by exception.

The 5 Programme Boards will not encompass every single project that NBC is actively delivering, but rather those identified by Management Board as requiring corporate governance controls.

The Programme and project governance framework will signpost to other areas of governance that are required within the organisation. This saves the need for separate governance boards being set up and ensures integration across all of the specialist areas.

The NBC Project Management Best Practice Guide provides direction on the approach and the tools and templates available to support the programmes and projects. This ensures that those projects that are not deemed as requiring corporate governance controls will still maintain the NBC project management approach.

### **5.2.8 Codes and Protocols**

The council has adopted a number of codes and protocols that govern both Member and officer activities. These are mainly reviewed annually:

- Members Code of Conduct
- Members Register of Interests
- Officers Code of Conduct
- Officers Register of Interests
- Protocol for Members and officers regarding probity planning
- Protocol on Member/Employee relations
- Register of Gifts and hospitality – Members and Officers
- Counter Fraud
- Whistleblowing policy
- RIPA Policy
- Complaints and compliments procedures

### **5.3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

The Council has designated the Borough Secretary as the Council's Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws, and regulations. The Monitoring Officer also supports the Standards Committee and is the nominated officer for Whistleblowing. After consulting the Chief Executive and Chief Finance Officer (section 151 Officer), he will report to the Council, under Section 5 of the Local Government and Housing Act 1989, if he considers that any proposal, decision, or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Council has a Standards Committee which is responsible for: -

- Ensuring Councillors and other representatives are trained to carry out their duties effectively;
- Advising on the Members' Code of Conduct and helping Councillors and other representatives to understand what their duties are in relation to the Code;
- Investigating complaints received about elected Borough and Parish Council Members;
- Monitoring the operation of the Code;
- Conducting local hearings and determination of sanctions should a breach of the Code of Conduct be found;

- Granting dispensations to Councillors, co-opted members from requirements relating to interests set out in the Members' Code of Conduct;
- Advising the Council on other Codes and Protocols forming the authority's ethical framework;
- Considering arrangements for the appointment of Independent Members to the Committee;
- Ensuring the authority operates within a robust corporate governance framework; and
- Considering any report referred to it by the Cabinet or any other Committee where there are implications for ethical standards and report back as appropriate.

On 21 June 2012 the Council's internal auditors (PWC) presented a report to Management Board on the electronic governance survey launched in December 2011, as part of the planned 2011/12 audit work. A similar survey was carried out in March 2010, which was compared with the 2011/12 results. PWC's recommendation was that the Council should consider further the responses to statements 2 and 3 where there was a negative change in perception since 2010 and the response to statement 7 where a quarter of respondents felt that the Council doesn't manage large projects and significant contracts effectively. These statements and the context to them are shown below.

- 2 We perform effectively in clearly defined functions and roles  
Matters to consider before making your assessment:  
Do we all know what we are supposed to be doing? Do we understand our roles and responsibilities and those of others charged with governance? Is there collective responsibility for decisions taken? Do we understand the views of the public and service users and do we obtain robust information about these views?
- 3 We promote values for the whole Council and demonstrate the values of good governance through behaviour.  
Matters to consider before making your assessment:  
What are the values we expect staff to demonstrate in their behaviour and actions? Does our behaviour (collectively and individually) demonstrate that we take our responsibilities seriously? Can our behaviour weaken the organisation's aims and objectives?
- 7 We manage large projects and significant contracts effectively and efficiently, minimising risk to the Authority and ensuring that the best outcomes are achieved from the resources used.  
Matters to consider before making your assessment:  
Do we perform effective risk management for large projects and contracts? Do we consult with the public and service users? Do we assess whether outcomes are achieved in line with expectations? Do we assess value for money appropriately before embarking on projects?

The Council has implemented a new governance structure for its key projects during 2012/13 that addresses the issues raised in the Governance Survey Report. (See section 5.2.7 above).

The financial management of the Authority is conducted in accordance with the financial rules set out at Article 13 and the Financial Regulations section within the Constitution. The Council has a designated Chief Finance Officer in accordance with Section 151 (S151) of the Local Government Act 1972. The Assistant Heads of Finance are Deputy S151 officers. The Council has in place a three-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.

The Council maintains an Internal Audit service provided through a contract with PricewaterhouseCoopers, who operate to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. Individual services produce annual service plans. These Service Plans are updated each year so as to incorporate the Corporate Plan requirements into service activities, so that services know what they are required to do to achieve the Council's priorities and ambitions. These plans also identify any governance impact.

The Council's external audit services were provided by the Audit Commission until September 2012, when KPMG took over. They audit the Statement of Accounts, grant returns, whole of government accounts and national fraud initiative.

#### **5.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

The Council has several committees, which carry out regulatory or scrutiny functions:

##### **5.4.1 Cabinet**

Cabinet makes executive decisions.

##### **5.4.2 Planning Committee**

Planning Committee determines planning applications and related matters.

##### **5.4.3 Standards Committee**

Standards Committee promotes monitors and helps to maintain high ethical standards amongst the Council's Members, and this extends to having the same responsibility for all town and parish councils within the Borough.

The Standards Committee has produced periodic newsletters for the benefit of Members, Parish Councillors and relevant officers, to provide updates on the national position, advice on matters in relation to Standards generally and to also remind Members of their obligations under the Code of Conduct, the Register of Interests, Gifts and Hospitality.

##### **5.4.4 Audit Committee**

Audit Committee provides assurance about the adequacy of internal controls, financial accounting and performance reporting arrangements, and that effective risk management is in place. Its work is intended to enhance public trust in the corporate and financial governance of the council. It also reviews areas of concern to the committee, particularly around risk, fraud and failure of systems of control.

The Audit Committee has been very effective during 2012/13. There are now no High Risk areas left in the Council. Audit Committee has the opportunity to question and challenge on any reports brought before it. This supports a good internal control framework.

The Committee also reviews risk registers, approved the 2011/12 Annual Governance Statement (AGS) and Statement of Accounts, and will approve these for 2012/13. The committee receives annual training from internal audit.

##### **5.4.5 Licensing Committee**

Licensing Committee monitors and reviews the effectiveness of the Council's licensing policy and procedures and make individual licensing decisions as required.

#### 5.4.6 General Purposes Committee

General Purposes Committee, which is a sub-committee of full Council, makes decisions that are not the responsibility of the Executive or other committees,

#### 5.4.7 Appointments and Appeals Committee

Appointments and Appeals Committee has responsibility for appraising senior officers and dealing with certain disciplinary and grievance matters.

#### 5.4.8 The Overview and Scrutiny Committee

Since May 2010 the Council has had one Overview and Scrutiny Committee which sets up time-limited Scrutiny Panels to carry out in-depth Reviews. The Overview and Scrutiny Committee comprises fifteen Members. The Scrutiny Panels now hold their meetings in public and individuals are encouraged to attend.

Some of the Overview and Scrutiny Committee responsibilities are:

- **Co-ordinating Work Programme** – to co-ordinate the work plan to avoid duplication and ensure joint working, or other suitable arrangements.
- **Allocation of Resources** – to consider the overall work loads of Scrutiny Panels and to agree the allocation of resources to each Panel according to need on an equal basis.
- **Involvement of other People in the Overview and Scrutiny Process** – to review arrangements for involving Councillors or people outside the Council, in the Overview and Scrutiny process, such as by co-option, or setting up working parties which include outside representatives and be responsible for agreeing appointments of external parties to relevant Scrutiny Panel.
- **Training and Development** – to review training needs of Overview and Scrutiny Committee Members and of Councillors and Council employees generally in relation to the Overview and Scrutiny process; and to consider the development of operational styles and techniques to aid the usefulness and effectiveness of the Overview and Scrutiny process.
- **Appoint three Overview and Scrutiny Panels**
- **Policy Development and Review** – The Overview and Scrutiny Committee may assist the Council and Cabinet in the development of its Budget and Policy Framework by in-depth analysis of policy issues by a variety of methods.
- **Support Needs** – To consider any general issues which arise with regard to the levels of co-operation and support which the Overview and Scrutiny Committee and Scrutiny Panels receive from other parts of the Council.

Overview and Scrutiny is a key part of the modernised arrangements for governance in local councils and also an important mechanism for driving forward performances in services. The four key legislative roles are: -

- Holding the Executive to account
- Policy development and review
- Best Value Reviews
- External Scrutiny

Overview and Scrutiny provides the opportunity for Councillors that are not members of Cabinet to examine various functions of the Council, to question how key decisions have been made and to champion issues of local concern to residents.

Overview and Scrutiny is charged with finding ways of ensuring that the issues that matter to the public are the focus of their attention, and with finding new ways of getting citizens involved in the things that affect them. Overview and Scrutiny has considerable powers:

- Holding decision makers to account
- Challenging and improving performance
- Supporting the achievement of value for money
- Challenging the ways things are done
- Influencing decision makers with evidence based recommendations
- Bringing the evidence and views of stakeholders, users and citizens

Overview and Scrutiny is Councillor led. As well as Councillors leading on the review of topics, where they research issues and develop recommendations, they are also involved in setting the Overview and Scrutiny Committee agenda, bringing forward topics and issues, identifying who they want to hear from to help their work and what they want to know and how they want it presented to them.

The O&S Committees can “call-in” a decision that has been made by the Executive but not yet implemented, to enable it to consider whether the decision is appropriate. Call in can be referred to O&S by at least two Councillors. There was one call in during 2012/13.

Overview and Scrutiny becomes involved with decisions at an appropriate early stage to apply real influence and therefore play the important role of ‘critical friend’ to Cabinet. The Committee undertook three pre-decision scrutiny activities during 2012/13:

- Tenant Involvement Strategy,
- Housing Allocations Scheme,
- Tenancy Strategy 2012-2015.

This pre-decision scrutiny activity demonstrates non-Executives influencing organisational culture at the Council.

During 2012/13, the scrutiny panels reviewed the following areas: -

- **Infrastructure Requirements and s.106 Agreements** – To evaluate how infrastructure will be delivered through Section 106 Agreements, to identify any gaps and how these would be filled and renegotiate S106s if necessary
- **Retail Experience in the Town Centre** – To enhance the retail experience that makes people want to return to the town and to manage the transition period during the works on Grosvenor/Greyfriars, Riverside etc. and protect current shops
- **Serious Acquisitive Crime/Community Safety** – To investigate, as a bench mark, Northampton’s crime statistics, to identify ‘hotspots’, to provide a research paper to the Police and Crime Commissioner (PCC), and to identify people’s perception of crime

Where relevant Overview and Scrutiny will set up panels to undertake pre-scrutiny of key issues. In 2012/13 for example a panel was set up to “pre-scrutinise” LGSS and review the process as the partnership arrangement was developed.

The Council’s Overview and Scrutiny (O&S) Committee is a very effective model, both for pre-decision investigations, and for a call-in process to scrutinize decisions of the executive. An evaluation of the Overview and Scrutiny process at Northampton took place using the Centre for Public Scrutiny (CfPS)’s framework “Accountability Works for You”, together with two mini peer Reviews undertaken by Officers and Councillors from Broxtowe Borough Council and Rugby Borough Council. It had some very positive outcomes, acknowledging the achievements made, a number of which have been recognised as best practice. The annual report of the Overview and Scrutiny Committee was presented to Council on 10th June 2013.



## **5.5 Developing the capacity and capability of members and officers to be effective**

The Council has a structured Councillor Development programme which is informed by corporate priorities, legislative changes and individual personal development plans for councillors. The programme is overseen by the Councillor Development Group, which comprises of councillors from all political groups and officers to determine priorities and agree programmes of development on a rolling three-month programme. It also evaluates and monitors outcomes from development sessions.

Compulsory training for members on the Community Enabling Fund took place in 2012/13. Members were not permitted to use the fund without completing the course which covered a broad range of topics including Financial Regulation, Standards, legal duties, etc.

The training explained the links between the Local Government Act 2000 and the community leadership role enhanced by the implementation of the Councillor Community Enabling Fund. It went on to cover members' responsibilities under financial Regulations and Standards including value for money and avoiding conflicts of interest.

In terms of legal duties the training covered relevant legislation including the Bribery act 2010, the Fraud Act 2006, and emphasised the importance of keeping the Register of Members' Interests up today as well as highlighting their duties acting as stewards of the Council's assets and acting in the public interest.

## **5.6 Engaging with local people and other stakeholders to ensure robust public accountability**

The Council's community engagement activities were brought together into one overarching strategy in 2009. The key principles of the strategy are that:

- All communities should be involved in the decisions that affect them
- All communities deserve high quality public services, shaped around their needs
- Council policies and strategies should reflect local priorities, requirements and aspirations.

The Community Engagement Strategy recognises the diversity of our communities, the importance of community capacity building and the need to provide appropriate opportunities for customers and communities to participate at whatever level they wish to influence service delivery, decision making and policy development.

The Community Engagement Strategy aims to support strong, active and inclusive communities, who are informed and involved in decision-making and enable us to improve public services to enhance quality of life in Northampton. By this we mean:

- strong communities, who can form and sustain their own neighbourhoods, bringing people together to deal with their common concerns
- active communities, where people are supported to improve quality of life in their own communities
- influential communities, where all sections of the community feel they have opportunities to be involved in decision-making and influence public services

## **6 Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of its governance framework including the system of internal control. The process adopted during 2012/13 for a review is below.

- Contributions and comments from Heads of Service
- Internal Audit review for comment
- Audit Committee review for comment
- Review and approval by Management Board
- Review and approval by the Audit Committee

The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The contributions from senior managers included suggestions for training to improve clarity of officer and member roles, that advertising for member development opportunities encourages take up, the need to promote officer challenge, improving project management and transparency of decision making, capacity concerns and other risks arising from the speed of change (driven at a national level), the need to refresh the management vision, and improving engagement with stakeholders and local people. Many of these issues are addressed by the Programme and Project Governance Structure implemented in 2012/13. (See paragraph 5.2.7 above).

Internal Audit, under the terms of engagement, is required to provide those charged with governance with an opinion on the overall adequacy and effectiveness of the council's:

- Risk management
- Control and;
- Governance processes.

Collectively this is referred to as "the system of internal control".

An audit plan is prepared each year and is agreed at the Audit Committee prior to the year commencing. For 2012/13 the audit plan was agreed at the Audit Committee meeting on 19<sup>th</sup> March 2012.

The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service manager and/or chief officer. The report includes recommendations for improvements that are included within an action plan and requires agreement or rejection by service manager and/or chief officers. The process includes follow-up reviews of recommendations to ensure that they are acted upon, usually within six months. All Internal Audit reports include a report on the quality and effectiveness of internal control within the Council's systems, and an assessment in accordance with quantification and classification of internal control level definitions. These definitions are summarised below.





Individual Findings are rated using the guidelines shown in the following table.

Finding rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> <li>• <i>Critical</i> impact on operational performance (quantify if possible); or</li> <li>• <i>Critical</i> monetary or financial statement impact (quantify if possible = materiality); or</li> <li>• <i>Critical</i> breach in laws and regulations that could result in material fines or consequences (quantify if possible); or</li> <li>• <i>Critical</i> impact on the reputation or brand of the organisation which could threaten its future viability (quantify if possible).</li> </ul>
High	A finding that could have a: <ul style="list-style-type: none"> <li>• <i>Significant</i> impact on operational performance (quantify if possible); or</li> <li>• <i>Significant</i> monetary or financial statement impact (quantify if possible); or</li> <li>• <i>Significant</i> breach in laws and regulations resulting in significant fines and consequences (quantify if possible); or</li> <li>• <i>Significant</i> impact on the reputation or brand of the organisation (quantify if possible).</li> </ul>
Medium	A finding that could have a: <ul style="list-style-type: none"> <li>• <i>Moderate</i> impact on operational performance (quantify if possible); or</li> <li>• <i>Moderate</i> monetary or financial statement impact (quantify if possible); or</li> <li>• <i>Moderate</i> breach in laws and regulations resulting in fines and consequences (quantify if possible); or</li> <li>• <i>Moderate</i> impact on the reputation or brand of the organisation (quantify if possible).</li> </ul>
Low	A finding that could have a: <ul style="list-style-type: none"> <li>• <i>Minor</i> impact on the organisation's operational performance (quantify if possible); or</li> <li>• <i>Minor</i> monetary or financial statement impact (quantify if possible); or</li> <li>• <i>Minor</i> breach in laws and regulations with limited consequences (quantify if possible); or</li> <li>• <i>Minor</i> impact on the reputation of the organisation (quantify if possible).</li> </ul>
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Each of these rating levels attracts a set number of points as shown in the table below.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

The aggregate number of points an audit has scored indicates the overall level of risk of that control area. The number of points for each level of risk is shown in the table below.

Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

The program of internal audit work for the year ended 31 March 2013 included 27 reviews (including value enhancement reviews). This resulted in the identification of 0 critical, 0 high, 16 medium, and 48 low risk findings to improve weaknesses in the design of controls or operating effectiveness.






The audit plan was scoped to address the Council's key risks and strategic objectives. Each review was mapped to these areas in the 2012/13 Internal Audit plan. The internal audit plan was completed in line with the set timescales and training on fraud awareness was delivered in the year. The plan included 4 pieces of "value enhancement" work:

- Anti-fraud awareness training
- National Fraud Initiative data matching
- Conflict of Interest Review
- Support for HR project.

Based on the work completed, internal audit believe that there is some risk that management's objectives may not be fully achieved. Improvements are required in those areas to enhance the adequacy and / or effectiveness of governance, risk management, and internal control.

Internal Audit noted that the majority of functions audited in 2012/13 were low risk and that only the Housing Rents function of the areas audited in this year had worse control than in 2011/12. The direction of control is overall one of improvements in control at the Council as shown by the following diagram, which has been amended to reflect the final Housing Allocations Audit Report for 2012/13.

### Direction of Control Travel

Finding Rating	Trend Between Current & Prior Year	Number of Findings		
		2012/13	2011/12	2010/11
Critical		0	0	0
High		0	4	5
Medium		16	30	62
Low		48	38	63
<b>Total</b>		<b>64</b>	<b>72</b>	<b>130</b>

*It should be noted that the mix and focus of the internal audit plans have differed between years and therefore these results may not be directly comparable.*

The Internal Audit service is subject to a review by the council's external auditors, the Audit Commission, who place reliance on the work carried out by the section.

## 7 Significant Governance Issues

### 7.1 Review of the previous year's Significant Governance Issues

The 2011/12 Annual Governance Statement highlighted significant control weaknesses in the following areas:

Significant Control Weakness areas	Action to address weakness
<p><b>Procurement</b> Two high risk findings were identified:</p> <p><b>Copies of Contracts</b> Signed copies of contracts selected for testing could not be located by the services responsible for managing the contracts.</p> <p><b>Compliance with Procedures</b> Sample testing of procurement transactions pointed to a number of issues with the cases tested; for example members of staff ordering goods often did not obtain the minimum required number of quotations, or comply fully with tender processes prior to purchasing goods or services. This leads to increased risks of poor value for money and inappropriate or unauthorised transactions.</p>	<p>Measures are now in place to remove this risk. Procurement has created, updates and maintains a contract database for all contracts that are notified to Procurement.</p> <p>The Good Procurement Summary Guide was updated and is available on the intranet. A training package has been developed and is expected to go live after the transition to LGSS. It was felt that it would be inappropriate to launch the training package until the LGSS move had been completed and its full implications understood. This risk has been mitigated to some extent through the delivery of high level procurement training at the Managers meeting, targeting everyone from team leader and above. The procurement team also routinely attend senior management team meetings to discuss procurement procedures.</p>
<p><b>Voids</b> The void properties review (<b>11_12 NBC Voids 02</b>) focussed on controls in place over the management of void council houses. The review focussed on void operational management, void management information, and cost control. We identified one high finding that management information on voids is undermined because data on the Integrated Business Solutions (IBS) housing system is wrong in a number of cases and unlettable periods have been calculated incorrectly. This makes the Council's performance look better than it actually is. The root cause is that IBS is not updated fully when properties become lettable following unlettable periods, such as when major works have occurred.</p>	<p>Management welcomed the information in the report put in place an action plan to address all issues raised. Resources were identified to perform additional work to review the extent of this issue and the impact on the void (or 're-let') period. The average void period was recalculated to determine the overall effect of this on reported data.</p> <p>The procedures were reviewed and updated to ensure they clearly set out this aspect of the voids process and training was put in place. Following training monthly checks were implemented to ensure the accuracy of dates recorded on IBS and to ensure agreed procedures are followed; any necessary corrective and preventative action was then taken.</p> <p>The 2012/13 review of Voids reported positively on the intention of key staff members to put measures in place to improve performance relating to the reduction of unlettable days.</p>

<p><b>Performance Indicators</b></p> <p>The Council sets housing performance indicators to assess their performance against a number of qualitative and quantitative targets. This review looked to understand and comment on the quality of data collated by the Council for measurement of performance.</p> <p>For indicator HI 16 (Average number of days taken to resolve ASB cases), the start and end dates days for cases used to calculate this indicator should be supported by evidence to verify the case has been opened/closed (e.g. telephone notes or letters issued). In 4/10 cases tested, the dates used to calculate the days did not agree to supporting documentation. It has been established this is because officers are not always certain of the correct trigger for the start date (i.e. the initial contact or when the case was brought to the attention of the Council) In a further 5 cases, there was no evidence retained to support the dates. This is because no paper file was opened when the initial complaint was received.</p>	<p>The correct trigger date has now been identified and documented and all relevant staff have been trained in this area. Evidence to support the dates is now being retained to support those dates; paper files are now opened each time a complaint is received.</p>
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## 7.2 This year's Significant Governance Issues

No significant control weaknesses were identified by Internal Audit for 2012/13.

## 7.3 Areas of Good Practice

Internal Audit also identified a number of areas where few weaknesses were identified and / or areas of good practice.

The following reviews were classified as low risk for 2011/12:

- Council Tax
- Budgetary Control
- General Ledger (part of core financial systems review)
- Debtors (part of core financial systems review)
- Creditors (Agresso) (part of core financial systems review)
- Cash and Banking (part of core financial systems review)
- Fixed Assets
- Payroll
- Housing Benefits
- Debt Recovery
- Human Resources – Potentially Violent Persons
- Landlord Services – Gas Safety/Property Transfer
- Strategic Housing – Accounting for Grant Income
- Policy and Community Engagement- Equalities
- Cultural Services – Museum Security
- Conflicts of Interest

The majority of functions audited in 2012/13 were low risk and only the Housing Rents function audited in the year was identified as having worse control than in 2011/12.

## **8 Conclusion**

The Council proposes to address the above matters, as set out in the table, to further enhance governance arrangements. The Council is satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and the progress of these will be monitored during the year and their implementation and operation will be reported on as part of our next annual review.

## **9 Approval of the Annual Governance Statement**

In accordance with the appropriate regulations, the Annual Governance Statement was approved by the Audit Committee on **XX September 2013** at the same time as the statement of accounts was approved.

Appendices:

1



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Performance Report to the end of July 2013</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	23 <sup>rd</sup> September 2013
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance Directorate, LGSS
<b>Accountable Cabinet Member:</b>	Councillor A Bottwood

### 1. Purpose

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This report presents the Council's key performance exceptions for the year to date.

### 2. Recommendations

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2.1 That Audit Committee note the contents of the report.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The purpose of the report is to highlight the performance exceptions for the year to date.

#### 3.2 Issues

##### 3.2.1 Performance Exceptions on Corporate Plan Priorities

3.2.2 This section of the report highlights those measures that are under (▲) or over (●) performing by corporate priority against their profiled monthly targets. Appendix 1 provides further detail of the issues and actions being taken by relevant service areas.



## Your Town

Measure	Portfolio	Performance	Actual	Target
ESC02 % missed bins corrected within 24hrs of notification (M)	Environment	▲	79.23	100
HI 01 Average time taken to re-let local authority homes (days) (M)	Housing	▲	26.17	16
ESC01 No. of missed Bins/Boxes as a % of those collected (M)	Environment	●	0.01	0.02
ESC05 % of Land and Highways assessed falling below an acceptable level - Litter (NI195a) (4M)	Environment	●	0.33	4
ESC06 % of Land and Highways assessed falling below acceptable level - Detritus (NI195b) (4M)	Environment	●	1	6
ESC10 Level of quality against an agreed standard - Open Spaces & Parks - Litter (%) (Q)	Environment	●	0	4
ESC11 Level of quality against an agreed standard - Open Spaces & Parks - Detritus (%) (Q)	Environment	●	0	6
NI157a % Major Planning applications determined within 13 weeks (M)	Regeneration, Enterprise and Planning	●	86.67	60
PP06 % change in serious acquisitive crime from the baseline (M)	Leader	●	-4.26	-3.33
PP09 Overall crime figure for the period (M)	Leader	●	5,656.00	6,682.00
PP14 % change in Violence Offences (M)	Leader	●	-7.56	-1.67
PP21 % Licensing enforcement checks completed (M)	Environment	●	92.96	80
TCO01 Number of events delivered in partnership: Town Centre (Q)	Community Engagement	●	8	3
TCO02 Number of events delivered in partnership: parks and open spaces (Q)	Community Engagement	●	3	2

## YOU

Measure	Portfolio	Performance	Actual	Target
BV008 Percentage of invoices for commercial goods & serv. paid within 30 days (M)	Finance	▲	93.89	98.51
CEX01 Total number of Local Government Ombudsman First Enquiries (cases completed) (Q)	Leader	▲	11	3
CS13 Percentage of ALL calls into the Contact Centre answered (M)	Community Engagement	▲	82.3	90
HI 36 Number of affordable homes delivered (NI 155)(Q)	Housing	▲	28	50
CEX02 Av no. of days taken to deal with LG Ombudsman First Enquiries (cases completed) (Q)	Leader	●	5.81	19.5
HI 07 Number of households living in B&B accommodation (M)	Housing	●	28	40
HI 09 Homeless households for whom casework advice resolved their situation (M)	Housing	●	879	500

3.3.3 As from the 1st June 2013 LGSS has assumed responsibility to deliver a range of services and performance information against the SLA's which will be presented in future reports.

3.3.4 Corporate measures are monitored regularly to track progress towards delivering our priorities, as detailed in the Council's Corporate Plan. Service areas annually develop objectives, measures and targets to ensure the delivery of the Corporate Plan through the service planning process. The monitoring of progress is through the Performance Management Framework.

### 3.3 Choices (Options)

3.3.1 Audit Committee is asked to note the reported position

## 4. Implications (including financial implications)

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### 4.1 Policy

4.1.1 Corporate measures are monitored regularly to track progress towards delivering our priorities, as detailed in the Council's Corporate Plan. Service areas annually develop objectives, measures and targets to ensure the

delivery of the Corporate Plan through the service planning process. The monitoring of progress is through the Performance Management Framework.

## **4.2 Resources and Risk**

4.2.1 All objectives, measures and actions within the Service Plans are risk assessed and challenged before final approval. The challenge process includes the agreement of performance targets and the capacity/ability to deliver the plans with appropriate resources set aside to do so.

## **4.3 Legal**

4.3.1 There are no specific legal implications arising this report

## **4.4 Equality**

4.4.1 There are no specific equalities issues arising from this report.

## **4.5 Consultees (Internal and External)**

4.5.1 Members of the Public were consulted during the Statutory Period of Public Inspection.

## **4.6 Other Implications**

4.6.1 There are no other issues arising from this report.

## **5. Background Papers**

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5.1 Corporate Performance – All Measures Report

**Francis Fernandes  
Borough Secretary  
01604 837334**

**Key**

-  Exceptional or over performance
-  On or exceeding target
-  Within agreed tolerances
-  Outside agreed target tolerance
-  Good to be low: Better
-  Good to be low: Worse
-  Good to be High: Better
-  Good to be High: Worse
-  No change
-  No target available
-  No data available

## Corporate Performance - All Measures Report

The report details the full list of performance measures monitoring the Council's Corporate Plan by corporate priority and is published quarterly.

The measures contained within this report are monitored on a monthly, quarterly, half yearly or four monthly basis.

Performance is reported against the latest report period and then by overall performance year to date (YTD). Overall YTD performance is monitored against the current profiled target and helps us to keep track of the progress towards meeting the annual target.

Performance comparison against the same time last year is highlighted where comparative data is available.






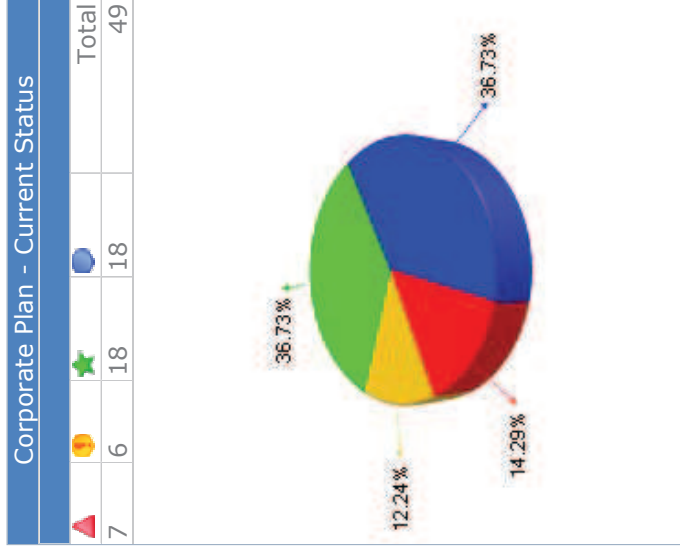
**NORTHAMPTON**  
BOROUGH COUNCIL

# NBC Corporate Plan

The table below has been included for informational purposes, and shows the current year to date performance of each element of the Corporate Plan. The Alerts are generated from the PIs which each Service Area aligned to the 8 priorities during the service planning process.

The score shown against the Corporate Plan corresponds to the performance tracker definition. (<65% = Red, 65% to 85% Green, >85% Blue)

Corporate Plan	
Putting Northampton back on track	Score YTD 84 % 
Theme	
Your Town - A town to be proud of	YTD 
You - How your Council will support and empower you and your community	





## Your Town

Polarity	Measure ID & Name	Apr 13	Period	May 13	Period	Jun 13	Period	Jul 13	Period	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Perf. vs. same time last year	YTD value same time last year
Bigger is Better	T: AST113 Appropriate disposals agreed at Corporate Asset Board progressed effectively	112.50	★	112.50	★	112.50	★	112.50	★	112.50	★	100.00	-	↑	112.50
Legal work in relation to a number of earlier agreed disposals was further progressed in month. Corporate Asset Board met and considered further possible disposal opportunities.															
Bigger is Better	AST05a External rental income demanded against budgeted income (M)	97.25 %	🟡	96.28 %	🟡	94.99 %	🟡	94.92 %	🟡	94.92 %	🟡	100.00 %	100.00 %	🔴	97.99 %
We are currently below the agreed target due to vacant properties, all of which are being marketed and some are with Legal awaiting for completion of the Leases. These should complete over the next few months helping to improve the performance in this area.															
220 Smaller is Better	AST05b % commercial rent demanded within the last 12 months (more than 2 months in arrears) (M)	4.80 %	🟡	4.64 %	🟡	1.15 %	★	1.26 %	★	1.26 %	★	3.75 %	3.75 %	🟢	2.68 %
Any invoices older than 28 May are classed as being more than 2 months in rent arrears.															
The figure has increased slightly this month but will reduce next month as an agreed write off has been approved for a property in Bridge Street, and rent deposits are being transferred to clear two other accounts which has the potential to take our arrears figure below 1% in August.															
Bigger is Better	AST12 % achieved where return on (sub group) investment properties meets agreed target rate (M)	91.25 %	★	91.25 %	★	91.25 %	★	91.25 %	★	91.25 %	★	90.00 %	90.00 %	🔴	91.25 %
The percentage of properties meeting or performing above the agreed target return for July is 91%.															
The target of 90% is met for July through active management of the investment portfolio and the completion of sales of asset approved for disposal by cabinet or by the cabinet member responsible for Regeneration, Enterprise and Planning.															
Currently, the vacancy rates for NBC's investment property are very low due to a proactive approach to property management. This has resulted in a higher turnover of tenants for some assets in some locations. Property reviews are on-going and underperforming assets are reviewed and may be considered for reinvestment or disposal.															
Smaller is Better	BV012_12r Ave. no. of days/shifts lost to sickness for rolling 12 month period (M)	10.65	🟡	10.33	★	10.22	★	10.13	★	10.13	★	9.86	9.50	🟢	12.16
For the rolling 12 month period from August 12 to July 13, a performance of 10.13 days per FTE has been achieved, which is an improvement on the previous month rolling average of 10.22 days per FTE.															
ESC01 No. of															

Polarity	Measure ID & Name	Apr 13	Period	May 13	Period	Jun 13	Period	Jul 13	Period	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Perf. vs. same time last year	YTD value same time last year
Smaller is Better	missed Bins/Boxes as a % of those collected (M)	0.0064 %		0.0070 %		0.0171 %		0.0083 %		0.0097 %		0.0200 %	0.0200 %		0.0373 %
Following establishment of the routes and rounds, the number of justified missed bins has decreased as anticipated.															
Bigger is Better	ESC02 % missed bins corrected within 24hrs of notification (M)	76.62 %		70.24 %		81.07 %		85.00 %		79.23 %		100.00 %	100.00 %		70.82 %
Whilst there is no KPI for rectifying missed bins within a certain timeframe Enterprise reports these figures to demonstrate its commitment to improving the 'customer experience'															
Bigger is Better	ESC04 % household waste recycled and composted (NI192) (M)	41.99 %		49.16 %		48.16 %		44.57 %		46.01 %		47.00 %	47.00 %		49.67 %
April, May and June's figures are amber, landfill data to be confirmed by NCC through waste data flow rollout. The month of July 13 has seen a decrease in waste recycled and composted by 7.34% against June 12, arising from a fall in green waste.															
Bigger is Better	ESC09 % of Fly Tipping incidents removed within 2 working days of notification (SO2) (M)	100.00 %		100.00 %		100.00 %		100.00 %		100.00 %		100.00 %	100.00 %		100.00 %
Fly tipping continues to be collected within the reporting timeframes															
Smaller is Better	HI 01 Average time taken to re-let local authority homes (days) (M)	20.95		25.40		28.53		28.32		26.17		16.00	16.00		15.82
As previously reported, and as expected during the first quarter, the average number of void days during the first quarter increased for the third month as we brought the longer term voids back in to use. This action will help to reduce the time a tenant need to be in temporary accommodation or inadequate housing. Weekly scrutiny of the application of the void process at all stages will continue for the foreseeable future.															
Bigger is Better	HI 12 Rent collected as a proportion of rent owed on HRA dwellings exc.arrears brought forward (M)	99.08 %		94.61 %		93.34 %		100.60 %		97.23 %		96.85 %	98.32 %		97.35 %
During the month of July £5,144,742 was due in rent and service charges with £5,175,350 being collected. This equates to a collection rate of 100.6% for the month. This is better than profiled and takes the year to date collection rate over the targeted figure.															
Smaller is Better	HI 13 Rent arrears as a percentage of the annual debit (M)	2.94 %		3.14 %		3.28 %		3.40 %		3.40 %		3.64 %	3.64 %		3.52 %
Total current tenants rent arrears at the end of July were £1,716,782. The projected rent debit for the year is £50,520,168, therefore the arrears as a percentage of the debit are 3.40%. This is better than profiled and represents an improvement on the position at the end of July last year, when the figure was 3.52%.															
Bigger is Better	NI157: Percentage of all planning applications determined within 13 weeks (M)														95.87 %
In July we determined in total 79 planning applications, 78 of which were determined within 13 weeks.															

Polarity	Measure ID & Name	Apr 13	Period	May 13	Period	Jun 13	Period	Jul 13	Period	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Perf. vs. same time last year	YTD value same time last year
Bigger is Better	NI157a % Major Planning applications determined within 13 weeks (M)	100.00 %	🟡	83.33 %	🟡	100.00 %	🟡	80.00 %	🟡	86.67 %	🟡	60.00 %	60.00 %	🟡	
Large-scale Major: In July 2013 we determined in total 1 large scale planning application, of which was determined within 13 weeks of receipt.															
Small-scale Major: In July 2013 we determined in total 4 small scale planning applications, 3 of which were determined within 13 weeks of receipt.															
Bigger is Better	NI157b Percentage of 'minor' planning apps determined within 8 weeks (M)	94.12 %	🟡	79.41 %	🟡	82.35 %	🟡	96.30 %	🟡	87.37 %	🟢	86.00 %	86.00 %	🔴	90.00 %
In July 2013 we determined in total 27 Minor planning applications, 26 of which were determined within 8 weeks of receipt.															
Bigger is Better	NI157c Percentage of 'other' planning apps determined within 8 weeks (M)	93.62 %	🟢	96.88 %	🟢	90.00 %	🟢	87.23 %	🟡	92.11 %	🟢	90.00 %	90.00 %	🟢	90.48 %
In July 2013 we determined in total 47 Other planning applications, 41 of which were determined within 8 weeks of receipt.															
Performance for July was on target although 6 of the 47 applications determined were outside the statutory timeframe. These were due to a combination of having to be reported to Planning Committee and negotiation by officers to secure improvements to the proposed development. Overall performance for the year so far remains on target.															
Smaller is Better	PP06 % change in serious acquisitive crime from the baseline (M)	-0.49 %	🔴	-0.71 %	🔴	-3.01 %	🔴	-4.26 %	🔴	-4.26 %	🔴	-3.33 %	-10.00 %	🟢	2.61 %
SAC has reduced by 4.1% (-169 crimes) so far this year. Domestic Burglary is the key performance threat, as good reductions in vehicle crime have been made (-9.2%). The area causing issues is the North (& East) sector, which is a priority for the CSP.															
Smaller is Better	PP09 Overall crime figure for the period (M)	1,386.00	🟡	1,442.00	🟡	1,404.00	🟡	1,424.00	🟡	5,656.00	🟡	6,682.00	20,068.00	🟢	6,682.00
All crime has reduced by 4.7% (947 crimes) from the March 2013 baseline. This is across all sectors of Northampton. The reductions are primarily in theft from vehicles (which was considerably high last year) violence, and lower level theft. A number of significant arrests have been made during 2013 and focused intensive work tackling violence has also taken place.															
Smaller is Better	PP14 % change in Violence Offences (M)	-1.81 %	🟡	-4.19 %	🟡	-6.11 %	🟡	-7.56 %	🟡	-7.56 %	🟡	-1.67 %	-5.00 %	🔴	-6.80 %
Violence has now reduced by 7.4% from the baseline figure, this reduction has occurred across every sector, particularly in central sector. Domestic violence has remained relatively flat since March 2013.															
Bigger is Better	PP21 % Licensing enforcement checks completed (M)	89.47 %	🟡	100.00 %	🟡	100.00 %	🟡	83.33 %	🟢	92.96 %	🟡	80.00 %	80.00 %	🟡	
Three of the visits planned were not completed this month, two were rearranged and completed in July and August, one was unable to be undertaken as there was a lack of police personnel available (multi-agency check).															
Bigger is Better	PP22 % Hackney Carriage and private hire vehicles inspected which	55.56 %	🟡	63.64 %	🟢	44.19 %	🔴	20.00 %	🔴	50.00 %	🟡	65.00 %	65.00 %	🟡	



Your Town

Polarity	Measure ID & Name	Apr 13	Period	May 13	Period	Jun 13	Period	Jul 13	Period	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Perf. vs. same time last year	YTD value same time last year	
	comply with regulations (M)															
Only 5 taxis were checked in July, 1 of which was non-compliant. This was due to multiple faults with the vehicle.																
Smaller is Better	RB07 Total % of debt outstanding, not in recovery and overdue (M)		⚡		⚡		⚡		⚡		⚡			⚡		3.04 %
Bigger is Better	CH10 No. of unique visits to Museum Pages (M)	4,526	📊	3,817	📊	3,253	📊	4,460	📊	16,056	📈	14,679	43,000	📈		
Although numbers have held up well during April and May, since then web usage has been falling. We believe that this is because our web address is not appearing on the What's On Northampton programme.																

Your Town - (non monthly measures)

Measure ID & Name	3 reporting Periods Ago	2 Reporting Periods Ago	Previous Reporting Period	Latest Reporting Period	Overall perf. to Date	Current Profiled Target	Annual Target	Perf. vs. same time last year	YTD value same time last year
<b>ESC05</b> % of Land and Highways assessed falling below an acceptable level - Litter (NI195a) (4M) Smaller is Better	2.83 %	2.17 %	2.00 %	0.33 %	0.33 %	4.00 %	4.00 %		2.83 %
Monitoring has been undertaken in line with the contract specification and Enterprise' performance for the year remains above target									
<b>ESC06</b> % of Land and Highways assessed falling below acceptable level - Detritus (NI195b) (4M) Smaller is Better	6.00 %	4.67 %	3.00 %	1.00 %	1.00 %	6.00 %	6.00 %		6.00 %
Monitoring has been undertaken in line with the contract specification and Enterprise' performance for the year remains above target									
<b>ESC07</b> % of Land and Highways assessed falling below acceptable level - Graffiti (NI195c) (4M) Smaller is Better	1.33 %	1.17 %	3.00 %	0.67 %	0.67 %	0.33 %	0.33 %		1.33 %
Monitoring has been undertaken in line with the contract specification and Enterprise' performance for the year remains above target									
<b>ESC08</b> % of Land and Highways assessed falling below acceptable level - FlyPosting (NI195d) (4M) Smaller is Better	0.33 %	0.17 %	0.00 %	0.00 %	0.00 %	0.33 %	0.33 %		0.33 %
Monitoring has been undertaken in line with the contract specification and Enterprise' performance for the year remains above target									
<b>ESC10</b> Level of quality against an agreed standard - Open Spaces & Parks - Litter (%) (Q) Smaller is Better	1.67 %	0.00 %	0.00 %	0.00 %	0.00 %	4.00 %	4.00 %		0.00 %
No commentary provided from service									
<b>ESC11</b> Level of quality against an agreed standard - Open Spaces & Parks - Detritus (%) (Q) Smaller is Better	5.00 %	3.23 %	0.00 %	0.00 %	0.00 %	6.00 %	6.00 %		3.23 %
No commentary provided by service									
<b>ESC12</b> Level of quality against an agreed std - Open Spaces & Parks - Graffiti & Fly Posting (%) (Q) Smaller is Better	0.00 %	3.23 %	0.00 %	0.00 %	0.00 %	3.33 %	3.33 %		0.00 %
No commentary provided by service									
<b>NI154</b> Net									

Your Town - (non monthly measures)

Polarity	Measure ID & Name	3 reporting Periods Ago	Period	2 Reporting Periods Ago	Period	Previous Reporting Period	Reporting Period	Latest Reporting Period	Period	Overall perf. to Date	YTD	Current Profiled Target	Annual Target	Perf. vs. same time last year	YTD value same time last year
Smaller is Better	additional homes provided (A)	323.00	423.00	516.00	516.00	516.00	516.00	516.00	516.00	516.00	641.00	100.00	100.00		423.00
<p>The economic recession has resulted in the pace of development across the Borough slowing significantly. The number of houses built has improved on last year's total, but is still very low. New starts on Greenfield sites requiring significant infrastructure have been non-existent. Sites that had started development previously have been finished off, with only a couple of significant new ones replacing them. There is the capacity available on sites with planning permission to deliver a lot more housing than has been delivered, however the housing industry has decided to not take up the capacity that exists. Assumptions last year about the ability of the market to pick up from what appeared to be an all time low were misplaced. Although there has been slight improvement, the housing market has not significantly improved on last year.</p> <p>The Council is actively engaging with developers encouraging them to work to submit planning applications for development. The Council has taken a pragmatic approach to S.106 obligations, deferring, delaying or reducing requirements. The Council has also worked with partners to seek to secure additional funding to support new infrastructure.</p> <p>Estimated targets for delivery of houses for the next few years have been dramatically reduced. LAA targets are substantially below those formerly required to meet Regional Spatial Strategy delivery targets.</p>															
Bigger is Better	NI159 Supply of ready to develop housing sites (A)	47.06	46.45	48.72	48.72	48.72	48.72	48.72	48.72	48.72	100.00	100.00	100.00		46.45
<p>Although Government has taken some action to stimulate the housing market, current built rates fall well below the regional target, despite the housing land supply being available. The Localism Act has led to the revocation of the regional plan targets. A new target for West Northamptonshire will have to be set through the development plan process. This will be done through the West Northamptonshire Joint Core Strategy scheduled for adoption in Autumn 2013. The targets for delivery will be reduced significantly, although still challenging to meet given the current low level of activity in the housing market and the need to provide some substantial pieces of infrastructure to open up sites for development.</p>															
Smaller is Better	NI170 Previously developed land that has been vacant or derelict for more than 5 years (A)	0.52 %	0.49 %	0.72 %	0.72 %	0.72 %	0.72 %	0.72 %	0.72 %	0.72 %	1.00 %	1.00 %	0.78 %		0.49 %
<p>Performance is better than the target set - this has largely been down to the development of some older industrial land. There has been a large increase in derelict land due to school sites now being vacant for more than 5 years since closing on the mid to late 2000s.</p> <p>The Council will be seeking to work with West Northamptonshire Development Corporation and the Homes and Communities Agency to channel more public investment into derelict and vacant land to assist in regenerating areas of decline, particularly near to the town centre in the Enterprise Zone and also ensuring that delivery to meet housing needs occurs.</p>															
Bigger is Better	PP07 % change in anti social behaviour victimisation (A)		8.50 %	11.32 %	11.32 %	11.32 %	11.32 %	11.32 %	11.32 %	11.32 %	10.00 %	10.00 %	10.00 %		8.50 %
<p>The partnership exceeded its goal for reducing ASB incidents (-10%), reducing incidents by 11.3%. Work focussing on ASB for 2013-14 will aim to improve service delivery, therefore improve public confidence and satisfaction, through the implementation of agreed service standards for victims and the piloting of ASB screening tools and restorative practices across agencies. The CSP will also aim to improve communications strategies to improve public perceptions of safety, as this is the key performance issue for ASB, greater emphasis will be placed upon enviro-crime and the cleanliness of the borough, as this is a key contributory factor towards individuals personal feelings of safety.</p>															
Bigger is Better	TC001 Number of events delivered in partnership: Town Centre (Q)	5	7	8	8	8	8	8	8	8	3	3	12		4
<p>8 events have been delivered in partnership including IDAHO, Korean Memorial, Armed Forces Day, National Market Day, Continental and Antique Markets.</p>															
Bigger is Better	TC002 Number of events delivered in partnership: parks and open spaces (Q)	6	1	3	3	3	3	3	3	3	2	2	6		5
<p>3 events including Beer Festival, Carnival and Bands in the Park.</p>															
Bigger is Better	TC005n Town Centre footfall (Q)	4,098,658	3,506,188	3,954,207	3,954,207	3,954,207	3,954,207	3,954,207	3,954,207	3,954,207	3,828,406	14,369,805	14,369,805		3,906,537
<p>Increase of 1.3% in comparison with 2012 figures.</p>															

# You



## You

Polarity	Measure ID & Name	Apr 13	Period	May 13	Period	Jun 13	Period	Jul 13	Period	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Perf. vs. same time last year	YTD value same time last year
Bigger is Better	BV008 Percentage of invoices for commercial goods & serv. paid within 30 days (M)	99.37 %	★	94.67 %	▲	86.18 %	▲	98.03 %	🟡	93.89 %	▲	98.51 %	98.53 %	🔴	99.30 %
<p>Invoices from the Planning Team and the Communications Team were paid late (a total of 14 invoices out of 3918) and this impacted the overall result. Had these been paid on time then the target of 98% would've been achieved. Discussions have already taken place with these departments and the staff involved, and they have confirmed that they now have the appropriate cover and processes in place to ensure delays in processing these invoices do not reoccur.</p>															
Bigger is Better	CS05 Percentage satisfied with the overall service provided by the Customer Service Officer (M)	75.00 %	▲	93.25 %	★	88.89 %	🟡	94.19 %	★	92.45 %	★	90.00 %	90.00 %	🔴	94.63 %
<p>In July 94% of respondents stated they were satisfied with the service provided. Of those that reported dissatisfaction 77% stated that their enquiry was not resolved and the information they were provided with was not adequate. This was mainly in relation to environmental health and Waste Management responses</p>															
Bigger is Better	CS13 Percentage of ALL calls into the Contact Centre answered (M)	77.91 %	▲	86.05 %	🟡	79.38 %	▲	86.33 %	🟡	82.30 %	▲	90.00 %	90.00 %	🔴	87.06 %
<p>Overall Contact Centre performance improved by 3.7% July over June.                      July was a much busier month than June however with the impact from reminders, summons from Council Tax and the extra 3 working days in the month. This was reflected in 2570 more calls in the month but a daily average reduction of 90 calls per day.                      Target was not achieved across the Contact Centre, 86.3% against a target of 90%. Individual targets were hit in 4 of the 9 services. Rent Income the best performing at 95.8% of calls answered, and the worst performing was Council Tax at 76.3%.</p>															
<p>In total, Council Tax calls reduced by 36 calls per day over the previous month and Benefit calls reduced by 7 per day. The only services to see an increase was Tenancy management (9) Rent Income (9) and regulatory Services (8)                      Average wait times improved in July over June by 51 seconds to an average wait of 2mins 26 seconds.</p>															
Bigger is Better	CS14 One-Stop shop: Percentage of all cust. waiting less than 15 mins (excl. licensing) (M)	80.88 %	🟡	88.72 %	🟡	80.62 %	🟡	82.32 %	🟡	83.04 %	🟡	90.00 %	90.00 %	🔴	87.01 %
<p>Overall OSS performance improved by 1.7% in July over June.                      July's daily average footfall was almost identical to June with only a slight increase of 0.84% per day                      Target was not achieved across the One Stop Shop, 82.32% against a target of 90%. Appointment targets were hit at 95% and only the drop in service failed to hit targets.                      Average wait times improved in July over June by 6.6 seconds to an average wait of 7 mins 38 seconds.</p>															
Smaller	HI 07 Number of households living in B&B	13	🟡	19	🟡	21	🟡	28	🟡	28	🟡	40	40	🟢	43

Measure ID & Name	Apr 13	Period	May 13	Period	Jun 13	Period	Jul 13	Period	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Perf. vs. same time last year	YTD value same time last year
<p>Polarity is Better</p> <p>The number of applicants in bed and breakfast type accommodation at the end of this month increased to 28.</p> <p>The number of applicants in B&amp;B and Council Stock temporary accommodation is likely to continue to increase. A majority of those approaching the authority have a 2 bedroom need for housing and it is becoming difficult to meet this demand either through Social Housing or Private Rentals.</p> <p>There were 34 applicants in Council Stock accommodation at the end of the month. 11 have offers and are waiting for FTL dates, a delay in voids turnaround has had a detrimental impact on this measure.</p>														
<p>HI 09 Homeless households for whom casework advice resolved their situation (M)</p> <p>Bigger is Better</p>	416		134		139		190		879		500	1,500		477
<p>The team have managed to exceed target this month with the continued use of DHP to assist families remain in their current accommodation, but with the continued decline in the number of properties available via the Deposit Bond Scheme this is expected to become increasingly difficult</p>														
<p>LT01 Total Visits to Leisure Centres (M)</p> <p>Bigger is Better</p> <p>Unusually hot weather has adversely affected gym, class and cinema visits</p>	83,071		75,295		73,852		80,388		312,606		309,204	902,190		309,204
<p>LT02 Total No. of people enrolled in swimming program (M)</p> <p>Bigger is Better</p> <p>No commitments from service area</p>	2,479		2,479		2,573		2,573		2,573		2,500	2,800		2,136
<p>RB01 Time taken to process Housing Benefit/CTB new claims and change events - days (M)</p> <p>Smaller is Better</p>														10.5

You - (non monthly measures)

Polarity	Measure ID & Name	3 reporting Periods Ago	Period	2 Reporting Periods Ago	Period	Previous Reporting Period	Latest Reporting Period	Period	Overall perf. to Date	YTD	Current Profiled Target	Annual Target	Perf. vs. same time last year	YTD value same time last year
Smaller is Better	CEX01 Total number of Local Government Ombudsman First Enquiries (cases completed) (Q)	11	12	14	11	11	11	11	▲	11	3	12	▲	8
<p>The LGO are now currently reviewing the information that is being sent by the complainant and whenever possible issuing a provisional view (PV) if they have sufficient evidence to make a decision on, therefore the Council in many cases is receiving correspondence from the LGO with the PV already attached. The Council still has the opportunity to make comments if needed.</p>														
Smaller is Better	CEX02 Av no. of days taken to deal with LG Ombudsman First Enquiries (Cases completed) (Q)	20.36	21.17	19.64	5.81	5.81	5.81	5.81	●	5.81	19.50	19.50	▲	20.25
<p>Very good performance with turnaround time much quicker than the required 28 days</p>														
Smaller is Better	HI 10 Total number of people sleeping rough on the streets (A)	➡	4	15	▲	5	5	5	★	5	5	5	▲	15
<p>The rough sleepers count was completed on 22nd November and the figure submitted to Homeless Link was 5.</p> <p>This is an improved figure on last years count and this is because of the alternative options presented to the clients by the outreach team.</p> <p>Additionally NBC has entered into a partnership to work together on a No Second Night Out Project. This scheme aims to assist those new to rough sleeping and to re-connect people who have arrived in Northampton from another area. Two previously entrenched rough sleepers are now using the facilities provided by this project.</p>														
Smaller is Better	HI 33 Percentage of non-decent council homes (NI 158)(A)	➡	51.74 %	50.70 %	48.90 %	48.90 %	48.90 %	48.90 %	●	48.90 %	46.00 %	41.00 %	▲	50.70 %
<p>The March 2013 result relates to the survey completed during the first quarter of 2012/13.</p> <p>Performance has shown an improving trend over the last three years with results of 51.7%, 50.7%, and 48.9% respectively.</p> <p>Further improvement is expected for the June 2013 survey, with a 41% target being set.</p>														
Bigger is Better	HI 36 Number of affordable homes delivered (NI 155)(Q)	46	78	30	▲	28	28	28	▲	28	50	290	▲	36
<p>21 units are affordable housing, 7 are shared ownership</p>														
Smaller is Better	HR32 Stonewall Equality Index rating (A)	➡	➡	210	●	199	199	199	★	199	200	190	▲	210
<p>In the Equality Index 2013 a ranking of 199 was achieved against a target of 200. This was an improvement of 11 places when compared with 2012</p> <p>Our Community Engagement and Diversity policies were given positive feedback</p> <p>In terms of focusing on improvement next year we were given the following advice:</p> <ul style="list-style-type: none"> <li>- Continuing the community engagement work</li> <li>- Developing a staff network</li> <li>- Procurement review</li> </ul> <p>Our aim next year is to get a 25 point increase, and further improve our ranking.</p>														

Appendices: 6



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Financial Monitoring Report</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	23 September 2013
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance Directorate LGSS
<b>Accountable Cabinet Member:</b>	Cllr Alan Bottwood

### 1. Purpose

- 1.1 To present Committee with the financial position to 31 July.
- 1.2 To update Committee on car parking income and usage to 31 July.
- 1.3 To update Committee on the position regarding the Council's outstanding debts as at 31 August.

### 2. Recommendations

- 2.1 To consider the contents of the following finance reports:
  - General Fund Revenue Monitoring (Appendix 1);
  - General Fund Capital Monitoring (Appendix 2);
  - HRA Revenue Monitoring (Appendix 3);
  - HRA Capital Monitoring (Appendix 4).
- 2.2 To note the position on car parking income and usage as at 31 July (Appendix 5).
- 2.3 To note the latest position in relation to the Council's outstanding debts as at 31 August (Appendix 6).
- 2.4 To consider whether Committee requires any additional information in order to fulfil its governance role.

- 2.5 To note that the financial position to 31 July reflects the post transfer of support service functions to LGSS.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 A Finance and Performance report is presented to Cabinet quarterly (including the outturn report). Finance reports are published monthly on the intranet except at the beginning, and during the final months, of the financial year.
- 3.1.2 Committee has asked to receive these reports which are brought to the first available meeting following their production.
- 3.1.3 Committee has also asked for more detailed information regarding car parking income and usage, and debt recovery.

#### 3.2 Issues

- 3.2.1 The Council's revenue and capital position as at 31 July 2013 (Period 4) is set out in Appendices 1-4.
- 3.2.2 Significant variances at this point in the year are as follows:
- 3.2.2.1 General Fund Revenue – £63k adverse

**Note:** for ease of understanding adverse variations (i.e. additional costs or reductions income) are shown without brackets, while favourable variations (increased income or cost savings) are shown within them.

	<b>£000</b>
Controllable Service Budgets	246
Debt Financing	223
Contribution From Reserves	(406)
<b>General Fund Revenue</b>	<b>63</b>

The controllable service budget variation of £246k and Debt Financing variation £223k are offset by a forecast contribution from reserves leaving an overall £63k adverse variance. The major variations are detailed below.

- Car Parking £148k forecast shortfall in income. This is within the level of an earmarked reserve for potential drawdown.
- Debt financing £223k overspend mainly due to a fall in available investment interest rates in recent months. This shortfall can be met from the debt financing earmarked reserve, which was specifically set up to deal with the budgetary risks of fluctuations in interest rates.
- Head of Major Projects and Enterprise £85k forecast due to the cost of interim cover to the financial year end supporting the Enterprise project and Regeneration areas. Other Buildings and Land £94k shortfall in rental income due to vacant premises either waiting to be re-let or being marketed for disposal. This is within the level of an earmarked reserve for potential drawdown.
- Development Control £39k underspend due to staff vacancies.



- Town Centre Team forecast £24k underspend due to delay in restructure implementation.
- Housing Services £84k forecast overspend mainly split over Call Care £91k, Private Sector Housing Solutions £51k, and a budgeted staff efficiency of £50k that is forecast not to be achieved, offset by underspend of £116k forecast staff vacancy savings on Home Choice and Resettlement.
- Head of Partnership Support is forecasting and overspend of £56k reflecting the management costs of interim cover for the Communities programme. This is offset by Environmental Protection saving of £52k due to staff vacancies and change in service working hours.

#### 3.2.2.2 HRA Revenue – (£466k) adverse

- Supporting People funding of £550k is being withdrawn from the end of September and is now forecast. This is partly offset by a forecast underspend in staffing costs within the Wardens service as the result of a restructure. A reserve was prudently created in anticipation of the Supporting People changes occurring and is sufficient to meet the remaining net shortfall in year. Dwelling rents due in year is forecasted to be under-recovered by £85k due to increased Right to Buys in 12/13 and current year.

#### 3.2.2.3 Capital Programme -

- GF Capital Programme - There is currently one variation forecast, a saving of £40k to St Crispin Football Pitches and Play Provision. Due to demand there are currently pressures on the Disabled Facilities Grants budget. These are being reviewed and an update will be incorporated into future monitoring reports.
- HRA Capital Programme – is on target to be delivered.

3.2.3 Appendix 5 shows the monthly levels of car parking usage and income to 31 July.

3.2.4 The managed debt analysis and commentary to 31 July are shown at Appendix 6.

### **3.3 Choices (Options)**

3.3.1 None

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no specific policy implications arising from this report.

### **4.2 Resources and Risk**

4.2.1 Ongoing monitoring of the Council's budget and capital programme enables early intervention and appropriate remedial action, thus mitigating risks to the Council's financial viability and to its reputation.

#### **4.3 Legal**

4.3.1 There are no specific legal implications arising from this report.

#### **4.4 Equality**

4.4.1 There are no specific equalities implications arising from this report.

#### **4.5 Consultees (Internal and External)**

4.5.1 None at this stage.

#### **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 Regular reporting of the Council's financial position helps to ensure the proper stewardship of the Council's resources. Active financial management contributes to the delivery of value for money services, enabling public money to be used to maximum benefit.

#### **4.7 Other Implications**

4.7.1 Not applicable

### **5. Background Papers**

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None

**Glenn Hammons**  
**Chief Finance Officer, Telephone 01604 366521**

# General Fund Revenue Budget Forecasts 2013/14

## July 2013

Division	Ksa	Service Area	Forecast £000's	Forecast Variance £000's	RAG Status	Description
Director of Regeneration, Enterprise and Planning	DR02	Director of Regeneration, Enterprise & Planning	221	(13)	G	
	FA01	Asset Management	221	(13)	G	
	FA06	Other Buildings & Land	1,425 (1,510)	(94)	A	£60k shortfall in rental income and £18k NNDR overspend due to vacant premises waiting to be re-let or being marketed for disposal. £25k shortfall in income following review of market rent for Delapre Golf Complex. This is offset by (£9k) surplus on insurance premium recharge income.
Asset Management			(85)	75	A	
	RG01	Head of Major Projects and Enterprise	159	85	A	Overspend due to the cost of the interim cover forecast to the end of financial year.
	RG02	Regeneration & Investment	909	(10)	G	
Major Projects and Enterprise			1,068	75	A	
	PE02	Building Control	(25)	8	G	
	PE03	Development Control	305	(39)	G	Underspend due to a vacant post.
	PE06	Head of Planning	114	(0)	G	
	PE15	Joint Planning Unit Manager	257	0	G	
	PE17	Planning & Regen Central Support	95	(9)	G	
	PE18	Town Centre Team	140	(24)	G	Delay in restructure implementation has resulted in saving.
	RG04	Planning Policy & Conservation	625	(15)	G	
Head of Planning			1,510	(80)	G	
<b>Director of Regeneration, Enterprise &amp; Planning</b>			<b>2,714</b>	<b>58</b>	<b>A</b>	
	FA04	Non Distributed Costs	4,571	0	G	
Corporate			4,571	0	G	
Director of Resources	DR03	Director of Resources	(212)	(31)	G	Underspend on various supplies and services costs.
	LGSS	Local Government Shared Service	(212)	(31)	G	
			8,961	0	G	
LGSS			8,961	0	G	
	HR01	Human Resources	144	(2)	G	
	GC08	Communications	259	6	G	
	GC15	Emergency Planning	52	0	G	
	PI20	Performance and Change	130	0	G	
Head of Business Change			586	4	G	
	HS02	Head of Finance & Resources	15	0	G	
	FA02	Financial Services	141	12	G	
	FA03	Audit	215	0	G	
	FA05	Investments	9	(0)	G	
	FA08	Office Accommodation	1,382	(20)	G	Lower NNDR costs than estimated.
	FA19	Exchequer Service	80	0	G	
	HS01	Benefits	(1,339)	0	G	
	HS03	Revenues	(561)	5	G	
	PR01	Procurement	20	(3)	G	
Head of Finance & Resources			(38)	(6)	G	
<b>Director of Resources</b>			<b>13,868</b>	<b>(32)</b>	<b>G</b>	
	DR05	Director of Housing	188	50	G	Staff efficiency savings across the service unlikely to be achieved.
Director of Housing			188	50	G	
	CS02	Call Care	20	91	A	Anticipated project costs in relation to the office move from Exeter Place to the Guildhall.
	HS05	Home Choice & Resettlement	366	(116)	B	Staff vacancies across the service area.
	HS12	Housing Options	503	19	G	Higher costs in relation to the Deposit Bond Scheme.
	HS13	Head of Strategic Housing	136	0	G	
	PE09	Travellers Sites	23	1	G	

# General Fund Revenue Budget Forecasts 2013/14

## July 2013

Appendix 1

Division	Ksa	Service Area	Forecast £000's	Forecast Variance £000's	RAG Status	Description
PE12	Private Sector Housing Solutions		110	51	A	Higher net costs on providing accommodation for the homeless £15k, and higher expenditure within the Private Sector Solutions Team in relation to inspections of houses in multiple occupation (HMO's).
RG03	Housing Strategy		47	(12)	G	Vacant post saving.
Head of Strategic Housing			1,205	34	G	
<b>Housing</b>			<b>1,393</b>	<b>84</b>	<b>A</b>	
CX01	Chief Executive		180	1	G	
GC02	Civic and Mayoral Expenses		98	2	G	
GC05	Overview and Scrutiny		45	1	G	
GC06	Councillor & Managerial Support		536	1	G	
LD02	Electoral Services		172	(1)	G	
LD03	Land Charges		(21)	(10)	G	
LD04	Legal		261	(1)	G	
LD08	Democratic Services		289	(4)	G	
Borough Secretary			1,559	(13)	G	
<b>Borough Secretary</b>			<b>1,559</b>	<b>(13)</b>	<b>G</b>	
Director of Customers and Communities			269	(10)	G	
Director of Customers and Communities			269	(10)	G	
CE02	Community Safety		515	10	G	
CE04	Leisure Contract		741	0	G	
LD05	Licensing		(241)	4	G	
PE07	Pest Control		32	(10)	G	
PE10	Commercial Services		344	5	G	
PE11	Environmental Protection		1,134	(52)	G	Staff vacancies and reduction in service working hours.
PE16	Head of Public Protection		80	5	G	
SS09	Environmental Services Contract		6,298	0	G	
SS20	Environmental Services		(125)	(6)	G	
GC04	Policy		8	0	G	
GC09	Community & Other Grants		1,220	0	G	
GC10	Community Development		59	(16)	G	
GC11	Community Centres		359	11	G	
LS01	Head of Partnership Support		66	56	A	Management costs of Interim cover for Communities Programme.
SS01	Neighbourhood Management		(3)	(4)	G	
Head of Communities and Environment			10,486	4	G	
CE06	Museums and Arts		620	6	G	
CS03	Head of Customer & Cultural Services		103	(0)	G	
CS04	Customer Access		1,263	(13)	G	
CS05	Print Unit		192	13	G	
PI02	Information Technology		359	9	G	
PI14	Telephones		36	0	G	
CE03	Events		229	(7)	G	
CE23	Town Centre Management		(1)	0	G	
CE24	Car Parking		(1,437)	152	R	£148k reduced daily ticket income partly due to increased free parking uptake and partly due to reduced paying customers.
CE26	Bus Station		255	1	G	
FA09	Markets		49	(5)	G	
Head of Customer & Cultural Services			1,669	155	R	
<b>Director of Customers and Communities</b>			<b>12,424</b>	<b>149</b>	<b>R</b>	

# General Fund Revenue Budget Forecasts 2013/14

## July 2013

Division	Ksa	Service Area	Forecast £000's	Forecast Variance £000's	RAG Status	Description
<b>Total Service Budgets</b>						
			31,958	246	R	
		Debt Financing	1,866	223	R	<p>Outturn on the GF debt financing budget at period 4 is forecast at £223k over budget. This is mainly due to a significant fall in available investment interest rates in recent months. £198k of the shortfall can be met from the debt financing earmarked reserve, which has been specifically set up to deal with the budgetary risks of fluctuations in interest rates. The remaining £25k overspend relates to MRP, where charges arising from the financing of the capital programme in 2012-13 are higher than budgeted. The budget will continue to be closely monitored over the coming months.</p> <p>Potential use of reserves to cover budget pressures on Other Buildings and Land, Car Parking and Debt Financing. Budget managers are working to mitigate this position and protect existing reserves.</p>
		Recharges to the HRA		0	G	
		Contributions from reserves	(406)	(406)	B	
		Council Tax and other funding		0	G	
		Contribution to GF Balances		0	G	
<b>Total Corporate Budgets</b>			<b>1,460</b>	<b>(183)</b>	<b>B</b>	
<b>Total General Fund</b>						
			<b>33,418</b>	<b>63</b>		
			33,418	63		
						Check

CORPORATE FINANCIAL REPORTS (CAPITAL) : (Cost Centre & Head of Service)  
FINANCIAL YEAR 2013/2014  
PERIOD 04 (July 2013)



# GF CAPITAL

Project Code & Project Description	Approved Budget February 2013		Approved Changes In Year		Latest Approved Budgets		YTD Actual Expenditure		Forecast Year End Spend		Forecast Under(-)/Over(+)/Spend		Budget Carried Forward		Forecast Variance RAG		Slippage RAG		
	A	B	C=A+B	D	E	F=E-C	G	£	£	£	£	£	£	£	£	RAG	RAG	RAG	
<b>Francis Fernandes (FF1)</b>																			
BA145 - Cliftonville Move; New ways of working	0	14,767	14,767	-10,000	14,767	0	14,767	14,767	0	0	0	0	0	0	0	G	G	G	
<b>Total for Corporate</b>	<b>0</b>	<b>14,767</b>	<b>14,767</b>	<b>-10,000</b>	<b>14,767</b>	<b>0</b>	<b>14,767</b>	<b>14,767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>	<b>G</b>	
BA383 - Cinepod - Royal & Demgate Theatre	0	240,216	240,216	86,479	240,216	0	240,216	240,216	0	0	0	0	0	0	0	G	G	G	
BA647 - IT Infrastructure - PC Replacement with VDI Terminals	65,000	0	65,000	0	65,000	0	65,000	65,000	0	0	0	0	0	0	0	G	G	G	
<b>Total for Director of Resources</b>	<b>65,000</b>	<b>240,216</b>	<b>305,216</b>	<b>86,479</b>	<b>305,216</b>	<b>0</b>	<b>305,216</b>	<b>305,216</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>	<b>G</b>	
BA165 - COM; Document Management	0	98,071	98,071	0	98,071	0	98,071	98,071	0	0	0	0	0	0	0	G	G	G	
BA846 - Re-furbishment of the Great Hall kitchen	0	67,895	67,895	0	67,895	0	67,895	67,895	0	0	0	0	0	0	0	G	G	G	
<b>Total for Head of Finance &amp; Resources</b>	<b>0</b>	<b>165,966</b>	<b>165,966</b>	<b>0</b>	<b>165,966</b>	<b>0</b>	<b>165,966</b>	<b>165,966</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>	<b>G</b>	
<b>Fran Rodgers (FR2)</b>																			
BK010 - Countywide Climate Friendly Communities	0	46,617	46,617	22,182	46,617	0	46,617	46,617	0	0	0	0	0	0	0	G	G	G	
BK013 - Empty Homes Programme	632,090	416,045	1,048,135	22,916	1,048,135	0	1,048,135	1,048,135	0	0	0	0	216,045	0	R	R	R		
BK015 - DFG's Owner Occupiers	1,475,000	-66,677	1,408,323	1,034,902	1,408,323	0	1,408,323	1,408,323	0	0	0	0	0	0	G	G	G	G	
BK029 - Hot Property 3	0	3,874	3,874	3,624	3,874	0	3,874	3,874	0	0	0	0	0	0	G	G	G	G	
BK044 - GOEM Decent Homes Assistance	0	38,809	38,809	631	38,809	0	38,809	38,809	0	0	0	0	0	0	G	G	G	G	
BK050 - Wrapped Up Scheme	0	24,053	24,053	31,649	24,053	0	24,053	24,053	0	0	0	0	0	0	G	G	G	G	
BK051 - Fuel Poverty Fund County Wide	0	466,274	466,274	420,041	466,274	0	466,274	466,274	0	0	0	0	0	0	G	G	G	G	
<b>Total for Head of Strategic Housing</b>	<b>2,107,090</b>	<b>928,995</b>	<b>3,036,085</b>	<b>1,535,945</b>	<b>3,036,085</b>	<b>0</b>	<b>3,036,085</b>	<b>3,036,085</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>216,045</b>	<b>0</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	
<b>Julie Seddon (JS14)</b>																			
BA167 - I Love My Parks	0	19,222	19,222	-857	19,222	0	19,222	19,222	0	0	0	0	0	0	0	G	G	G	
<b>Total for Director of Customers &amp; Communities</b>	<b>0</b>	<b>19,222</b>	<b>19,222</b>	<b>-857</b>	<b>19,222</b>	<b>0</b>	<b>19,222</b>	<b>19,222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>	<b>G</b>	
<b>Marion Goodman (MG3)</b>																			
BA173 - Multi-Function Devices (MFD's)	0	29,628	29,628	0	29,628	0	29,628	29,628	0	0	0	0	0	0	0	G	G	G	
BA193 - Refurbishment - Northampton Museum and Art Gallery	0	0	0	-60	0	0	0	0	0	0	0	0	0	0	G	G	G	G	
BA207 - IT Infrastructure - Servers and Network Storage	270,000	0	270,000	79,334	270,000	0	270,000	270,000	0	0	0	0	0	0	G	G	G	G	
BA384 - Cultural Quarter Street & Building Signage	0	25,000	25,000	-750	25,000	0	25,000	25,000	0	0	0	0	0	0	G	G	G	G	
BA764 - One Stop Shop. CRM	0	29,966	29,966	0	29,966	0	29,966	29,966	0	0	0	0	0	0	G	G	G	G	
BA786 - Data Network Improvements	0	59,300	59,300	10,032	59,300	0	59,300	59,300	0	0	0	0	0	0	G	G	G	G	
BA808 - IT Network Replacement Programme	0	11,698	11,698	0	11,698	0	11,698	11,698	0	0	0	0	0	0	G	G	G	G	
BA893 - Microsoft Office 2010 Upgrade	0	40,000	40,000	34,577	40,000	0	40,000	40,000	0	0	0	0	0	0	G	G	G	G	
<b>Total for Head of Customer &amp; Cultural Services</b>	<b>270,000</b>	<b>195,592</b>	<b>465,592</b>	<b>123,134</b>	<b>465,592</b>	<b>0</b>	<b>465,592</b>	<b>465,592</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>	<b>G</b>	
<b>Susan Bridge (SB1)</b>																			
BA210 - Jeffrey Room Audio and Visual Improvements	0	750	750	0	750	0	750	750	0	0	0	0	0	0	G	G	G	G	
BA645 - S106 Contributions to Other Local Authorities	0	111,688	111,688	0	111,688	0	111,688	111,688	0	0	0	0	0	0	G	G	G	G	
BA883 - Planning IT Improvements (HPDG)	0	191,335	191,335	0	191,335	0	191,335	191,335	0	0	0	0	0	0	G	G	G	G	
<b>Total for Head of Planning</b>	<b>0</b>	<b>303,773</b>	<b>303,773</b>	<b>0</b>	<b>303,773</b>	<b>0</b>	<b>303,773</b>	<b>303,773</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>	<b>G</b>	
<b>Simon Dougal (SD6)</b>																			
BA122 - Fire Safety Improvement Works	0	7,969	7,969	-6,031	7,969	0	7,969	7,969	0	0	0	0	0	0	G	G	G	G	
BA132 - St Crispin Changing Rooms, Toilet, Car park	0	750,989	750,989	0	750,989	0	750,989	750,989	0	0	0	0	0	0	G	G	G	G	
BA133 - St Crispin Football Pitches and Play Provision	0	192,116	192,116	126,716	192,116	0	192,116	192,116	0	0	0	-40,000	0	0	G	G	G	G	
BA136 - Water Management Works	100,000	94,200	194,200	4,991	194,200	0	194,200	194,200	0	0	0	0	0	0	G	G	G	G	
BA138 - Cemeteries Refurbishment Works	25,000	0	25,000	0	25,000	0	25,000	25,000	0	0	0	0	0	0	G	G	G	G	
BA146 - Water Hygiene - Monitoring Improvements	0	82,000	82,000	0	82,000	0	82,000	82,000	0	0	0	0	0	0	G	G	G	G	
BA169 - Northampton Skatepark	0	1,940	1,940	0	1,940	0	1,940	1,940	0	0	0	0	0	0	G	G	G	G	



# GF CAPITAL

Project Code & Project Description	Approved Budget February 2013	Approved Changes In Year	Latest Approved Budgets	YTD Actual Expenditure	Forecast Year End Spend	Forecast Under(-) /Over(+)/spend	Budget Carried Forward	Forecast Variance RAG	Slippage RAG
	A	B	C=A+B	D	E	F=E-C	G		
	£	£	£	£	£	£	£		
BA179 - Abington Park, Changing Room refurbishment	0	0	0	303	0	0	0	G	G
BA180 - Strategic Property Investment	0	500,000	500,000	0	500,000	0	0	G	G
BA186 - Improvement to Parks Infrastructure	150,000	27,200	177,200	37,712	177,200	0	0	G	G
BA188 - Royal and Derrigate Roof Replacement Works	297,000	0	297,000	0	297,000	0	0	G	G
BA189 - Corporate Asset Improvements	200,000	0	200,000	-47,703	200,000	0	0	G	G
BA190 - Investment Properties Enhancements	50,000	84,107	134,107	40,246	134,107	0	0	G	G
BA194 - Guildhall Renewals	75,000	39,000	114,000	17,011	114,000	0	0	G	G
BA197 - Delapre Abbey Restoration Minor Projects	100,000	248,972	348,972	13,274	348,972	0	50,000	G	A
BA368 - Upton Park Pedestrian & Cycle Bridge	0	79,147	79,147	-1,237	79,147	0	0	G	G
BA385 - Town Centre Enhancements	0	77,230	77,230	92,873	77,230	0	0	G	G
BA648 - Allotments	58,000	0	58,000	0	58,000	0	0	G	G
BA649 - Skate Park Toilet & Kiosk	150,000	0	150,000	114,595	150,000	0	0	G	G
BA650 - Lifts - Improvement Works	150,000	0	150,000	0	150,000	0	0	G	G
BA651 - Car Parking Signage	200,000	0	200,000	0	200,000	0	0	G	G
BA652 - Visitor Signage in Town Centre	80,000	0	80,000	0	80,000	0	0	G	G
BA653 - Delapre Abbey Restoration	50,000	0	50,000	0	50,000	0	0	G	G
BA654 - St Lukes Field - Improvement works	0	50,000	50,000	0	50,000	0	0	G	G
BA655 - Sea Cadets Building - Refurbishment	0	13,475	13,475	0	13,475	0	0	G	G
BA887 - Grosvenor Greyfriars Car Park Improvement Works	0	2,689	2,689	0	2,689	0	0	G	G
BA889 - Mayorhold Car Park - Drainage Works	0	76,725	76,725	0	76,725	0	0	G	G
BA891 - Bus Interchange	1,500,000	4,456,407	5,956,407	2,704,610	5,956,407	0	0	G	G
BA892 - Urgent Lift Renewals	70,000	181,500	251,500	0	251,500	0	0	G	G
BA894 - Mounts Baths Roof	0	4,375	4,375	225	4,375	0	0	G	G
<b>Total for Head of Regeneration and Development</b>	<b>3,255,000</b>	<b>6,970,041</b>	<b>10,225,041</b>	<b>3,097,595</b>	<b>10,185,041</b>	<b>-40,000</b>	<b>50,000</b>	<b>G</b>	<b>G</b>
<b>Steve Eisey (SE3)</b>									
BA356 - Community Centres Refurbishment	50,000	0	50,000	7,235	50,000	0	0	G	G
<b>Total for Head of Partnership Support</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>7,235</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>
BA211 - Extension of Duston Cemetery	0	40,450	40,450	0	40,450	0	0	G	G
BA872 - Night Safe & Target Hardening - SSNP	0	13,825	13,825	0	13,825	0	0	G	G
BA895 - Allotment Provision	0	84,970	84,970	-2,950	84,970	0	0	G	G
BA896 - Guildhall Loft Insulation Saix project	0	0	0	-658	0	0	0	G	G
BA897 - Grosvenor Car Park T5 Lighting Upgrades	0	7,614	7,614	0	7,614	0	0	G	G
BA898 - St Michael's Car Park Led Lighting	0	17,211	17,211	0	17,211	0	0	G	G
<b>Total for Head of Public Protection</b>	<b>0</b>	<b>164,070</b>	<b>164,070</b>	<b>-3,608</b>	<b>164,070</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>
<b>TOTALS</b>	<b>5,747,090</b>	<b>9,002,642</b>	<b>14,749,732</b>	<b>4,835,914</b>	<b>14,709,732</b>	<b>-40,000</b>	<b>266,045</b>	<b>G</b>	<b>G</b>



**HOUSING REVENUE ACCOUNT  
FINANCIAL YEAR 2013/2014**

Appendix 3

For Period Ending 31 July 2013

	£000s Current Budget	£000s Actuals	£000s Forecast Outturn	£000s Variance	RAG Status
<b>INCOME</b>					
Rents - Dwellings Only	(49,464)	(17,121)	(49,384)	80	
Rents - Non Dwellings Only	(1,091)	(433)	(1,091)	0	
Service Charges	(2,748)	(946)	(2,198)	550	
Other Income	(85)	(23)	(78)	7	
<b>Total Income</b>	<b>(53,388)</b>	<b>(18,524)</b>	<b>(52,751)</b>	<b>637</b>	<b>R</b>
<b>EXPENDITURE</b>					
Repairs and Maintenance	12,674	4,708	12,656	(18)	
General Management	5,877	1,057	5,865	(12)	
Special Services	3,580	1,501	3,413	(166)	
Rents, Rates, Taxes & Other Charges	81	0	106	25	
Increase in Bad Debt Provision	750	250	750	0	
Rent Rebate Subsidy Deductions	96	0	96	0	
<b>Total Expenditure</b>	<b>23,058</b>	<b>7,516</b>	<b>22,887</b>	<b>(171)</b>	<b>B</b>
<b>Net Cost of Services</b>	<b>(30,330)</b>	<b>(11,007)</b>	<b>(29,864)</b>	<b>466</b>	<b>R</b>
Net Recharges to the General Fund	4,530	1,511	4,532	2	
Interest & Financing Costs	6,047	2,021	6,064	17	
Depreciation/MRA	11,823	3,941	11,823	0	
Net Contribution (from) / to Earmarked Reserves	7,931	2,482	7,446	(485)	
<b>Net Transfer From / (To) Working Balance</b>	<b>0</b>	<b>(1,053)</b>	<b>0</b>	<b>0</b>	<b>G</b>
Working Balance b/f	(5,000)	(5,000)	(5,000)	0	
<b>Working Balance Outturn</b>	<b>(5,000)</b>	<b>(6,053)</b>	<b>(5,000)</b>	<b>0</b>	<b>G</b>

**Notes on Forecast Variances**

Rents - Dwellings Only

Right to Buy completions in 2013 have been greater than expected, resulting in reduced rental income.

Service Charges

Supporting People funding is being withdrawn at the end of September. This is partly offset by a reduction in staffing costs within the Wardens service (see Special Services below). Note that a reserve was prudently created in anticipation of this occurrence and is sufficient to meet the remaining net shortfall.

Repairs and Maintenance

Vacant posts within the service have resulted in a projected saving on staff costs.

Special Services

The underspend largely reflects staff savings within the Sheltered Accommodation service as a result of a restructure. This saving is partially offsetting the withdrawal of Supporting People funding (see Service Charges above).

Rents, Rates, Taxes & Other Charges

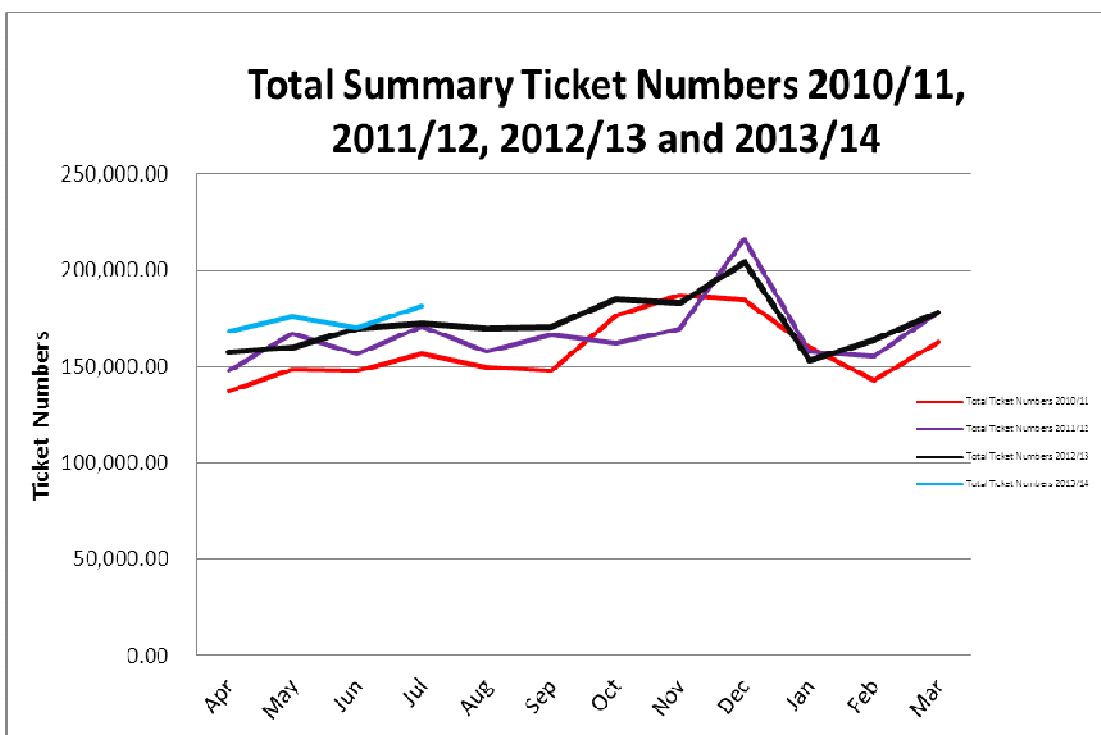
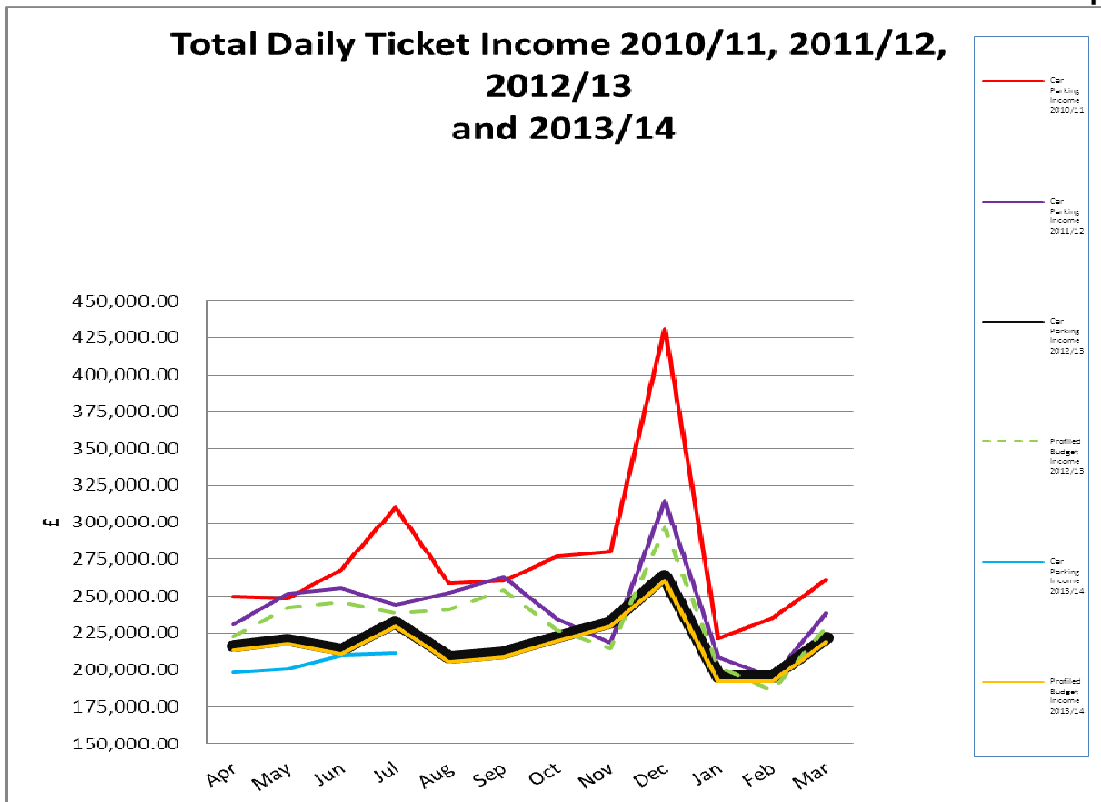
Changes in legislation are expected to increase the amount of Council Tax payable on void properties.





# HRA CAPITAL

Project Code & Project Description	Approved Budget February 2012		Approved Changes In Year		Latest Approved Budgets		YTD Actual Expenditure		Forecast Year End Spend		Forecast Under(-) /Over (+) spend		Budget Carried Forward		Forecast Variance RAG		Slippage R/	
	A	B	C=A+B	D	E	F=E-C	G	H	I	J	K	L	M	N	O	P	Q	R
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Fran Rodgers (FR2)</b>																		
BH366 - Sheltered Housing Improvements	1,000,000	650,000	1,650,000	15,203	1,650,000	0	15,203	15,203	1,650,000	0	0	0	0	0	G	G		
BH367 - IT Capital	200,000	184,514	384,514	0	384,514	0	0	0	384,514	0	0	0	0	0	G	G		
	<b>1,200,000</b>	<b>834,514</b>	<b>2,034,514</b>	<b>15,203</b>	<b>2,034,514</b>	<b>0</b>	<b>15,203</b>	<b>15,203</b>	<b>2,034,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>		
<b>Head of Landlord Services (HOLS)</b>																		
BH003 - Garages Roofs & Doors Replacement	40,000	0	40,000	31,304	40,000	0	31,304	31,304	40,000	0	0	0	0	0	G	G		
BH009 - Fire Safety Works - communal areas	100,000	0	100,000	25,662	100,000	0	25,662	25,662	100,000	0	0	0	0	0	G	G		
BH011 - Capital Improvement Works	0	200,000	200,000	0	200,000	0	0	0	200,000	0	0	0	0	0	G	G		
BH013 - Digital Aerial Upgrade	0	0	0	477	0	0	477	477	0	0	0	0	0	0	G	G		
BH014 - Estate Regeneration	100,000	347,728	447,728	0	447,728	0	0	0	447,728	0	0	0	0	0	G	G		
BH020 - Periodical Electrical Works	125,000	0	125,000	56,382	125,000	0	56,382	56,382	125,000	0	0	0	0	0	G	G		
BH021 - New Communal Boilers	0	0	0	4,218	0	0	4,218	4,218	0	0	0	0	0	0	G	G		
BH022 - Community Energy Savings Programme (CESP)	0	252,060	252,060	147,838	252,060	0	147,838	147,838	252,060	0	0	0	0	0	G	G		
BH140 - Disabled Grant - Major Repairs	1,000,000	0	1,000,000	296,895	1,000,000	0	296,895	296,895	1,000,000	0	0	0	0	0	G	G		
BH302 - Minor Adaptations for People with Disabilities	100,000	0	100,000	47,648	100,000	0	47,648	47,648	100,000	0	0	0	0	0	G	G		
BH304 - Complete Roofs	100,000	551,312	651,312	434,158	651,312	0	434,158	434,158	651,312	0	0	0	0	0	G	G		
BH305 - Structural Repairs	300,000	0	300,000	99,704	300,000	0	99,704	99,704	300,000	0	0	0	0	0	G	G		
BH317 - Decent Homes and Poor Condition Improvement	17,752,900	0	17,752,900	4,779,610	17,752,900	0	4,779,610	4,779,610	17,752,900	0	0	0	0	0	G	G		
BH321 - Door & Window Replacement	30,000	0	30,000	118,404	30,000	0	118,404	118,404	30,000	0	0	0	0	0	G	G		
BH324 - Gas Appliance Replacement - Planned Ptnship	500,000	0	500,000	964,930	500,000	0	964,930	964,930	500,000	0	0	0	0	0	G	G		
BH325 - Gas Appliance Replacement - Responsive	500,000	0	500,000	4,073	500,000	0	4,073	4,073	500,000	0	0	0	0	0	G	G		
BH329 - Asbestos Remedial Action	50,000	0	50,000	44,756	50,000	0	44,756	44,756	50,000	0	0	0	0	0	G	G		
BH345 - Kitchen replacement	115,000	11,841	126,841	8,208	126,841	0	8,208	8,208	126,841	0	0	0	0	0	G	G		
BH351 - Door Entry Updates	100,000	25,940	125,940	12,289	125,940	0	12,289	12,289	125,940	0	0	0	0	0	G	G		
BH364 - Environmental enhancements to housing land	100,000	64,065	164,065	4,890	164,065	0	4,890	4,890	164,065	0	0	0	0	0	G	G		
BH365 - Walkways	100,000	100,000	200,000	0	200,000	0	0	0	200,000	0	0	0	0	0	G	G		
BH368 - Communal Area Upgrades	200,000	147,210	347,210	37,873	347,210	0	37,873	37,873	347,210	0	0	0	0	0	G	G		
BH373 - Change of Use	100,000	0	100,000	0	100,000	0	0	0	100,000	0	0	0	0	0	G	G		
BH374 - CCTV	50,000	0	50,000	0	50,000	0	0	0	50,000	0	0	0	0	0	G	G		
BH375 - Lift Refurbishment St Katherine's Court	100,000	0	100,000	0	100,000	0	0	0	100,000	0	0	0	0	0	G	G		
BH376 - Little Cross Street Walkway Renewal	562,000	0	562,000	0	562,000	0	0	0	562,000	0	0	0	0	0	G	G		
	<b>22,124,900</b>	<b>1,700,156</b>	<b>23,825,056</b>	<b>7,119,319</b>	<b>23,825,056</b>	<b>0</b>	<b>7,119,319</b>	<b>7,119,319</b>	<b>23,825,056</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>		
<b>Lesley Wearing (LWS)</b>																		
BH370 - Repurchase of Former Council Houses	1,000,000	500,000	1,500,000	0	1,500,000	0	0	0	1,500,000	0	0	0	0	0	G	G		
BH371 - Off Grid to Renewable Technologies	0	82,999	82,999	55,640	82,999	0	55,640	55,640	82,999	0	0	0	0	0	G	G		
BH372 - Green Deal Contribution & Energy Efficiency	50,000	0	50,000	0	50,000	0	0	0	50,000	0	0	0	0	0	G	G		
	<b>1,050,000</b>	<b>582,999</b>	<b>1,632,999</b>	<b>55,640</b>	<b>1,632,999</b>	<b>0</b>	<b>55,640</b>	<b>55,640</b>	<b>1,632,999</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>		
<b>Total for Director of Housing</b>																		
	<b>24,374,900</b>	<b>3,117,669</b>	<b>27,492,569</b>	<b>7,190,161</b>	<b>27,492,569</b>	<b>0</b>	<b>7,190,161</b>	<b>7,190,161</b>	<b>27,492,569</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>G</b>	<b>G</b>		



**Notes:**

- The volume of tickets issued to the end of period 4 was 36,000 higher than for the same period in 2012/13;
- however, income to the end of July was £50,000 less than budgeted for the first two months of 2013/14.

## Managed Debt Analysis - Rolling Year 2012/13 into 2013/14

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Jul	Aug
<b>TOTAL ARREARS</b>	<b>14,542,390</b>	<b>14,040,261</b>	<b>12,975,601</b>	<b>12,431,029</b>	<b>12,108,299</b>	<b>11,863,070</b>	<b>12,491,254</b>	<b>17,325,924</b>	<b>16,640,530</b>	<b>17,005,343</b>	<b>15,422,985</b>	<b>15,228,631</b>
Awaiting Action	1,319,232	1,003,214	577,223	691,227	680,363	837,742	521,415	641,349	602,565	572,748	805,818	723,259
Debt in Progress	13,223,158	13,037,047	12,398,378	11,736,625	11,427,936	11,025,327	11,969,838	16,684,575	16,037,965	16,432,595	14,617,167	14,505,370
% Inactive debt [PI]	<b>9.07%</b>	<b>7.15%</b>	<b>4.45%</b>	<b>5.56%</b>	<b>5.62%</b>	<b>7.06%</b>	<b>4.17%</b>	<b>3.70%</b>	<b>3.62%</b>	<b>3.37%</b>	<b>5.22%</b>	<b>4.75%</b>
<b>CTAX</b>	<b>6,748,462</b>	<b>6,816,581</b>	<b>6,079,436</b>	<b>5,851,338</b>	<b>5,628,763</b>	<b>5,456,867</b>	<b>6,090,188</b>	<b>8,797,424</b>	<b>8,477,350</b>	<b>8,149,267</b>	<b>7807401</b>	<b>7632608</b>
Inactive	190,988	61,718	87,926	119,645	119,590	74,444	111,528	130,826	86,370	71,102	110975	126796
In progress	6,557,474	6,754,863	5,991,510	5,731,693	5,509,173	5,382,423	5,978,660	8,666,598	8,390,980	8,078,165	7696426	7505811
Inactive debt	<b>2.83%</b>	<b>0.09%</b>	<b>1.45%</b>	<b>2.04%</b>	<b>2.12%</b>	<b>1.36%</b>	<b>1.83%</b>	<b>1.49%</b>	<b>1.02%</b>	<b>0.87%</b>	<b>1.42%</b>	<b>1.66%</b>
<b>NNDR</b>	<b>1,454,169</b>	<b>1,190,202</b>	<b>1,048,011</b>	<b>792,303</b>	<b>711,325</b>	<b>817,539</b>	<b>776,782</b>	<b>2,691,043</b>	<b>2,175,195</b>	<b>1,630,136</b>	<b>1634246</b>	<b>1541894</b>
Inactive	0	0	0	0	0	0	0	0	0	0	0	0
In progress	1,454,169	1,190,202	1,048,011	792,303	711,325	817,539	776,782	2,691,043	2,175,195	1,630,136	1634246	1541894
Inactive debt	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0%</b>	<b>0%</b>
<b>FTA</b>	<b>1,101,424</b>	<b>1,141,274</b>	<b>1,087,911</b>	<b>1,108,105</b>	<b>1,083,038</b>	<b>817,980</b>	<b>814,503</b>	<b>924,649</b>	<b>887,309</b>	<b>883,694</b>	<b>912056</b>	<b>908012</b>
Inactive	87,568	93,895	41,540	78,244	14,594	34,978	30,016	38,339	30,293	20,639	20024	14051
In progress	1,013,856	1,047,379	1,046,371	1,029,861	1,068,444	783,002	784,487	886,310	857,016	863,054	892032	893960
Inactive debt	<b>7.95%</b>	<b>8.22%</b>	<b>3.82%</b>	<b>7.06%</b>	<b>1.35%</b>	<b>4.28%</b>	<b>3.69%</b>	<b>4.15%</b>	<b>3.41%</b>	<b>2.34%</b>	<b>2.20%</b>	<b>1.01%</b>
<b>HBOP</b>	<b>4,090,115</b>	<b>4,062,487</b>	<b>4,113,948</b>	<b>4,152,394</b>	<b>4,186,745</b>	<b>4,167,924</b>	<b>4,122,698</b>	<b>4,158,957</b>	<b>4,245,908</b>	<b>4,313,173</b>	<b>4351868</b>	<b>4412030</b>
Inactive	409,456	427,157	351,527	402,007	447,019	700,472	328,701	430,087	452,654	452,655	636779	560072
In progress	3,680,659	3,635,330	3,762,421	3,750,387	3,739,726	3,467,452	3,793,997	3,728,870	3,793,254	3,860,518	3715089	3851958
Inactive debt	<b>10.01%</b>	<b>10.51%</b>	<b>8.54%</b>	<b>9.68%</b>	<b>10.68%</b>	<b>16.81%</b>	<b>7.97%</b>	<b>10.34%</b>	<b>10.66%</b>	<b>10.49%</b>	<b>14.63%</b>	<b>12.69%</b>
<b>SD</b>	<b>1,148,220</b>	<b>829,717</b>	<b>646,295</b>	<b>526,889</b>	<b>498,428</b>	<b>602,760</b>	<b>687,083</b>	<b>753,851</b>	<b>854,768</b>	<b>2,029,074</b>	<b>717,414</b>	<b>734,087</b>
Inactive	631,220	420,444	96,230	94,508	99,160	27,848	51,170	42,097	33,248	28,352	38,040	22,340
In progress	517,000	409,273	550,065	432,381	399,268	574,911	635,912	711,754	821,519	2,000,722	679,374	711,747
Inactive debt	<b>54.97%</b>	<b>50.67%</b>	<b>14.89%</b>	<b>17.94%</b>	<b>19.89%</b>	<b>4.62%</b>	<b>7.45%</b>	<b>5.58%</b>	<b>3.89%</b>	<b>1.40%</b>	<b>5.30%</b>	<b>3.04%</b>

- Overall debt levels as at 30<sup>th</sup> September 2013  
Compared to the same period last year, unmanaged debt is £466,500 less, and the outstanding arrears are £359,564 more.
- Council Tax as at 30<sup>th</sup> September 2013  
Unmanaged debt is £28,405 less than the same period last year and the overall outstanding arrears are £636,720 more.
- Business Rates as at 30<sup>th</sup> September 2013  
Unmanaged debt remains unchanged. The overall outstanding arrears are £86,035 more than the same period last year.
- Former Tenant Arrears as at 30<sup>th</sup> September 2013  
Unmanaged debt is £5,353 more than the same period last year and the overall outstanding arrears are £190,761 less.
- Housing Benefit Overpayments Payments as at 30<sup>th</sup> September 2013  
Unmanaged debt is £127,409 more than the same period last year and the overall outstanding arrears are £272,225 more..
- Sundry Debts as at 30<sup>th</sup> September 2013  
Unmanaged debt is £101,909 less than the same period last year and the overall outstanding balance is £444,655 less.
- Priority Debts 19<sup>th</sup> April 2013  
As a result of priority debt as defined by the Corporate Debt Policy we now have debt on hold awaiting clearance of priority debts. This is broadly broken down as FTA £79.2k, Sundry debt £3.7k and OPHB £152.8k, as at 19<sup>th</sup> April 2013. As more cases reach consideration for court action this category of debt pending other priority debt will increase.