



# Statement of Accounts 2015–16 DRAFT



NORTHAMPTON  
BOROUGH COUNCIL

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## 1. INTRODUCTION

The Statement of Accounts for Northampton Borough Council provides a picture of the Council's financial position at 31st March 2016 and a summary of its income and expenditure in the year to 31st March 2016. The Council has a statutory duty to approve and publish this Statement of Accounts document. It is, in parts, a complex document which sets out to ensure that the accounts of all Government funded bodies provide comparable and consistent information and comply with International Financial reporting Standards. As a result, its format is largely prescribed.

The accounts will be approved by Northampton Borough Council's Audit Committee at the meeting on the 5th September 2016.

## 2. THE STATEMENTS

The main statements which make up these accounts are as follows:

### Core Financial Statements

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

### Supplementary Financial Statements

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

### Group Accounts

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

An explanation of each of these statements accompanies each statement.

## 3. REVIEW OF THE FINANCIAL YEAR 2015/16

### 3a. Financial climate in 2015/16

In 2015 the annual growth in the UK's Gross Domestic Product (GDP) was 2.2%. The growth in 2015 was the lowest rate recorded in the last three years, but it still means that the UK economy is growing at one of the fastest rates in the developed world. Based on forecasts by the International Monetary Fund (IMF) this growth is expected to continue for 2016 and 2017. The UK economy is still operating with an annual deficit and the Government has stated its commitment to a balanced budget by 2020. Due to the depth of the downturn this is longer than previously envisaged.

Since 2010 government funding for local government has reduced by approximately 40% in real terms. A new Government was elected in May 2015 and have subsequently made a number of announcements, including the Summer Budget (July 2015), Spending Review (November 2015) and the Provisional Local Government Finance Settlement (December 2015). The key headlines from these announcements were:

- Local Government funding will reduce from £21.9bn to £17.8bn by 2019/20;
- Switch of funding towards councils with social care responsibilities;
- Switch of funding from rural to urban areas;
- Proposals to review New Homes Bonus, including an £800m reduction in funding;
- The introduction of the “Core Spending Power” which includes assumptions from Government about increases in council tax levels and rises in the taxbase;
- An offer of a four year deal from Government to provide more certainty for councils to assist in planning service provision over the medium term;
- Social housing changes, including a 15 per annum reduction in rents and changes to Rights to Buy;
- A proposal to move to a 100% business rates retention scheme by 2020.

### 3b. Local position

The national economic position has had, and continues to have, specific impacts locally. There is significant risk in relation to key income streams, such as investment income, planning income, and building control income, as well as future prices in cost areas where markets and inflation rates are unstable. Additional funding risks falling on local authorities as an inherent part of the changes around retention of business rates in particular will need to be monitored.

Challenging Finance Settlements from central government are materially reducing funding. Through medium term planning processes the Council must examine its net expenditure to meet the limitations of its funding.

The issues referred to above are discussed in more detail in the Council’s Medium Term Financial Plan. This document also includes more about the Council’s plans in future years, from 2015/16 to 2019/20. The Council’s Medium Term Financial Plan can be found here:

<http://www.northamptonboroughcouncil.com/councillors/documents/s49036/Cabinet%20February%202016%202%2024%20-%20v3.pdf>

### 3c. Performance Indicators

The Council monitors progress against performance indicators on a monthly, quarterly and annual basis. A number of agreed corporate priority indicators are reported to Cabinet and Overview and Scrutiny Committee, who review performance every quarter. At the end of each year a report is produced that summarises how well the Council performed against the targets. This report will be published in September 2016.

The full performance outturn report will be published on the Council’s website here:

[http://www.northampton.gov.uk/info/200009/council\\_performance/1554/all\\_measure\\_report](http://www.northampton.gov.uk/info/200009/council_performance/1554/all_measure_report)

### 3d. Significant events in 2015/16

#### **Northampton Town Football Club (NTFC) – Impairment of Loan £10.25m**

As has been well documented, during 2013/14 NBC advanced £10.25m to Northampton Town Football Club (NTFC) to carry out works to improve stadium facilities at Sixfields (£9m) and to develop a hotel at Sixfields (£1.25m). The stadium improvement, hotel and loan were part of a planned wider development agreement for land around Sixfields for retail and housing purposes.

However, following failure by NTFC to pay due payments on the loan interest between May and September 2015, NBC made the decision to protect the public purse and exercised its rights under the loan agreement requiring immediate repayment of the remaining £10.22m of loans in totality (consisting of the original loan of £10.25m less repayments that had been made). When this did not materialise, the Council took action to formally cancel the loan agreements.

In November 2015, new owners purchased NTFC. In order for NBC to recover the full £10.22m from the previous owners, the Council agreed to assign the £10.22m loan debt from NTFC back to NBC. This loan has been fully impaired in NBC's accounts for 2015/16.

Reviews and investigations with regards to the loan and the land development at Sixfields are ongoing, and encompass:

- An Internal Audit review by NBC's Internal Auditors PwC into the Council's processes and procedures, to be reported to NBC's Audit Committee;
- An External Audit review by NBC's External Auditors KMPG;
- A Police Investigation into any potential criminal activity behind the previous owners of NTFC and associated companies.

Full details of reports and decisions made by Full Council and the Cabinet can be found on the NBC website

<http://www.northampton.gov.uk/>

#### **Loan to University of Northampton - £46m**

In 2015-16 the Council entered into a third party loan agreement to the value of £46m with the University of Northampton (UoN), to support the relocation of its campus to a new Waterside location in the Northampton Enterprise Zone. This investment into the town centre will support the regeneration of the town and the local economy. The Local Enterprise Partnership SEMLEP supported the UoN project and successfully applied for access to a concessionary rate of borrowing from the Public Works Loans Board. Under the loan agreement two loans were drawn down by the UoN through NBC in March 2016, comprising a 5 year £28.5m maturity loan and a 40 year £17.5m annuity loan. Both loans have been funded by PWLB concessionary rate (the "project rate") and have been guaranteed by HM Treasury.



#### 4. SUMMARY OF MAJOR TRANSACTION AND BALANCES IN NORTHAMPTON BOROUGH COUNCILS ACCOUNTS

The following provides a summary of the major transactions and balances for Northampton Borough.

Service Expenditure	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
<b>General Fund</b>			
Service costs (excl. benefits)	55,043	-29,664	25,379
Benefits	71,345	-70,451	894
<b>Housing Revenue Account</b>			
Service costs	28,046	-56,801	-28,754

Capital Expenditure	Capital Investment £000s	Sources of Finance £000s
General Fund Capital	33,693	-33,693
Housing Revenue Account Capital	58,955	-58,955

Total Service/ Capital	£000s	£000s
<b>Total Service and Capital</b>	<b>247,082</b>	<b>-249,563</b>

Assets and Liabilities	Liabilities £000s	Assets £000s	Net Assets £000s
Assets and Liabilities	-431,850	725,111	293,261

Gross Income collected by NBC	£000s
Council Tax	-96,787
National Non-Domestic Rates	-102,497

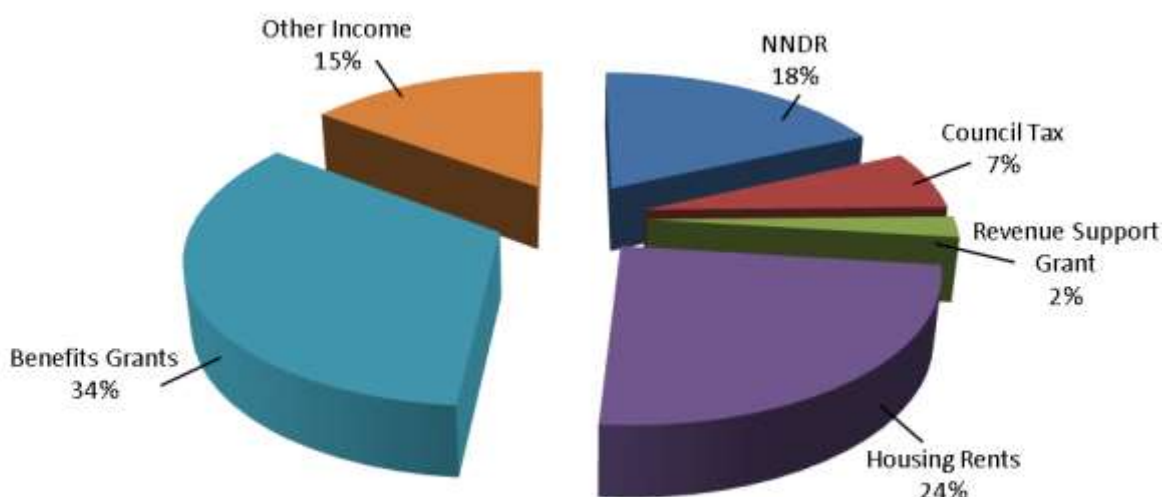
Further information about some of these transactions and balances can be found in the following sections 5 and 6 of the Narrative Report and also in the Statement of Accounts.

**5. INCOME AND EXPENDITURE: WHERE THE COUNCIL’S MONEY COMES FROM AND WHAT IT SPENDS IT ON**

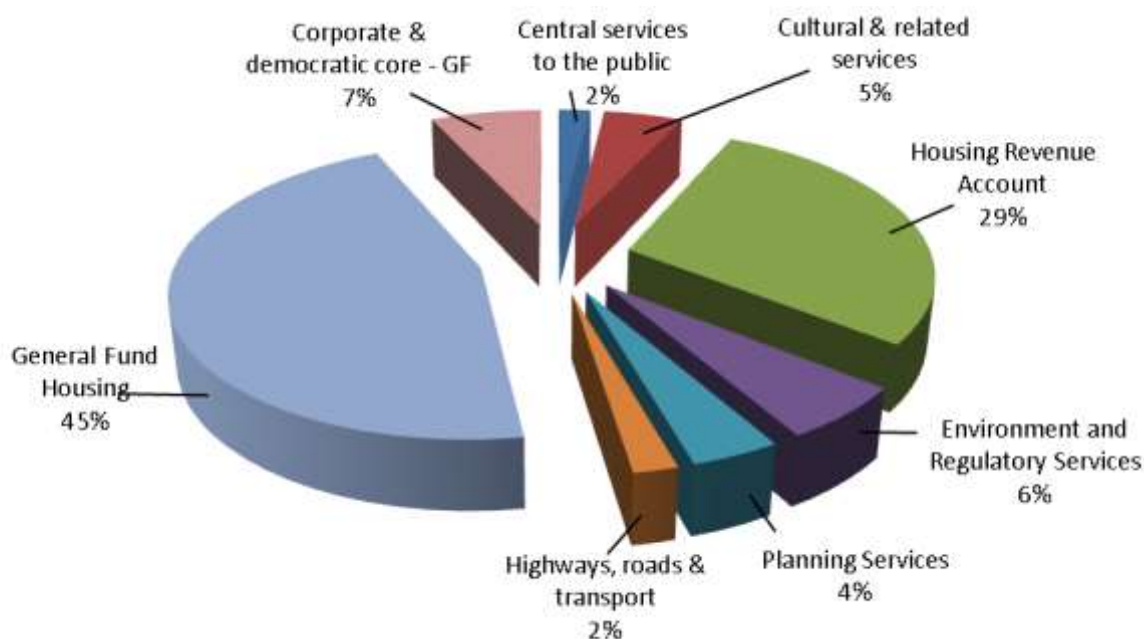
**5a. Income and Expenditure**

The Comprehensive Income and Expenditure Statement is one of the core financial statements. This statement shows the Council’s income and expenditure, including both General Fund and the Housing Revenue Account. This does not include income collected through the Collection Fund. The following pie charts show the various sources of income that the Council received, and then how this money was spent.

**Council Income (total £216m)**



**Council Expenditure (£183m)**



Further details of the Council’s income and expenditure can be found in the related notes to the accounts.

### 5b. General Fund Final Outturn Position

Northampton Borough Council managed a net budget of £26.234m in 2015/16 to deliver key services to the community it serves (including gross expenditure of £126.388m). The following table summarises the net position for the general Fund for 2015/16:

General Fund Account	Net Budget £000s	Net Actual £000s	Variance £000s
Director of Regeneration, Enterprise and Planning	1,006	264	-742
Housing and Wellbeing	1,137	1,394	257
Borough Secretary	2,442	2,364	-78
Director of Customers & Communities	11,129	10,736	-393
Corporate and LGSS	10,520	10,880	360
<b>Total within Budget Managers Control</b>	<b>26,234</b>	<b>25,638</b>	<b>-596</b>
Planning Appeals and Delapre Abbey	0	635	635
Capital Expenditure charged to Revenue Account	0	2,172	2,172
Net Support Service Recharges	-2,555	-2,125	430
Interest and Financing	3,011	2,389	-622
Parish Precepts & Grants	1,001	1,001	0
Government Funding	-7,087	-7,087	0
Council Tax	-13,997	-13,997	0
Council tax Freeze Grant	-152	0	152
Non specific grants (mainly New Homes Bonus)	-3,836	-4,161	-325
<b>Technical Accounting Adjustments</b>	<b>-23,615</b>	<b>-21,174</b>	<b>2,442</b>
<b>General Fund (under) / over spend</b>	<b>2,619</b>	<b>4,464</b>	<b>1,845</b>
Net Contribution to/(from) Reserves	-2,619	-4,464	-1,845
<b>General Fund Deficit (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance b/fwd		-5,470	
<b>Balance carried forward</b>		<b>-5,470</b>	

This position will be reported at the Cabinet meeting on 13<sup>th</sup> July 2016.

### 5c. Housing Revenue Account

Included within the overall income and expenditure above are specific amounts relating to the provision, maintenance and sale of Council houses and flats. These specific items of income and expenditure are also shown separately in an account called the Housing Revenue Account (HRA), because this account has to be self-financing. The figures below show the net position. The gross expenditure was £28.046m. A summary of the net position of the Housing Revenue Account is shown below:

Housing Revenue Account	Net Budget	Net Actual	Variance
	£000s	£000s	£000s
<b>Expenditure</b>			
Net Service Expenditure	-6,250	-6,029	221
Interest & Capital Financing Adjustments	6,250	6,029	-221
<b>(Surplus)/Deficit for the year</b>	<b>-0</b>	<b>0</b>	<b>0</b>
<b>Balance brought forward</b>		<b>5,000</b>	
<b>Balance carried forward</b>		<b>5,000</b>	

After taking account of contributions to reserves and balances, the Council's Housing Revenue Account working balance has remained at £5m. This is after making a net contribution to HRA earmarked reserves of £1.622m to support revenue expenditure during the year.

This position will be reported at the Cabinet meeting on 13<sup>th</sup> July 2016.

Further details of the Housing Revenue Account can be found in the Housing Revenue Account section of the Statement of Accounts.

### 5d. Collection Fund

NBC is a Billing Authority for Council Tax and National Non-Domestic Rating Income (NNDR/Business Rates), and is therefore required under statute to maintain a separate Collection Fund. The Collection Fund shows all of the transactions completed by NBC on an agency basis for both NBC and on behalf of its precepting bodies. NBC collects Council Tax precepts on behalf of Northamptonshire County Council and the Northamptonshire Police and Crime Commissioner, and collects NNDR on behalf of Central Government and Northamptonshire County Council.

For 2015/16, the gross income collected within the Collection Fund by NBC was as follows:

Gross Income collected by NBC	£000s
Council Tax	-96,787
National Non-Domestic Rates	-102,497

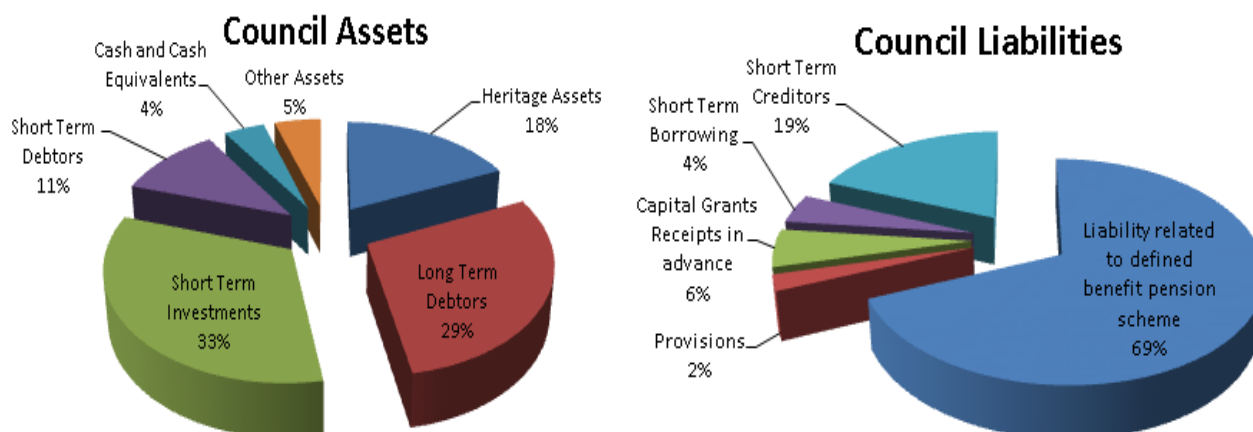
For further details please see The Collection Fund statement and accompanying notes at Section H of the accounts.

## 6. ASSETS AND LIABILITIES: WHAT THE COUNCIL OWNS AND WHAT THE COUNCIL OWES

### 6a. Assets and Liabilities

The Balance Sheet is another core financial statement. The Balance Sheet shows everything the Council owns (the Council's assets) and everything that the Council owes (the Council's liabilities).

The following pie charts represent the relative sizes of the council's assets and liabilities.



### 6b. Capital expenditure

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 or enhancement of existing assets. The table below provides a summary of the 2015/16 capital expenditure.

Capital Expenditure and Financing	Budget £000s	Actual £000s	Variance £000s
<b>Expenditure</b>			
Housing Revenue Account Schemes	36,148	33,693	-2,455
General Fund Housing Schemes	2,125	1,557	-568
Other General Fund Schemes	64,409	57,398	-7,011
<b>Total Capital Expenditure</b>	<b>102,682</b>	<b>92,648</b>	<b>-10,033</b>
<b>Sources of Financing</b>			
Major Repairs Allowance		21,897	
Revenue Contributions to Capital Expenditure		11,255	
Grants & Contributions		2,878	
Capital Receipts		5,468	
Borrowing		51,150	
		<b>92,648</b>	

Capital Programme spending in 2015/16 was some £10.0 m (10%) below budget. A large proportion (£7.3m) of this variance relates to schemes that are currently underway or still planned to take place and these budgets will be carried forward into the next financial year (2016/17). The majority of this carry forward is due to the timing of approvals and the timescales for letting contracts and funding agreements.

Capital Expenditure	£000s
<b>Housing Revenue Account</b>	
Council Housing	33,114
Other Capital Works	22
Repurchase of Former Council Housing	557
<b>HRA Total</b>	<b>33,693</b>
<b>General Fund</b>	
Information Technology	153
Corporate Buildings	2,925
Greyfriars Bus Demolition	1,277
Parks & Open Spaces	364
Delapre Abbey Restoration	2,928
Vulcan Works	360
Bus Interchange	11
Capital Loans	46,300
Enterprise Zone	65
Other Capital Works	1,070
Revenue Expenditure Funded from Capital under Statute	3,502
<b>General Fund Total</b>	<b>58,955</b>
<b>Total</b>	<b>92,648</b>

### 6c. Capital Receipts

During 2015/16 the Council generated General Fund capital receipts from the sale of land and buildings of £1.6m.

HRA capital receipts of £5.0m were generated mainly from the sale of council dwellings under the Right-to-Buy Scheme. Of this total almost £1.091m was paid over to central government under pooling arrangements. The remainder was either set aside to fund replacement dwellings or invested in improvements to existing council dwellings.

### 6d. Current Borrowing Facilities

A significant element of the Council's liabilities are borrowing. Current borrowing facilities are detailed below:

Description	HRA £000s	General Fund £000s	Third Party £000s	Total £000s
Long Term Borrowing - PWLB	184,065	14,300	51,152	249,517
Long Term Borrowing - LOBOs	9,069	0	0	9,069
Homes & Communities Agency	0	1,124	0	1,124
Growing Places Fund	0	6,754	0	6,754
Local Infrastructure Fund	0	1,072	0	1,072
Long Term Finance Leases	0	192	0	192
Other Short Term Borrowing	0	245	0	245
<b>Total</b>	<b>193,134</b>	<b>23,687</b>	<b>51,152</b>	<b>267,973</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 indicators for external borrowing for 2015-16, the operational boundary and the authorised limit, were set at £310m and £320m respectively. External borrowing as at 31 March 2016 was within these limits at £267.973m as per the above table.

The capital financing requirement as at 31 March 2016 was £299.903m, as per note 40 to the core statements.

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 at 31 March 2016 is below the latest forward looking CFR forecast of £328m as at the end of March 2019, agreed by Council in February 2016.

New capital programme expenditure of £51m was financed by borrowing during 2015-16. This included £46m of external borrowing at the PWLB 'project rate' for loans to the University of Northampton, and £5m of internal borrowing (i.e. from cash balances).

Existing long term external borrowing was reduced by £2m as a result of the maturity of a PWLB loan. Principal repayments on annual annuity and EIP loans totalled £240k.

The current net book value (fair value) of the Council's property plant and equipment (non-current assets) is £549m, of which £422m relates to council dwellings.

## 6e. Liability related to defined benefit pension scheme

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.

There has been a significant decrease in year on the overall pension liability of £28.9m. This is largely as a result of an increase in the net discount rate over this period, the positive impact of which has outweighed the likely lower than expected asset returns.

## 7. Further Information

Further information about these accounts is available from:

<b>Glenn Hammons</b> <b>Chief Finance Officer</b> Northampton Borough Council LGSS Northamptonshire County Council John Dryden House 8-10 The Lakes Northampton NN4 7YD	<b>Chris Randall</b> <b>Interim Strategic Finance Manager</b> Northampton Borough Council 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 on the Council's website in order to facilitate this.



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 2016.

<b><i>G Hammons</i></b>
<b>Glenn Hammons – Chief Finance Officer (S151)</b>
<b>Date: 30<sup>th</sup> June 2016</b>

### Approval by Audit Committee

I confirm that these audited accounts were approved by the Audit Committee at the meeting held on 5th September 2016.

<b>Councillor Penelope Flavell – Chair of Audit Committee</b>
<b>Date:</b>

## 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 2015/16 financial year.

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

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

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

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

## 1.2 ACCOUNTING PRINCIPLES

### a **Going Concern**

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

### b **Accruals Concept**

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

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

#### **c 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 2015/16 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to 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.

**f Previous Year Adjustments**

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

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

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

Where those errors are thought to be material, an adjustment will be entered into the financial statements comparative year balances, and the columns headed restated. In addition full disclosure as to the nature, circumstance, and value of the adjustment will be disclosed in the notes to the accounts.

**g Events after the Balance Sheet date**

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

**h Exceptional and extraordinary items and prior period adjustments**

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

**i Contingent assets and liabilities**

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

**Capital Accounting****j Recognition of Capital Expenditure (de-minimis Policy)**

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

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

The capital cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Authority incurred either when the asset

was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

- Subsequent expenditure that will substantially increase the market value of the asset.
- Subsequent expenditure that will substantially increase the extent to which the Authority can use the asset for the purpose, or in conjunction with the functions of the Authority.

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

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

#### k **Non-Current Asset Classification**

The Authority manages its assets in the following categories:

- **Intangible Assets.**

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

- **Property, Plant and Equipment Assets**

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

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

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

Test for Community Assets:

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

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

- **Infrastructure Assets**, include all tangible (physical) assets required within the authorities land drainage system, and cemetery roadways. There is no prospect for sale of infrastructure assets; expenditure is only recoverable through continued use of the asset.
- **Vehicles, Plant and Equipment Assets and Assets under Construction** are also classified as Property Plant and Equipment where they do not meet the criteria for Investment Property Assets or Assets Held for Sale.

- **Surplus Assets** are assets, which the Authority no longer operates from, however do not meet the definition of held for sale. All surplus assets are treated in the same way as operational assets of the same type (valuation, depreciation, recognition etc).
- **Heritage Assets** are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that make it important to ensure that they are preserved for future generations. They may be any kind of asset including buildings, works of art, furniture, exhibits, artefacts, etc. or intangible assets such as recordings of significant historical events.

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

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

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

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

- **Assets Held for Sale**

The Authority will classify assets as held for sale where:

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

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

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

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

## I Non-Current Asset Valuation Methodology

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

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

Valuations are completed as follows:

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

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

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



Useful Economic Lives of assets are:

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

\* Depending on the nature of the specific asset

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

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

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

#### p Component Accounting

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

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

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

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

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

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

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

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

#### **q Leases**

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

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

#### **r Defining a Finance Lease**

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

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

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

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

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

#### **s Defining an Operating Lease**

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

#### **t Lessee Accounting for a Finance Lease**

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

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

#### **u Lessor Accounting for a Finance Lease**

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

#### **v Lessor Accounting for an Operating Lease**

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

#### **w Lessee Accounting for an Operating Lease**

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

#### **x Service Concession Agreements (PFI and other similar contracts)**

PFI and similar arrangements are usually agreements with the private sector for the construction or enhancement of fixed assets needed to provide services to a public sector body. PFI and similar contracts are assessed against criteria within IFRIC 12 (Service Concession

Arrangements) to determine whether the risks and rewards incidental to ownership lie with the Authority or the contractor.

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

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

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

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

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

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

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

PFI Credits are treated as general revenue government grants.

## **y Capital Grants and Contributions**

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

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

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

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

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

Relevant Government Grants are treated in accordance with this policy.

**z Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

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

**aa Minimum Revenue Provision (MRP)**

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

Where a historical debt liability was created prior to 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 of the main component of expenditure and is only be divided up in cases where there are two or more major components with substantially different useful economic lives.

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

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

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

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

#### **ab Capital Reserves**

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

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

#### **Revenue Accounting**

#### **ac Recognition of Revenue Expenditure.**

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

#### **ad Employee Costs**

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

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

#### **Short-term employee benefits:**

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

#### **Termination Benefits**

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

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

- **Pensions Costs**

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

The Local Government Pension Scheme is a defined benefit scheme. The liabilities of the scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

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

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

- Current service cost - the increase in liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Gains/losses on settlements and curtailments the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Statement of Comprehensive Income and expenditure.
- Contributions paid to the Northamptonshire County Council Pension Fund – cash paid as employers contributions to the Pension Fund.

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

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

#### **ae Revenue Grants and Contributions**

Grants, contributions, and donations are recognised as income at the date that the Authority has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (receipts in advance). Any grant, which had met the recognition criteria but had not been received, would be shown as a debtor. This is in line with the accruals concept policy.

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

#### **af Provisions**

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

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

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

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

#### **ag Revenue Reserves**

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

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

- Setting aside money for future policy initiatives;
- To finance expenditure on future projects;
- To mitigate the impact between financial years of expenditure and income on general working balances;



- To mitigate the effect of specifically identified significant risks; and
- To protect the Authority against unexpected events and change in legislation.

The Council's risk-based assessment of the required level of General Fund working balance is shown within the Movement in Reserves Statement. 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. The usable Earmarked Reserves are set out in the notes to the Statement of Accounts.

#### **ah Council Tax Recognition**

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

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

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

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

#### **ai Inventories and long-term contracts**

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

#### **aj Provisions for bad and doubtful debts**

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

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

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

### Treasury Management

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

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

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

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

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

#### al **Financial Liabilities**

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

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any interest accrued to 31st March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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

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

#### am **Financial Assets**

Financial assets are classified into two types:

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

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

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

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

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

**ao Business Improvement Districts**

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

**ap Cash and Cash Equivalents**

Cash is represented by notes and coins held by the Authority and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts only arise as part of the Council's cash management and are therefore netted off against Cash and Cash Equivalents.

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

**aq General Government Grants**

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

**ar Group Accounts**

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

**E1 MOVEMENT IN RESERVES STATEMENT**

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Statement is shown on the next page.

Movement in Reserves Statement	Single Entity Accounts									
	General Fund Balance £000s	Earmarked GF Reserves £000s	Housing Revenue Account £000s	Earmarked HRA Reserves £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Total Unusable Reserves £000s	Total Authority Reserves £000s
<b>Balance at 31 March 2014 Brought forward</b>	<b>-3,643</b>	<b>-25,381</b>	<b>-5,000</b>	<b>-16,295</b>	<b>-9,405</b>	<b>-2,357</b>	<b>-3,812</b>	<b>-65,894</b>	<b>-172,039</b>	<b>-237,933</b>
<b><u>Movement in reserves during 2014/15</u></b>										
(Surplus) or deficit on provision of services (Note 31c)	10,395	0	-37,637	0	0	0	0	-27,242	0	-27,242
Other Comprehensive Expenditure and Income (Note 9)	0	0	0	0	0	0	0	0	15,529	15,529
<b>Total Comprehensive Expenditure and Income</b>	<b>10,395</b>	<b>0</b>	<b>-37,637</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,242</b>	<b>15,529</b>	<b>-11,713</b>
<b>Net (Increase)/Decrease before transfers</b>	<b>10,395</b>	<b>0</b>	<b>-37,637</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-27,242</b>	<b>15,529</b>	<b>-11,713</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	-13,968	0	34,102	0	117	-9,615	-1,252	9,384	-9,384	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>-3,573</b>	<b>0</b>	<b>-3,535</b>	<b>0</b>	<b>117</b>	<b>-9,615</b>	<b>-1,252</b>	<b>-17,858</b>	<b>6,145</b>	<b>-11,713</b>
Transfers (to)/from Earmarked Reserves (Note 8)	1,746	-1,746	3,535	-3,535	0	0	0	0	0	0
<b>(Increase) / Decrease in Year</b>	<b>-1,827</b>	<b>-1,746</b>	<b>0</b>	<b>-3,535</b>	<b>117</b>	<b>-9,615</b>	<b>-1,252</b>	<b>-17,858</b>	<b>6,145</b>	<b>-11,713</b>
<b>Balance at 31 March 2015 Carried forward</b>	<b>-5,470</b>	<b>-27,127</b>	<b>-5,000</b>	<b>-19,830</b>	<b>-9,288</b>	<b>-11,972</b>	<b>-5,064</b>	<b>-83,753</b>	<b>-165,894</b>	<b>-249,646</b>
<b><u>Movement in reserves during 2015/16</u></b>										
(Surplus) or deficit on provision of services (Note 31c)	10,350	0	-19,989	0	0	0	0	-9,639	0	-9,639
Other Comprehensive Expenditure and Income (Note 9)	0	0	0	0	0	0	0	0	-33,977	-33,977
<b>Total Comprehensive Expenditure and Income</b>	<b>10,350</b>	<b>0</b>	<b>-19,989</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,639</b>	<b>-33,977</b>	<b>-43,616</b>
<b>Net (Increase)/Decrease before transfers</b>	<b>10,350</b>	<b>0</b>	<b>-19,989</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,639</b>	<b>-33,977</b>	<b>-43,616</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	-5,886	0	21,608	0	9,288	1,020	471	26,501	-26,501	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>4,464</b>	<b>0</b>	<b>1,619</b>	<b>0</b>	<b>9,288</b>	<b>1,020</b>	<b>471</b>	<b>16,862</b>	<b>-60,478</b>	<b>-43,616</b>
Transfers (to)/from Earmarked Reserves (Note 8)	-4,464	4,464	-1,619	1,619	0	0	0	0	0	0
<b>(Increase) / Decrease in Year</b>	<b>0</b>	<b>4,464</b>	<b>0</b>	<b>1,619</b>	<b>9,288</b>	<b>1,020</b>	<b>471</b>	<b>16,862</b>	<b>-60,478</b>	<b>-43,616</b>
<b>Balance at 31 March 2016 Carried forward</b>	<b>-5,470</b>	<b>-22,663</b>	<b>-5,000</b>	<b>-18,211</b>	<b>0</b>	<b>-10,952</b>	<b>-4,593</b>	<b>-66,889</b>	<b>-226,372</b>	<b>-293,262</b>

**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.

The statement is shown on the next page.

Re-stated 2014/15			COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2015/16		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			<b>INCOME AND EXPENDITURE ON SERVICES</b>			
3,579	-1,494	2,085	Central services to the public	3,227	-1,545	1,682
			<b>Cultural, Environmental &amp; Planning</b>			
10,059	-2,655	7,404	Cultural & related services	9,506	-2,749	6,757
10,113	-3,598	6,515	Environment and Regulatory Services	10,772	-4,552	6,220
20,740	-5,030	15,710	Planning Services	7,121	-2,392	4,729
14,303	-3,116	11,187	Highways, Roads & Transport	3,648	-3,337	311
			<b>Housing</b>			
55,458	-87,075	-31,617	Housing Revenue Account	52,265	-80,855	-28,590
85,152	-79,936	5,216	General Fund Housing	83,573	-77,799	5,774
557	0	557	Corporate & Democratic Core - HRA	520	0	520
1,842	-64	1,778	Corporate & Democratic Core - GF	11,913	-47	11,865
3	-8,760	-8,757	Non Distributed Costs	64	-12	52
<b>201,806</b>	<b>-191,728</b>	<b>10,078</b>	<b>COST OF SERVICES</b>	<b>182,609</b>	<b>-173,290</b>	<b>9,320</b>
20,368	-15,238	5,130	Other Operating Expenditure (Note 10)	11,919	-8,394	3,525
20,994	-8,767	12,227	Financing and Investment Income and Expenditure (Note 11)	17,528	-7,089	10,439
37,823	-92,500	-54,676	Taxation and Non-Specific Grant Income (Note 12)	33,024	-65,945	-32,921
		<b>-27,241</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>-9,637</b>
		-1,335	Surplus or deficit on revaluation of Property, Plant and Equipment assets			-8,735
		16,864	Actuarial gains / losses on pension assets/liabilities			-25,242
		<b>15,529</b>	<b>Other Comprehensive Income and Expenditure (Note 9)</b>			<b>-33,977</b>
		<b>-11,712</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>-43,614</b>



**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'.

31st March 2015		31st March 2016	Notes
£000s	Balance Sheet	£000s	
509,188	Property, Plant & Equipment	548,865	13
29,484	Heritage Assets	32,364	14
7,295	Investment Property	6,752	15
1,035	Intangible Assets	721	16
2,507	Long Term Investments	0	17g
15,090	Long Term Debtors	51,193	20
<b>564,599</b>	<b>Long Term Assets</b>	<b>639,895</b>	
33,111	Short Term Investments	38,122	17g
10,031	Short Term Available for Sale Financial Instruments	19,626	17g
1,474	Assets Held for Sale	1,162	22
72	Inventories	47	18
24,322	Short Term Debtors	18,656	20
19,326	Cash and Cash Equivalents	7,603	21
<b>88,336</b>	<b>Current Assets</b>	<b>85,216</b>	
-2,628	Short Term Borrowing	-7,444	17e
-26,944	Short Term Creditors	-31,698	23
-1,993	Provisions	-4,058	24
<b>-31,565</b>	<b>Current Liabilities</b>	<b>-43,201</b>	
-7,377	Long Term Creditors	-10,148	38
-29	Provisions	-53	24
-221,289	Long Term Borrowing	-260,337	17f
-143,028	Other Long Term Liabilities	-118,111	41b/45
<b>-371,723</b>	<b>Long Term Liabilities</b>	<b>-388,649</b>	
<b>249,648</b>	<b>Net Assets</b>	<b>293,261</b>	
83,752	Usable Reserves	66,888	MiRS
165,895	Unusable Reserves	226,373	26
<b>249,647</b>	<b>Total Reserves</b>	<b>293,261</b>	

## 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.

2014/15 £000s	Cashflow Statement	2015/16 £000s
27,241	Net Surplus or (deficit) on the provision of services	9,637
19,377	Adjustment to surplus or deficit on the provision of services for noncash movements	26,324
-40,165	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-8,870
<b>6,453</b>	<b>Net Cashflows from Operating Activities</b>	<b>27,091</b>
-25,513	Net Cashflows from Investing Activities	-86,476
-3,674	Net Cashflows from Financing Activities	47,662
<b>-22,734</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-11,723</b>
42,060	Cash and Cash Equivalents at the Beginning of the Reporting Period	19,326
<b>19,326</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>7,603</b>

## 1. PRIOR YEAR ADJUSTMENTS

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

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

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

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

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

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

## 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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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.

A judgement on the ability of Northampton Town Football Club to repay its loan from the council has been made, with the full remaining balance of £10.22m being impaired (loan amount of £10.25m less repayments), see Narrative Report – Significant Events in 2015/16 and note 42, Impairment for details.

Valuations of Council Dwellings have been based on the latest Government guidance.

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority’s Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (excluding land) - Depreciation & Useful Lives	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be carried out in relation to individual assets. The current economic climate makes it uncertain how much the authority will be able to spend on repairs and maintenance on these assets, so there is uncertainty in the useful economic lives allocated to each asset.	If useful economic lives are reduced there would be an increase in depreciation and a reduction in the carrying value of the assets. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.324m for every year that useful lives had to be reduced.
Property, Plant and Equipment (excluding land) - Valuations	Assets are valued each year by professional valuers using appropriate valuation methods, judgements, and assumptions. Council dwellings are valued as at 1 April annually, non investment properties with a closing value of over £300k the previous year are revalued mid-year, and other non-investment property is valued on a 5-year rolling programme part way through the year. The assumptions used and timings of these valuations introduce a degree of estimation risk if property values differ from the valuations used.	The net book value of an asset at 31 March is the value of that asset as it appears on the Balance sheet. - A 1% variation in value on Dwellings is equivalent to £4.279m - A 1% variation in value on other operational property is equivalent to £1.311m

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Benefit Overpayments Provision	The Authority has made a provision of £5.500m in respect of Overpayments to Benefit Claimants. This provision is based upon a 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 89.27% 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 £0.187m for actual insurance claims outstanding and a reserve of £1.215m is set aside for unknown future claims. The amount in the reserve is based upon an actuarial report from our independent advisors, who have specialist experience in forecasting.	If the insurance provision proves to be insufficient then funds can be transferred from the insurance reserve. If the level of insurance reserve were to prove incorrect, then the effect would be equivalent to the amount of the additional claims.
Pensions Liability	The Council has a liability for retirement benefits promised under the terms of the pension scheme of £117.919m. Liabilities are measured on an actuarial basis, estimating future cash flows discounted to present values. This estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	If the principal assumptions used to measure the liability were to differ, then the increase in liability would be: - 0.5% decrease in discount rate = £24.302m - 1 year increase in life expectancy = £8.434m - 0.5% salary increase = £4.351m - 0.5% increase in Pensions rate = £19.789m
Arrears	The General Fund has provided for a bad debt provision of £1.453m. 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 £2.805m. Therefore any changes in the recovery of our debts will have a maximum impact of £1.350m.
Business Rates Appeals	The council has made a provision for the effects of business rates appeals (including backdated appeals) of which the NBC element is £3.861m. This is based on appeals that had been lodged and were outstanding at 31 March 2016. Contingent liabilities have been disclosed in relation to the risk of new appeals that may come forward in the future and other appeals/risks that have been currently assessed as not meeting the IAS 37 criteria for requiring a provision as at 31st March 2016.	If appeals on the list are rejected or settled at a lower value from the amount taken into account in the appeal provision, the provision for the excess would be released. If appeals on the list are settled at a higher value than the appeal provision or appeals are settled that are not included on the list at 31 March, there would be an impact on the business rates income to the authority under the Rates Retention Scheme.
Minimum lease payments on operating leases (authority as lessor)	Future estimates of minimum lease payments contain a number of assumptions about lease rental income and lease periods; for example that leases will not be renewed at the end of their term, and that vacant properties will not be leased at a future date.	If leases are extended beyond their original term or renewed on expiry, and vacant properties are leased out, then future rental income will exceed the minimum lease payments calculated. Conversely if lessees default on their leases or payments then future rental income may be reduced.

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

## 5. MATERIAL ITEMS OF INCOME AND EXPENSE

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For the financial year 2015/16, NBC had four material items of income and expense.

- 1) The first item relates to a contract to carry out the councils Environmental Services (Waste Collection, Street Cleaning, Parks etc.) The contract cost in relation to this item in 2015/16 was £6.6m.
- 2) The second item relates to the contract with LGSS to cover the majority of the councils back office functions (H.R., Finance, ICT and HR etc.) The contract cost in relation to this item in 2015/16 was £7.59m.
- 3) The Third item relates to the loan of funds to Northampton Town Football Club. In 2015/16 the loan to NTFC was Impaired to the value of £10.22m (loan amount of £10.25m less repayments), see narrative report, significant events in 2015/16 and note 42.
- 4) The following expenditure on Housing Benefits has also made:
  - Rent Allowances of £40.35m
  - Rent Rebates of £30.99mThe grant income from DWP in respect of this expenditure is disclosed within Note 38.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

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There have been no events after the balance sheet date that require disclosure.

## 7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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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.

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

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



2015/16	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 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	925	0	0	0	0	0	925	-925
<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	-6,574	-7	0	0	0	0	-6,581	6,581
Employer's pensions contributions and direct payments to pensioners payable in the year	6,038	62	0	0	0	0	6,100	-6,100
<b>Total Adjustments primarily involving the Pensions Reserve</b>	<b>-536</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-481</b>	<b>481</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b> Amount by which council tax income and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rating income calculated for the year in accordance with statutory requirements	6,093	0	0	0	0	0	6,093	-6,093
<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	0	0	0	0	0	0	0	0
<b>Total Adjustments</b>	<b>-5,888</b>	<b>21,609</b>	<b>0</b>	<b>9,288</b>	<b>1,020</b>	<b>472</b>	<b>26,500</b>	<b>-26,500</b>

2014/15	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 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	-4,226	0	0	-8,939	0	0	-13,165	13,165
Impairment of Long Term debtors	0	0	0	0	0	0	0	0
Revaluation gains on PPE	946	33,261	0	0	0	0	34,207	-34,207
Revaluation losses on PPE	-16,140	-18,124	0	0	0	0	-34,263	34,263
Movements in the market value of Investment properties	-182	51	0	0	0	0	-132	132
Amortisation of Intangible assets	-320	0	0	0	0	0	-320	320
Capital Grants & contributions applied (if any)	8,315	15,522	0	0	0	0	23,837	-23,837
Income in relation to donated assets if any	57	0	0	0	0	0	57	-57
Revenue expenditure funded from capital under statute	-12,876	0	0	0	0	0	-12,876	12,876
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	-9,532	-6,145	0	0	0	0	-15,678	15,678
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	1,253	0	0	0	0	0	1,253	-1,253
Capital expenditure charged against the General Fund and HRA balances	2,714	0	0	0	0	0	2,714	-2,714
Balance of MRA	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the Capital Adjustment Account</b>	<b>-29,993</b>	<b>24,565</b>	<b>0</b>	<b>-8,939</b>	<b>0</b>	<b>0</b>	<b>-14,366</b>	<b>14,366</b>

2014/15	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	2,382	0	0	0	0	-2,382	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	1,130	1,130	-1,130
<b>Total Adjustments primarily involving the Capital Grants Unapplied Account</b>	<b>2,382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,252</b>	<b>1,130</b>	<b>-1,130</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	9,605	4,454	0	0	-14,059	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	3,383	0	3,383	-3,383
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-114	0	0	114	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-955	0	0	0	955	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	0	0	-8	0	-8	8
<b>Total Adjustments primarily involving the Capital Receipts Reserve</b>	<b>8,650</b>	<b>4,339</b>	<b>0</b>	<b>0</b>	<b>-9,615</b>	<b>0</b>	<b>3,375</b>	<b>-3,375</b>
<b>Adjustment primarily involving the Major Repairs Reserve:</b>								
Reversal of major Repairs Allowance credited to the HRA	0	3,273	0	-3,273	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	12,328	0	0	12,328	-12,328
<b>Total Adjustment primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>3,273</b>	<b>0</b>	<b>9,055</b>	<b>0</b>	<b>0</b>	<b>12,328</b>	<b>-12,328</b>

2014/15	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 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	-419		0	0	0	0	-419	419
<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	1,960	526	0	0	0	0	2,486	-2,486
Employer's pensions contributions and direct payments to pensioners payable in the year	6,143	1,372	0	0	0	0	7,515	-7,515
<b>Total Adjustments primarily involving the Pensions Reserve</b>	<b>8,104</b>	<b>1,898</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,001</b>	<b>-10,001</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b> Amount by which council tax income and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rating income calculated for the year in accordance with statutory requirements	-2,711	0	0	0	0	0	-2,711	2,711
<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	19	26	0	0	0	0	44	-44
<b>Total Adjustments</b>	<b>-13,968</b>	<b>34,101</b>	<b>0</b>	<b>117</b>	<b>-9,615</b>	<b>-1,252</b>	<b>9,382</b>	<b>-9,382</b>

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 2015/16.

Earmarked Reserve	Balance at 31 March 2014 £000s	Additions to Reserve 2014/15 £000s	Use Of Reserve 2014/15 £000s	Balance at 31 March 2015 £000s	Additions to Reserve 2015/16 £000s	Use Of Reserve 2015/16 £000s	Balance at 31 March 2016 £000s
<b>General Fund</b>							
General Revenue Grants (Ringfenced)	2,712	949	-557	3,105	2	-538	2,569
S106 Contributions	2,425	148	-95	2,479	53	-285	2,247
<b>Total Ringfenced Grants &amp; Contributions</b>	<b>5,137</b>	<b>1,098</b>	<b>-652</b>	<b>5,583</b>	<b>55</b>	<b>-823</b>	<b>4,815</b>
Borough Secretary Reserves	165	72	0	237	0	-137	100
Customers and Communities Reserves	1,720	1,347	-714	2,353	-170	-130	2,053
Regeneration, Enterprise and Planning Res.	2,803	638	-822	2,619	-1,075	-287	1,257
Housing Reserves	307	0	-135	172	158	0	330
<b>Total Service Related Reserves</b>	<b>4,995</b>	<b>2,057</b>	<b>-1,671</b>	<b>5,381</b>	<b>-1,087</b>	<b>-554</b>	<b>3,740</b>
Future Pressures Reserve	3,032	1,812	-1,883	2,961	1,785	-23	4,723
Service Improvements & One-off Investment	0	1,977	0	1,977	1,228	-1,273	1,932
Strategic Investment Reserve	0	1,429	-67	1,362	2,915	-559	3,718
Other Corporate Reserves	1,658	936	-626	1,968	-359	-515	1,094
<b>Total Corporate Reserves</b>	<b>4,690</b>	<b>6,154</b>	<b>-2,576</b>	<b>8,268</b>	<b>5,569</b>	<b>-2,370</b>	<b>11,467</b>
Insurance Reserve	2,484	750	-1,471	1,763	0	-547	1,216
Rates Retention Deficit Funding	3,281	1,683	-114	4,850	882	-5,214	518
Other Technical Reserves	1,136	370	-222	1,284	-230	-145	909
<b>Total Technical Reserves</b>	<b>6,901</b>	<b>2,803</b>	<b>-1,807</b>	<b>7,897</b>	<b>652</b>	<b>-5,906</b>	<b>2,643</b>
<b>Total General Fund</b>	<b>21,723</b>	<b>12,112</b>	<b>-6,706</b>	<b>27,129</b>	<b>5,189</b>	<b>-9,653</b>	<b>22,665</b>
<b>HRA</b>							
HRA Reserves	12,999	4,068	0	17,067	0	-1,621	15,446
HRA Supporting People Reserve	558	0	0	558	0	0	558
HRA Reform Reserve	873	0	-865	8	0	0	8
HRA Leaseholder Reserve	168	332	0	500	0	0	500
HRA Service Improvement Reserve	1,395	0	0	1,395	0	0	1,395
HRA Insurance Reserve	300	0	0	300	0	0	300
<b>Total HRA</b>	<b>16,294</b>	<b>4,400</b>	<b>-865</b>	<b>19,829</b>	<b>0</b>	<b>-1,621</b>	<b>18,208</b>
<b>Total Earmarked Reserves</b>	<b>38,017</b>	<b>16,512</b>	<b>-7,571</b>	<b>46,958</b>	<b>5,189</b>	<b>-11,274</b>	<b>40,873</b>

## **General Revenue Grants (Ring-fenced)**

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

## **S106 Contributions**

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

## **Service Related Reserves**

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

## **Strategic Investment Reserve**

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

## **Service Improvements and one-off Investments**

Used to fund one-off investments leading to improved efficiency and service delivery.

## **Financial Pressures Reserve**

The Council has set aside monies to assist with mitigation of specific risks facing the Council. These risks are set out in more detail in the Medium Term Financial Plan 2016-21.

## **Insurance Reserve**

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

## **Other Technical Reserves**

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

## **HRA Earmarked Reserves**

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

9. OTHER COMPREHENSIVE EXPENDITURE AND INCOME

2014/15 £000s	Other Comprehensive Income & Expenditure	2015/16 £000s
	<b>Revaluation Reserve</b>	
-2,943	General Fund Revaluation Gains	-6,507
2,411	General Fund Revaluation Losses	763
-831	HRA Revaluation Gains	-3,052
28	HRA Revaluation Losses	61
<b>-1,335</b>	<b>Total</b>	<b>-8,735</b>
<b>16,864</b>	<b>Actuarial Gains &amp; Losses to the Pensions Reserve</b>	<b>-25,242</b>
<b>15,529</b>	<b>Other Comprehensive Expenditure and Income</b>	<b>-33,977</b>

10. OTHER OPERATING EXPENDITURE

2014/15 £000s	Other Operating Expenditure	2015/16 £000s
1,046	Parish council precepts	1,022
-21	Levies	-21
955	Payments to the Government Housing Capital Receipts Pool	1,091
1,418	Trading	257
1,732	Gains/Losses on the disposal of non-current assets	1,176
<b>5,130</b>	<b>Total</b>	<b>3,525</b>

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/15 £000s	Financing And Investment Income And Expenditure	2015/16 £000s
8,121	Interest payable and similar charges	7,385
5,555	Pensions interest cost and expected return on pensions assets	4,501
-1,327	Interest receivable and similar charges	-1,155
-122	Income and expenditure in relation to investment properties and changes in their fair value	-292
<b>12,227</b>	<b>Total</b>	<b>10,439</b>

12. TAXATION AND NON SPECIFIC GRANT INCOME

Restated 2014/15 £000s	Taxation And Non Specific Grant Income	2015/16 £000s
-13,796	Council tax income	-14,508
-22,310	Capital grants and contributions	-1,674
-6,958	Revenue Support Grant	-4,944
-3,662	Non-ring fenced government grants	-4,023
-57	Donated Assets	0
	Non domestic rates, comprising:	
-41,288	Retained Rates	-39,267
32,113	Tarriff Payment	32,727
519	Levy Payment	297
-1,207	Section 31 grants	-1,528
1,968	Other NNDR related transactions	-1
<b>-54,676</b>	<b>Total</b>	<b>-32,921</b>



### 13. PROPERTY, PLANT AND EQUIPMENT

#### a) Movement

Movements in 2015/16	Council Dwellings £000s	Housing Land and Buildings £000s	Other Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant and Equipment £000s
<b>Cost or Valuation</b>									
<b>At 1st April 2015</b>	<b>397,631</b>	<b>18,826</b>	<b>80,672</b>	<b>728</b>	<b>2,530</b>	<b>13,883</b>	<b>580</b>	<b>4,531</b>	<b>519,381</b>
Additions	33,521	120	1,401	359	0	266	66	4,056	39,789
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	765	1,717	5,173	157	0	0	1	0	7,813
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	2,615	155	-3,315	0	0	0	-202	0	-747
Derecognition – disposals	-3,482	-38	-226	-8	0	0	0	0	-3,754
Derecognition – other	-3,150	0	0	0	0	0	0	0	-3,150
Assets reclassified (to) / from Held for sale	0	0	-184	0	0	-1	-115	0	-300
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>427,900</b>	<b>20,780</b>	<b>83,521</b>	<b>1,236</b>	<b>2,530</b>	<b>14,148</b>	<b>330</b>	<b>8,587</b>	<b>559,032</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2015</b>	<b>-5,053</b>	<b>-879</b>	<b>-3,577</b>	<b>-166</b>	<b>-419</b>	<b>-90</b>	<b>-9</b>	<b>0</b>	<b>-10,193</b>
Depreciation Charge	-8,307	-371	-1,800	-436	-74	-162	-2	0	-11,152
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,046	940	2,691	225	0	0	7	0	10,909
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition – Disposals	90	0	4	5	0	0	0	0	99
Derecognition – other	171	0	0	0	0	0	0	0	171
Other Movements	0	0	0	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>-6,053</b>	<b>-310</b>	<b>-2,682</b>	<b>-372</b>	<b>-493</b>	<b>-252</b>	<b>-4</b>	<b>0</b>	<b>-10,166</b>
<b>Net Book Value</b>									
<b>At 31 March 2015</b>	<b>392,578</b>	<b>17,947</b>	<b>77,095</b>	<b>562</b>	<b>2,111</b>	<b>13,793</b>	<b>571</b>	<b>4,531</b>	<b>509,188</b>
<b>At 31 March 2016</b>	<b>421,847</b>	<b>20,470</b>	<b>80,839</b>	<b>864</b>	<b>2,037</b>	<b>13,896</b>	<b>326</b>	<b>8,587</b>	<b>548,866</b>

Movements in 2014/15	Council Dwellings £000s	Housing Land and Buildings £000s	Other Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant and Equipment £000s
<b>Cost or Valuation</b>									
<b>At 1st April 2014</b>	<b>371,882</b>	<b>18,382</b>	<b>89,480</b>	<b>3,156</b>	<b>2,203</b>	<b>13,174</b>	<b>365</b>	<b>192</b>	<b>498,834</b>
Additions	29,718	33	4,974	362	327	412	215	4,362	40,403
Donations	0	0	1,878	0	0	571	0	0	2,449
Revaluation increases / (decreases) recognised in the Revaluation Reserve	73	553	720	-254	0	-289	0	0	803
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	2,791	11	-14,958	-2,518	0	0	0	0	-14,674
Derecognition – disposals	-2,946	-88	-694	-19	0	0	0	0	-3,747
Derecognition – other	-3,887	-65	-65	0	0	0	0	0	-4,017
Assets reclassified (to) / from Held for sale	0	0	-666	0	0	0	-14	0	-680
Other movements in cost or valuation	0	0	3	1	0	15	14	-23	10
<b>At 31 March 2015</b>	<b>397,631</b>	<b>18,826</b>	<b>80,672</b>	<b>728</b>	<b>2,530</b>	<b>13,883</b>	<b>580</b>	<b>4,531</b>	<b>519,381</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2014</b>	<b>-9,617</b>	<b>-732</b>	<b>-1,853</b>	<b>-480</b>	<b>-360</b>	<b>-81</b>	<b>-7</b>	<b>0</b>	<b>-13,130</b>
Depreciation Charge	-8,604	-332	-2,291	-577	-59	-160	-2	0	-12,025
Depreciation written out to the revaluation reserve	0	177	34	170	0	151	0	0	532
Depreciation written out to the Surplus/Deficit on the Provision of Services	12,336	0	1,568	713	0	0	0	0	14,617
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	-1,050	0	0	0	0	0	-1,050
Derecognition – Disposals	70	1	0	8	0	0	0	0	79
Derecognition – other	762	7	15	0	0	0	0	0	784
Other Movements	0	0	0	0	0	0	0	0	0
<b>At 31 March 2015</b>	<b>-5,053</b>	<b>-879</b>	<b>-3,577</b>	<b>-166</b>	<b>-419</b>	<b>-90</b>	<b>-9</b>	<b>0</b>	<b>-10,193</b>
<b>Net Book Value</b>									
<b>At 31 March 2014</b>	<b>362,265</b>	<b>17,650</b>	<b>87,627</b>	<b>2,676</b>	<b>1,843</b>	<b>13,093</b>	<b>358</b>	<b>192</b>	<b>485,704</b>
<b>At 31 March 2015</b>	<b>392,578</b>	<b>17,947</b>	<b>77,095</b>	<b>562</b>	<b>2,111</b>	<b>13,793</b>	<b>571</b>	<b>4,531</b>	<b>509,188</b>

b) Depreciation

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

c) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. 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

	<b>Council Dwellings</b>	<b>Housing Land &amp; Build.</b>	<b>Other Land &amp; Build.</b>	<b>Vehicles, Plant, Furniture &amp; Equip.</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Valued at fair value in:</b>						
2015/16	406,914	19,958	70,335	157	42	<b>497,406</b>
2014/15	1,043	584	8,293	1,041	215	<b>11,176</b>
2013/14	755	61	3,253	0	0	<b>4,069</b>
2012/13	19,187	57	1,314	38	72	<b>20,668</b>
2011/12	0	120	323	0	0	<b>443</b>
Previous Years	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>427,899</b>	<b>20,780</b>	<b>83,518</b>	<b>1,236</b>	<b>329</b>	<b>533,762</b>

d) Information on Assets Held

31 March 2015 Number	Information on Assets Held	31 March 2016 Number
	<b>Operational Assets</b>	
11,883	<b>Council Dwellings</b>	11,786
	<b>Other Land and Buildings</b>	
26	Council Houses not used as dwellings - Community Rooms	26
79	Shared Ownership Properties	79
3,127	Council Garages	3,112
21	Other Housing Properties	21
66	Operational Shops	66
62.88ha	Allotments	62.88ha
7	Sports & Leisure Centres	7
24	Community Centres	25
1	Museums, Art Galleries	1
1	Open Markets	1
8	Public Conveniences	8
5	Multi-Storey Pay & Display Car Parks	5
1	Local Area Offices	1
3	Central Administrative Offices	3
1	Gypsy Site	1
1	Bus Station	1
17	Surface Pay & Display Car Parks	17
7	Pavilions	7
1	Depots	1
14	Sub-Depots	14
84	<b>Infrastructure</b>	83
174	<b>Vehicles, Plant, Furniture and Equipment</b>	151
	<b>Community Assets</b>	
925.53ha	Parks and Open Spaces	925.53ha
1	Guildhall	1
1	Historical Buildings	1
2	Monuments/Memorials/Exhibitions	2
8	Cemeteries	8
	<b>Heritage Assets</b>	
37	Buildings & Statuary	38
164	Museum Exhibits	164
123	Guildhall Contents	123
15	Mayoral Regalia	15
	<b>Non-operational Assets</b>	
287	Commercial Property (Units)	278
65.97ha	Agricultural Land	65.97ha
1	Golf Course	1
1	Cinopod	1
1	Theatres	1
53	<b>Intangible Assets</b>	50

e) Donated Assets

No donated assets were received during 2015/16.

During the financial year 2014/15, the Council received land and building assets valued at £1.759m at 31/3/2016 and a community asset with a value of £0.571m from Homes and Communities Agency. The Museum received one painting and a set of 12 drawings to the value of £57k.

f) Commitments under Capital Contracts

At 31 March 2016, the Authority has two committed contract for the construction or enhancement of Property, Plant and Equipment in 2016/17 and future years budgeted to cost £2,224k.

Scheme	Contractor	2016/17 £000s	2017/18 £000s	2018/19 £000s	Basis of Commitment
Delapre Abbey Restoration	Robert Woodhead Ltd	2,169	0	0	Restoration works
Greyfriars Demolition	DSM Demolition	55	0	0	Demolition works

14. HERITAGE ASSETS

Reconciliation of the heritage assets held by the Authority:

Movements in 2015/16	Historic Buildings & Statuary £000s	Museum Exhibits £000s	Mayoral Regalia £000s	Guildhall Artefacts £000s	Total Heritage Assets £000s
<b>Cost or Valuation</b>					
1 April 2015	6,080	21,718	48	1,932	29,778
Additions	2,971	0	0	0	2,971
<b>31 March 2016</b>	<b>9,051</b>	<b>21,718</b>	<b>48</b>	<b>1,932</b>	<b>32,749</b>
<b>Accumulated Depreciation and Impairment</b>					
1 April 2015	-294	0	0	0	-294
Depreciation Charge	-91	0	0	0	-91
<b>31 March 2016</b>	<b>-385</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-385</b>
<b>Net Book Value</b>					
at 31 March 2015	5,786	21,718	48	1,932	29,484
at 31 March 2016	8,666	21,718	48	1,932	32,364

Heritage Assets	Historic Buildings & Statuary £000s	Museum Exhibits £000s	Mayoral Regalia £000s	Guildhall Artefacts £000s	Total Heritage Assets £000s
<b>Cost or Valuation</b>					
<b>1 April 2014</b>	<b>5,161</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,796</b>
Additions	919	3	0	0	922
Donations	0	57	0	0	57
Derecognition - Disposals	0	-8,000	0	0	-8,000
Other movements in cost or valuation	0	3	0	0	3
<b>31 March 2015</b>	<b>6,080</b>	<b>21,718</b>	<b>48</b>	<b>1,932</b>	<b>29,778</b>
<b>Depreciation and Impairment</b>					
<b>1 April 2014</b>	<b>-204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-204</b>
Depreciation	-90	0	0	0	-90
<b>31 March 2015</b>	<b>-294</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-294</b>
<b>Net Book Value</b>					
<b>at 31 March 2014</b>	<b>4,957</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,592</b>
<b>at 31 March 2015</b>	<b>5,786</b>	<b>21,718</b>	<b>48</b>	<b>1,932</b>	<b>29,484</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.

### Guildhall Artefacts

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

### Enhancements of Heritage Assets

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

### Disposals of Heritage Assets

The disposal in 2014/15 relates to the sale of an Egyptian statue at auction.

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:

2014/15 £000s	Investment Properties	2015/16 £000s
522	Rental income from investment property	473
-108	Direct operating expenses arising from investment property	-44
<b>414</b>	<b>Net (gain) / loss</b>	<b>429</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:

2014/15 £000s	Investment Property Valuations	2015/16 £000s
7,479	<b>Balance at start of the year</b>	7,295
	<b>Additions:</b>	
223	Construction	1
-262	Subsequent expenditure	-415
-132	<b>Disposals</b>	-129
	<b>Transfers:</b>	
-13	to/from Property, Plant and Equipment	0
<b>7,295</b>	<b>Balance at end of year</b>	<b>6,752</b>

**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:

	<b>Purchased Assets</b>
	<b>£000s</b>
3 Years	592
5 Years	58
10 Years	71
<b>Total</b>	<b>721</b>

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £542k charged to revenue in 2014/15 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.



b) Movements

2014/15		Intangible Assets	2015/16	
Other Assets £000s	Total £000s		Other Assets £000s	Total £000s
		<b>Balance at start of year</b>		
5,090	5,090	Gross carrying amounts	5,136	5,136
-3,559	-3,559	Accumulated amortisation	-4,101	-4,101
<b>1,531</b>	<b>1,531</b>	<b>Net carrying amount at start of year</b>	<b>1,035</b>	<b>1,035</b>
46	46	Purchases	100	100
0	0	Disposals - Gross value	-566	-566
0	0	Disposals - Amortisation	566	566
0	0	Revaluation increases or decreases	95	95
-542	-542	Amortisation for the Period	-509	-509
<b>1,035</b>	<b>1,035</b>	<b>Net carrying amount at end of year</b>	<b>721</b>	<b>721</b>
		<b>Comprising:</b>		
5,136	5,136	Gross carrying amounts	4,753	4,753
<b>1,035</b>	<b>1,035</b>	<b>Net carrying amount at end of year</b>	<b>721</b>	<b>721</b>

c) Material Items

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

17. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

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

Categories of Financial Instruments	Long-Term		Current	
	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s
<b>Investments</b>				
Loans and receivables	2,507	0	52,457	45,843
Available for sale financial assets	0	0	10,031	19,626
<b>Debtors</b>				
Loans and receivables	15,090	51,193	13,435	11,180
<b>Borrowings</b>				
Financial Liabilities at amortised cost	-221,289	-260,337	-2,628	-7,444
<b>Other Long Term Liabilities</b>				
PFI and finance leases	-348	-192	0	0
<b>Creditors</b>				
Financial Liabilities at amortised cost	-7,377	-10,148	-15,325	-15,855

b) Reclassifications

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

c) Income, Expense, Gains, and Losses

2014/15				Income, Expense, Gains and Losses	2015/16			
Financial Liabilities measured at amortised cost £000s	Financial Assets: Loans and Receivables £000s	Financial Assets: Available for Sale £000s	Total £000s		Financial Liabilities measured at amortised cost £000s	Financial Assets: Loans and Receivables £000s	Financial Assets: Available for Sale £000s	Total £000s
8,121	0	0	8,121	Interest expenditure	7,384	0	0	7,384
				Losses on derecognition	0	0	6	6
0	1,025	0	1,025	Impairment losses	0	1,479	0	1,479
0	0	0	0	Impairment losses -NTFC	0	10,219	0	10,219
				<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>7,384</b>	<b>11,698</b>	<b>6</b>	<b>19,088</b>
8,121	1,025	0	9,146					
0	-1,324	0	-1,324	Interest income	0	-1,156	0	-1,156
0	0	-6	-6	Increases in fair value	0	0	-21	-21
				<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>-1,156</b>	<b>-21</b>	<b>-1,177</b>
0	-1,324	-6	-1,330					
<b>8,121</b>	<b>-299</b>	<b>-6</b>	<b>7,816</b>	<b>Net gain/(loss) for the year</b>	<b>7,384</b>	<b>10,542</b>	<b>-15</b>	<b>17,911</b>

The Authority did not have any Assets and Liabilities at Fair Value through Profit and Loss for either 2014-15 or 2015-16?

d) Fair Values of Assets and Liabilities

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

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

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

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

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

The Council held £19.6m in Certificates of Deposit at 31 March 2016. The fair value has been calculated by using published price quotations.

The Council holds no other available for sale investments.

### **Items Disclosed on the Balance Sheet at their Carrying Amount**

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

For investments and borrowings not quoted on an active market a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, a financial model valuation has been used. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. Our accounting policy uses new borrowing rates to discount the future cash flows.

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

### **Financial Instruments - Liabilities**

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

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

### **Financial Instruments – Assets**

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

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

The fair values are as follows:

Financial Instruments - Liabilities	31 March 2015		31 March 2016	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
<b>Short Term</b>				
Borrowing	-2,628	2,726	-7,444	-7,522
Creditors & Receipts in Advance	-15,325	-15,325	15,855	-15,855
<b>Long Term</b>				
Borrowing	-221,289	-241,626	-260,337	-285,950
Creditors & Receipts in Advance	-7,377	-7,377	-10,148	-10,148
Finance Leases	-348	-348	-192	-192
<b>Financial Liabilities</b>	<b>-246,967</b>	<b>-261,950</b>	<b>-262,266</b>	<b>-319,667</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional loss (based on economic conditions at 31st March 2016) arising from a commitment to pay interest to lenders above current market rates.

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

However, as the Debt Management Office provides a transparent approach allowing exit cost to be calculated without undertaking a repayment or transfer it is also appropriate to disclose this exit price. The exit price reflects the fair value of PWLB loans calculated using early redemptions rates instead of new loan rates. If a value is calculated on this basis the carrying amount of £249.5m would be valued at £318.7m.

Financial Instruments - Assets	31 March 2014		31 March 2015	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Loans & Receivables				
Short Term				
Fixed Term Investments	35,617	35,645	38,122	38,178
Cash and Cash Equivalents	19,347	19,354	7,603	7,612
Debtors	13,435	13,435	11,180	11,180
Long Term				
Long Term Debtors	14,981	14,981	51,093	51,093
Finance Leases	108	108	100	100
<b>Loans &amp; Receivables</b>	<b>83,488</b>	<b>83,523</b>	<b>108,098</b>	<b>108,163</b>

The fair value of the assets at 31 March 2016 is marginally higher than the carrying amount at the same date because the Authority's portfolio of investments includes a number of fixed rate investments where the interest receivable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest above current market rates.

e) Short Term Borrowing

31 March 2015 £000s	Short Term Borrowing	31 March 2016 £000s
100	Billing Parish Council 7 day notice account	120
189	Northampton Volunteer Bureau 7 day notice account	125
24	HCA principal due within 1 year	27
2315	PWLB Loans principal due within 1 year	6,582
0	Growing Places Fund principle due within 1 year	591
<b>2,628</b>	<b>Total</b>	<b>7,445</b>

f) Long Term Borrowing

31 March 2015 £000s	Long Term Borrowing	31 March 2016 £000s
	<b>Analysis of loans by type</b>	
203,416	Public Works Loan Board	242,935
9,068	Money Market LOBOs	9,069
1,124	Homes & Communities Agency	1,097
6,640	Growing Places Fund	6,163
1,041	Local Infrastructure Fund	1,072
<b>221,289</b>	<b>Total</b>	<b>260,336</b>
	<b>Analysis of loans by maturity</b>	
6,296	Maturing in 1-2 years	2,863
16,932	Maturing in 2-5 years	50,137
28,522	Maturing in 5-10 years	56,705
169,539	Maturing in over 10 years	150,631
<b>221,289</b>	<b>Total</b>	<b>260,336</b>

g) Investments

31 March 2015 £000s	Investment Type	31 March 2016 £000s
	<b>Included in Cash and Cash Equivalents</b>	
370	Deposit and Call Accounts	5,250
18,473	Money Market Funds	3,145
<b>18,843</b>	<b>Total - Cash and Cash Equivalents</b>	<b>8,395</b>
	<b>Investments:</b>	
	<b>Current Investments - Under 1 Year</b>	
33,111	Fixed Term Investments	28,113
	Notice Accounts	10,009
	<b>Long Term Investments - Over 1 Year</b>	
2,507	Fixed Term Investments	0
<b>35,618</b>	<b>Total - Investments</b>	<b>38,122</b>
	<b>Available for Sale Financial Instruments:</b>	
	<b>Current Investments - Under 1 Year</b>	
10,031	Fixed Term Investments	19,626
<b>10,031</b>	<b>Total - Available for Sale Financial Instruments</b>	<b>19,626</b>
<b>64,492</b>	<b>Total</b>	<b>66,143</b>

h) Soft Loans

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

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

2014/15 £000s	Material Soft Loans	2015/16 £000s
9,057	<b>Balance at 1 April 2015</b>	14,153
5,750	Nominal value of new loans granted in year	0
-609	Fair value adjustment on initial recognition	0
190	Write down of fair value adjustments in year	925
-235	Loans repaid	-235
0	Impairment losses	-10,219
<b>14,153</b>	<b>Balance at 31 March 2016</b>	<b>4,624</b>

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

## 18. INVENTORIES

	Westbridge Depot Main Stores £000s	Other Stores £000s	Total £000s
<b>2014/15</b>			
<b>Balance outstanding at start of year</b>	69	95	164
Purchases	100	106	206
Recognised as an expense in the year	-147	-125	-272
Written off balances	-22	-4	-26
<b>Balance outstanding at year end</b>	<b>0</b>	<b>72</b>	<b>72</b>
<b>2015/16</b>			
<b>Balance outstanding at start of year</b>	0	72	72
Purchases	0	50	50
Recognised as an expense in the year	0	-65	-65
Written off balances	0	-11	-11
<b>Balance outstanding at year end</b>	<b>0</b>	<b>47</b>	<b>47</b>

## 19. CONSTRUCTION CONTRACTS

In 2015/16, the Council did not have any external construction contracts in progress.

In 2014/15, the Council did not have any external construction contracts in progress.



## 20. DEBTORS

Debtors	Long-term	Long-term	Short-term	Short-term
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£000s	£000s	£000s	£000s
Central Government Bodies	0	0	14,102	8,203
Less Impairment Allowance	0	0	0	-3
<b>Central Government Bodies</b>	<b>0</b>	<b>0</b>	<b>14,102</b>	<b>8,200</b>
Other Local Authorities	0	0	3,071	3,508
Less Impairment Allowance	0	0	-126	-57
<b>Other Local Authorities</b>	<b>0</b>	<b>0</b>	<b>2,946</b>	<b>3,451</b>
NHS Bodies	0	0	3	-2
Less Impairment Allowance	0	0	0	0
<b>NHS Bodies</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>-2</b>
Other Entities & Individuals	15,090	51,193	15,994	16,863
Less Impairment Allowance	0	0	-8,722	-9,856
<b>Other Entities &amp; Individuals</b>	<b>15,090</b>	<b>51,193</b>	<b>7,272</b>	<b>7,007</b>
<b>TOTAL</b>	<b>15,090</b>	<b>51,193</b>	<b>24,323</b>	<b>18,656</b>

Long term debtors increased in 2015/16 due to £46m loan to University of Northampton, see Narrative Report, significant events.

21. CASH AND CASH EQUIVALENTS

31 March 2015 £000s	Cash and Cash Equivalents	31 March 2016 £000s
10	Cash held by the authority	7
<b>10</b>	<b>Total Cash &amp; Giro Accounts</b>	<b>7</b>
<b>474</b>	<b>Operating Account used as part of cash management/ overdraft</b>	<b>-799</b>
370	Deposit Account Facilities with banks	5,250
18,473	Deposits with money market funds	3,145
<b>18,842</b>	<b>Total Cash Equivalents</b>	<b>8,395</b>
<b>19,326</b>	<b>Total Cash and Cash Equivalents</b>	<b>7,603</b>

22. CURRENT ASSETS HELD FOR SALE

Current 2014/15 £000s	Assets Held for Sale	Current 2015/16 £000s
<b>1,310</b>	<b>Balance outstanding at start of year</b>	<b>1,474</b>
	<b>Assets newly classified as held for sale:</b>	
679	Property Plant and Equipment	300
-515	Assets sold	-611
0	Other Movements	-1
<b>1,474</b>	<b>Balance outstanding at year end</b>	<b>1,162</b>

Note: All assets transferred to Held for Sale in 2015/16 are classified as current assets as disposal within 12 months is anticipated.

23. CREDITORS

31 March 2015 £000s	Creditors	31 March 2016 £000s
-7,078	Central Government Bodies	-10,454
-14,024	Other Local Authorities	-10,359
0	Public Corporations and Trading Funds	0
-5,841	Other entities and Individuals	-10,885
<b>-26,944</b>	<b>Total</b>	<b>-31,698</b>

## 24. PROVISIONS

## Long Term Provisions

Long Term Provisions	Insurance Provision £000s	Other Provisions £000s	Total £000s
<b>Balance at 1 April 2015</b>	-24	-5	-29
Additional Provisions Made	-27	0	-27
Amounts Used	3	0	3
<b>Balance at 31 March 2016</b>	<b>-48</b>	<b>-5</b>	<b>-53</b>

## Short Term Provisions

Short Term Provisions	Insurance Provision £000s	Business Rates Appeals £000s	Accumulated Absences £000s	Total £000s
<b>Balance at 1 April 2015</b>	-312	-1,621	-59	-1,991
Additional provisions made	-121	-2,929	0	-3,050
Amounts used	195	689	0	884
Unused amounts reversed	100	0	0	100
<b>Balance at 31 March 2016</b>	<b>-138</b>	<b>-3,861</b>	<b>-59</b>	<b>-4,057</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 2016; an actuarial forecast of future valid claims made against 2015/16 and before is held in the Insurance Reserve.

b) Business Rates Appeals Provision

Following the localisation of the Business Rates Retention Scheme, NBC is now liable for the impact of its share of the effects of any appeals against business rates ratings assessments decided by the Valuation Office Agency (VOA), including the effects of any backdating. The provision at 31<sup>st</sup> March 2016 is therefore based on the number of appeals that have been made to the VOA at the balance sheet date, spilt between long-term and short-term, depending on when the appeals are expected to be settled. Disclosure has been made in the Contingent Liabilities note (note 46) for other risks associated with appeals.

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

**25. USABLE RESERVES**

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Movements in the Authority’s usable reserves are detailed in the Movement in Reserves Statement and note 7 and further detail about earmarked reserves is shown in Note 8.

**26. UNUSABLE RESERVES**

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a) Balances

31 March 2015 £000s	Unusable Reserves	31 March 2016 £000s
-51,634	Revaluation Reserve	-58,760
1,362	Financial Instruments Adjustment Account	436
-6	Available for Sale Financial Instruments Reserve	-15
-264,109	Capital Adjustment Account	-285,695
-146	Deferred Capital Receipts Reserve	-123
142,680	Pensions Reserve	117,919
5,899	Collection Fund Adjustment Account	-194
59	Short Term Compensated Absences Account	59
<b>-165,896</b>	<b>Total</b>	<b>-226,373</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.

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.

2014/15			Revaluation Reserve	2015/16		
General Fund £000s	Housing Revenue Account £000s	TOTAL £000s		General Fund £000s	Housing Revenue Account £000s	TOTAL £000s
-53,914	-6,142	-60,056	Balance at 1 April	-45,146	-6,487	-51,633
-2,943	-831	-3,774	Upward Revaluation of assets	-6,507	-3,052	-9,559
2,411	28	2,439	Downward Revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	763	61	824
-532	-803	-1,335	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-5,743	-2,991	-8,734
835	164	999	Difference between fair value depreciation and historical cost depreciation	743	196	939
8,465	294	8,759	Accumulated gains on assets sold or scrapped	125	544	669
9,300	458	9,758	Amounts written off to the Capital Adjustment Account	868	740	1,608
-45,146	-6,487	-51,633	Balance at 31 March	-50,021	-8,738	-58,759

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.

2014/15 £000s	Financial Instruments Adjustments Account	2015/16 £000s
943	Balance as at 1 April	1,362
0	Transitional Arrangements - Unattached Premia	0
419	Soft Loans - Statutory Fair Value Adjustments	-925
<b>1,362</b>	<b>Balance as at 31 March</b>	<b>437</b>

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.

2014/15 £000s	Available for Sale Financial Instruments Reserve	2015/16 £000s
0	Balance as at 1 April	-6
-6	Upward Revaluation of Investments	-15
-6	<b>Surplus or Deficit on revaluation of Investments not posted to the Surplus or Deficit on the Provision of Services</b>	<b>-21</b>
	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and	
0	Expenditure as part of Other Investment Income	6
<b>-6</b>	<b>Balance as at 31 March</b>	<b>-15</b>

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.

2014/15			Capital Adjustment Account	2015/16		
General Fund £000s	HRA £000s	Total £000s		General Fund £000s	HRA £000s	Total £000s
-62,569	-189,308	-251,877	<b>Balance at 1 April</b>	-44,276	-219,833	-264,109
			<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
4,226	8,939	13,165	Charges for depreciation and impairment of non current assets	2,565	8,680	11,245
0	0	0	Impairment of Long Term Debtors	10,219	0	10,219
16,140	18,124	34,264	Revaluation losses on Property, Plant and Equipment	3,059	13,806	16,865
-945	-33,261	-34,206	Revaluation gains on Property, Plant and Equipment	-2,149	-24,055	-26,204
320	0	320	Amortisation of intangible assets	326	0	326
12,876	0	12,876	Revenue expenditure funded from capital under statute	3,502	0	3,502
9,532	6,145	15,677	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	731	6,917	7,648
<b>42,149</b>	<b>-53</b>	<b>42,096</b>	<b>Total</b>	<b>18,252</b>	<b>5,349</b>	<b>23,601</b>
-9,300	-457	-9,757	Adjusting amounts written out of the Revaluation Reserve	-868	-740	-1,608
<b>32,849</b>	<b>-510</b>	<b>32,339</b>	<b>Net written out amount of the cost of the Revaluation Reserve</b>	<b>17,384</b>	<b>4,609</b>	<b>21,993</b>
			<b>Capital financing applied in the year:</b>			
-1,268	-2,115	-3,383	Use of the Capital Receipts Reserve to Finance new capital expenditure	-4,045	-2,371	-6,416
0	-12,328	-12,328	Use of the Major Repairs Reserve to finance new capital expenditure	0	-21,898	-21,898
-8,315	-15,522	-23,837	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital expenditure	-2,676	0	-2,676
-1,130	0	-1,130	- Application of grants to capital financing from the Capital Grants Unapplied Account	-203	0	-203
-1,253	0	-1,253	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	-1,262	0	-1,262
-2,714	0	-2,714	Capital expenditure charged against the General Fund and HRA balances	-1,830	-9,424	-11,254
<b>-14,680</b>	<b>-29,965</b>	<b>-44,645</b>	<b>Total</b>	<b>-10,016</b>	<b>-33,693</b>	<b>-43,709</b>
182	-51	131	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	134	-5	129
-57	0	-57	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0	0
<b>-44,276</b>	<b>-219,833</b>	<b>-264,109</b>	<b>Balance at 31 March</b>	<b>-36,773</b>	<b>-248,923</b>	<b>-285,695</b>

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.

2014/15 £000s	Deferred Capital Receipts Reserve	2015/16 £000s
-155	<b>Balance as at 1 April</b>	-146
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
8	Transfer to the Capital Receipts Reserve upon receipt of cash	23
<b>-146</b>	<b>Balance as at 31 March</b>	<b>-123</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 a benefit earned to be financed as the Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000s	Pensions Reserve	2015/16 £000s
<b>135,817</b>	<b>Balance as at 1 April</b>	<b>142,680</b>
16,864	Actuarial gains or losses on pension assets and liabilities	-25,242
-2,486	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	6,581
-7,451	Employer’s pensions contributions and direct payments to pensioners payable in the year	-6,096
-64	Pension contribution adjustment	-4
<b>142,680</b>	<b>Balance as at 31 March</b>	<b>117,919</b>



h) Collection Fund Adjustment Account

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

2014/15 £000s	Collection Fund Adjustment Account	2015/16 £000s
3,188	<b>Balance as at 1 April</b>	5,899
44	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	-466
2,667	Amounts by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	-5,627
<b>5,899</b>	<b>Balance as at 31 March</b>	<b>-194</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.

2014/15 £000s	Short Term Compensated Absences Account	2015/16 £000s
104	<b>Balance as at 1 April</b>	59
-44	Movements in year	0
<b>59</b>	<b>Balance as at 31 March</b>	<b>59</b>

**27. CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

2014/15 £000s	Operating Activities	2015/16 £000s
13,165	Depreciation	11,245
58	Impairment and downward valuations	(9,339)
0	Impairment of long term debtors	10,219
320	Amortisation	326
(764)	Increase/(decrease) in creditors	-2,052
(876)	Increase/(decrease) in debtors	5,567
92	Increase/(decrease) in inventories	25
-10,001	Movement in pension liability	481
15,677	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	7,648
1,706	Other non-cash items charged to the net surplus or deficit on the provision of services	2,204
<b>19,377</b>	<b>Total</b>	<b>26,324</b>

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

2014/15 £000s	Items removed from net cost of service that are investing/financing activities	2015/16 £000s
-13,945	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-6,463
-26,220	Any other items for which the cash effects are investing or financing cash flows	-2,407
<b>-40,165</b>	<b>Total</b>	<b>-8,870</b>

28. CASH FLOW STATEMENT - OPERATING ACTIVITIES (INTEREST)

2014/15 £000s	Operating Activities (Interest)	2015/16 £000s
1,097	Interest Received	1,077
-8,030	Interest Paid	-7,201
<b>-6,933</b>	<b>Total</b>	<b>-6,124</b>

29. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2014/15 £000s	Cash Flows from Investing Activities	2015/16 £000s
-38,625	Purchase of Property, Plant and Equipment, investment property and intangible assets	-40,058
-45,500	Purchase of short and long term investments	-57,500
-7,150	Other payments for investing activities	-46,300
13,954	Proceeds from the sale of property plant and equipment, investment property and intangible assets	6,486
28,500	Proceeds from short-term and long-term investments	45,500
23,308	Other Receipts from Investing Activities	5,396
<b>-25,513</b>	<b>Total Cash Flows from Investing Activities</b>	<b>-86,476</b>

## 30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

Restated 2014/15 £000s	Cash Flows from Financing Activities	2015/16 £000s
13,465	Cash receipts of short and long term borrowing	57,823
90	Billing Authorities - Council Tax and NNDR adjustments	-3
-16,048	Repayment of Short-Term and Long-Term Borrowing	-14,142
-140	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-155
-1,041	Other items in relation to financing activities	4,139
<b>-3,674</b>	<b>Total Cash Flows from Financing Activities</b>	<b>47,662</b>

## 31. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *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:

a) Income and expenditure of the Authority's Directorates Recorded in the Budget Reports for the Year 2015/16:

2015/16	Customers & Communities	Regeneration, Enterprise, and Planning	Borough Secretary	Housing General Fund	General Fund Total	HRA	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges, & Other Service Income	-13,793	-5,336	-5,670	-2,005	<b>-26,804</b>	-56,801	<b>-83,605</b>
Government Grants	-15	-43	-73,253	0	<b>-73,311</b>	0	<b>-73,311</b>
<b>Total Income</b>	<b>-13,808</b>	<b>-5,379</b>	<b>-78,923</b>	<b>-2,005</b>	<b>-100,115</b>	<b>-56,801</b>	<b>-156,916</b>
Employee Expenses	5,343	3,048	6,539	1,556	<b>16,487</b>	201	<b>16,688</b>
Other Service Expenses	19,201	3,230	85,628	1,843	<b>109,902</b>	27,845	<b>137,747</b>
<b>Total Expenditure</b>	<b>24,544</b>	<b>6,278</b>	<b>92,167</b>	<b>3,399</b>	<b>126,388</b>	<b>28,046</b>	<b>154,435</b>
<b>Total</b>	<b>10,736</b>	<b>899</b>	<b>13,244</b>	<b>1,394</b>	<b>26,273</b>	<b>-28,755</b>	<b>-2,481</b>

Income and expenditure of the Authority's Directorates Recorded in the Budget Reports for the Year 2014/15:

Restated 2014/15	Customers & Communities	Regeneration, Enterprise, and Planning	Borough Secretary	Housing General Fund	General Fund Total	HRA	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges, & Other Service Income	-12,731	-3,942	-3,842	-1,508	<b>-22,022</b>	-67,225	<b>-89,247</b>
Government Grants	0	0	-75,328	0	<b>-75,328</b>	0	<b>-75,328</b>
<b>Total Income</b>	<b>-12,731</b>	<b>-3,942</b>	<b>-79,170</b>	<b>-1,508</b>	<b>-97,350</b>	<b>-67,225</b>	<b>-164,575</b>
Employee Expenses	6,219	3,423	6,409	1,856	<b>17,907</b>	9,131	<b>27,038</b>
Other Service Expenses	19,234	3,777	86,279	1,106	<b>110,396</b>	31,125	<b>141,521</b>
<b>Total Expenditure</b>	<b>25,453</b>	<b>7,200</b>	<b>92,688</b>	<b>2,962</b>	<b>128,303</b>	<b>40,256</b>	<b>168,559</b>
<b>Total</b>	<b>12,722</b>	<b>3,258</b>	<b>13,518</b>	<b>1,454</b>	<b>30,953</b>	<b>-26,969</b>	<b>3,984</b>

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

	Restated 2014/15 £000s	2015/16 £000s
<b>Net expenditure in the Directorate Analysis</b>	<b>3,982</b>	<b>-2,482</b>
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	7,391	11,767
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-1,296	34
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>10,077</b>	<b>9,320</b>

c) Reconciliation to Subjective Analysis 2015/16:

Reconciliation to Subjective Analysis	2015/16							
	Customers & Communities	Regeneration, Enterprise, and Planning	Borough Secretary	Housing General Fund	HRA	Debt Financing	Other (Below the line)	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	-13,793	-5,560	-5,670	-2,530	-56,801	0	-510	<b>-84,864</b>
Interest and investment income	0	0	0	0	-323	-881	0	<b>-1,204</b>
Income from council tax	0	0	0	0	0	0	-14,463	<b>-14,463</b>
Government grants and contributions	-15	-43	-73,253	0	0	0	-10,176	<b>-83,487</b>
Business Rates Retention Re-distribution	0	0	0	0	0	0	-7,772	<b>-7,772</b>
Employee expenses	5,956	3,344	1,542	1,683	142	0	0	<b>12,667</b>
Other service expenses	19,201	3,230	85,628	1,843	27,845	0	0	<b>137,747</b>
Support service recharges	1,358	1,137	-3,576	2,457	2,129	0	0	<b>3,505</b>
Depreciation, amortisation and impairment	1,969	1,983	248	3	-1,390	0	0	<b>2,813</b>
Impairment - Long Term Debtors	0	0	10,219	0	0	0	0	<b>10,219</b>
Interest payments	0	0	0	0	6,352	1,080	0	<b>7,432</b>
Pensions interest cost and expected return on pensions assets	0	0	0	0	5	0	4,497	<b>4,502</b>
Precepts and levies	0	0	0	0	0	0	1,001	<b>1,001</b>
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	1,091	<b>1,091</b>
Gain or loss on disposal of non-current assets	-23	-855	0	0	2,054	0	0	<b>1,176</b>
<b>Surplus or deficit on the provision of services</b>	<b>14,653</b>	<b>3,236</b>	<b>15,138</b>	<b>3,456</b>	<b>-19,987</b>	<b>199</b>	<b>-26,332</b>	<b>-9,637</b>

Reconciliation to Subjective Analysis 2014/15:

Reconciliation to Subjective Analysis	Restated 2014/15							
	Customers & Communities	Regeneration, Enterprise, and Planning	Borough Secretary	Housing General Fund	HRA	Debt Financing	Other (Below the line)	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	-12,780	-6,616	-3,842	-2,605	-67,225	0	-6,105	-99,174
Interest and investment income	0	0	0	0	-340	-1,027	0	-1,367
Income from council tax	0	0	0	0	0	0	-13,796	-13,796
Government grants and contributions	0	0	-75,328	0	-15,522	0	-11,360	-102,210
Business Rates Retention Re-distribution	0	0	0	0	0	0	-7,894	-7,894
Employee expenses	6,841	3,752	-7,157	1,988	6,058	0	0	11,482
Other service expenses	19,234	3,777	86,279	1,106	31,125	0	0	141,521
Support service recharges	-2,191	11,439	-4,417	2,344	4,965	0	0	12,140
Depreciation, amortisation and impairment	16,170	3,577	174	3	-6,028	0	0	13,896
Interest payments	0	0	0	0	6,351	1,811	0	8,162
Pensions interest cost and expected return on pensions assets	0	0	0	0	1,175	0	4,380	5,555
Precepts and levies	0	0	0	0	0	0	1,026	1,026
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	955	955
Gain or loss on disposal of non-current assets	520	-592	0	0	1,806	0	0	1,734
<b>Surplus or deficit on the provision of services</b>	<b>27,794</b>	<b>15,337</b>	<b>-4,291</b>	<b>2,836</b>	<b>-37,635</b>	<b>784</b>	<b>-32,794</b>	<b>-27,972</b>



**32. TRADING ACCOUNTS**

The Authority has established a trading unit 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 the unit are as follows:

2014/15 Net £000s	Trading Accounts	2015/16 Income £000s	2015/16 Exp. £000s	2015/16 Net £000s
1,342	Property Management	-2,572	2,546	-26
<b>1,342</b>	<b>Total Surplus\Deficit</b>	<b>-2,572</b>	<b>2,546</b>	<b>-26</b>

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

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:

2014/15 Net £000s	Trading Undertakings	2015/16 Income £000s	2015/16 Exp. £000s	2015/16 Net £000s
622	Markets	-477	753	276
<b>622</b>	<b>Total Surplus\Deficit</b>	<b>-477</b>	<b>753</b>	<b>276</b>

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

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.

2014/15 £000s	Agency Income and Expenditure	2015/16 £000s
268	Administration costs and ancillary services	282
-187	Income including transfer fees from NCC	-187
<b>82</b>	<b>Net surplus / deficit arising on the agency agreement</b>	<b>95</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 wellbeing of children and young people in their area and to deliver the "Every Child Matters" agenda. Partnership contributions was suspended in 2015/16. In 2014/15, 2013/14 and 2012/13, the Borough's contribution to the pooled budget was £10,680.

The contributions are subject to change as per the agreement.

Restated 2014/15 £000s	Pooled Budgets	2015/16 £000s
-425	<b>Balance B/f</b>	-651
	<b>Funding Provided to the Pool</b>	
-11	Northampton BC	0
-538	Other Partners	0
<b>-549</b>	<b>Total</b>	<b>0</b>
323	Expenditure met from the Pool	308
<b>-651</b>	<b>Balance c/f</b>	<b>-343</b>

**35. MEMBERS' ALLOWANCES**

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

2014/15 £000s	Members' Allowances	2015/16 £000s
	<b>Expenditure</b>	
14	Mayor/Deputy Mayor Allowance	23
401	Members' Allowances	404
<b>415</b>	<b>Total</b>	<b>427</b>

**36. OFFICERS' REMUNERATION**

a) Senior Officers

Position	Position Group	Year	Note	Salary (inc Fees & Allowances) £000s	Compensation for loss of Office £000s	Total Remuneration excl Pension Contributions £000s	Pension Contributions £000s	Total Remuneration inc Pension Contributions £000s
Chief Executive	Head of Paid Service	2015/16		138	0	138	20	158
		2014/15		138	0	138	19	158
Borough Secretary	Monitoring Officer	2015/16		82	0	82	11	93
		2014/15		81	0	81	11	92
Director of Customers & Communities	Director	2015/16		111	0	111	15	126
		2014/15		111	0	111	15	126
Director of Regeneration, Enterprise & Planning	Director	2015/16		105	0	105	14	119
		2014/15		105	0	105	14	119
Head of Customer & Cultural Services	Head of Service	2015/16		71	0	71	9	80
		2014/15		70	0	70	9	79
Head of Housing & Wellbeing	Head of Service	2015/16		71	0	71	9	80
		2014/15		3	0	3	0	3
Head of Planning	Head of Service	2015/16	1	5	0	5	1	6
		2014/15		38	0	38	5	43
Head of Economic Development and Regeneration	Head of Service	2015/16	2	65	0	65	9	74
		2014/15	0	0	0	0	0	
<b>Totals for the year:</b>		2015/16	4	648	0	648	88	735
		2014/15	3&4	546	0	546	74	619

**Notes:**

- 1 - Head of Planning Left 14 September 2014 - Annualised Salary £87k. This post was covered by an Interim with a new appointment until permanent appointment from March 2016.
- 2 - Head of Economic Development and Regeneration post was covered by interim arrangement with a permanent appointment starting employment on 22nd June 2015. The annualised salary is £70k
- 3 - There are 2 posts that are not included in the 2014-15 figures above as these have been deleted as part of organisation restructures (The Head of Joint Planning Unit and Head of Communities and Environment).
- 4 - A further exclusion relates to the Council's Chief Finance Officer that is contracted out to Northamptonshire County Council (NCC) and fully remunerated by NCC this post will therefore be included in NCC's Statement of Accounts.

b) Officers paid over £50,000

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

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

2014/15 No. of Employees	Remuneration Band	2015/16 No. of Employees
3	£50,000 - £54,999	3
3	£55,000 - £59,999	0
1	£60,000 - £64,999	0

c) Exit Packages

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other agreed departures		Total Number of exit packages by cost band		Total cost of exit packages in each band (£000s)	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0 - £20,000	8	9	6	10	14	19	104	179
£20,001 - £40,000	0	3	0		0	3	0	75
£40,001 - £60,000	1	0	0		1	0	45	0
<b>Total</b>	<b>9</b>	<b>12</b>	<b>6</b>	<b>10</b>	<b>15</b>	<b>22</b>	<b>149</b>	<b>254</b>

The total cost of £404k in the table above includes £254k for exit packages that have been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

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:

2014/15 £000s	External Audit Costs	2015/16 £000s
108	Fees payable with regard to external audit services carried out by the appointed auditor (Section 5 Audit Commission Act 1998)	82
15	Fees payable for the certification of Grant Claims and Returns (Section 28 Audit Commission Act 1998)	14
0	Fees payable in respect of other services provided by the appointed auditor	25
<b>123</b>	<b>Total</b>	<b>120</b>

The Council’s appointed auditor for the 2015/16 and 2014/15 Statement of Accounts audits was KPMG LLP.

38. GRANT INCOME

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

Re-stated 2014/15 £000s	Grant Income	2015/16 £000s
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
-6,958	Revenue Support Grant	-4,944
-152	Council tax freeze grant	-141
-2,815	New Homes Bonus	-3,836
-600	WNDC - Closure	0
-15,522	Decent Homes Grant	0
-1,400	DCLG Grant re Cosworth	0
-377	Cherry Orchard S106	0
-1,132	Upton Country Park	0
-72	British Timken S106	0
-716	South Meadow Road	0
-174	Pig & Whistle Refurbishment	0
-114	Delapre Abbey Restoration	-1,769
-2,449	Assets Transferred from HCA	0
0	Princess Marina S106 - transfer to Receipts in Advance	335
-449	Other Grants Individually Less Than £100,001	-287
<b>-32,930</b>	<b>Total</b>	<b>-10,642</b>
	<b>Credited to Services</b>	
-243	Additional Housing Admin. Grant	-183
-1,402	Housing Benefit Admin. Grant	-1,277
-31,521	HRA Rent Rebates Grant	-30,637
-440	Non HRA Rent Rebates	-773
-41,303	Rent Allowance Grant	-39,814
	Property Searches New Burdens Payment	-219
	Discretionary Housing Payments	-316
-132	Section 106 Contributions	-264
-2,237	Northamptonshire County Council Recycling Credits	-2,389
-187	Northampton County Council Contribution for Grounds Maintenance	-166
-105	Home choice funding	0
-434	Joint Planning Unit Contribution	-98
-157	HPDG Planning	0
-1,396	Total of Other Grants not included in the above	-93
<b>-79,557</b>	<b>Total</b>	<b>-76,229</b>

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

2014/15 £000s	Grant Income Unapplied - Current Liabilities	2015/16 £000s
	<b>Capital Grants Receipts in Advance</b>	
0	English Heritage Grant	0
21	Other Grants/Contributions Individually Less Than £100,000	10
<b>21</b>	<b>Total - Capital Receipts in Advance</b>	<b>10</b>
	<b>Revenue Grants Receipts in Advance:</b>	
15	Grants/Contributions Individually Less Than £100,000	1
<b>36</b>	<b>Total - all Receipts in Advance</b>	<b>11</b>

Long-Term Liabilities

2014/15 £000s	Grant Income Unapplied - Long-Term Liabilities	2015/16 £000s
	<b>Capital Grants Receipts in Advance:</b>	
873	S106 - SW Country Park - Swan Valley	873
442	S106 - Land at Upton SWD Ph1 re Country Park	442
125	S106 - Southern Development Link road	125
0	S106 - Princess Marina	1,612
346	S106 - Sainsburys Sixfields	346
103	S106 - Newport Pagnell Rd Off-Site Open Space	103
850	S106 - Land at Booth Rise	850
122	S106 - Former Millway School Site	70
1,493	S106 - Banbury Lane	2,109
437	S106 - Wellingborough Rd	437
218	S106 - Goldings School	311
0	S106 - Former Abington Vale School Site	262
0	S106 - Old Towcester Road	335
1,083	West Northamptonshire Development Corporation	1,021
150	Albion Place Public Realm Contribution	150
643	Other Grants/Contributions Individually Less Than £100,000	561
<b>6,885</b>	<b>Total - Capital Receipts in Advance</b>	<b>9,607</b>
	<b>Revenue Grants Receipts in Advance:</b>	
155	S106 - Pineham	155
0	Upton Site F&G - Disocounted Standard Charge	154
337	Other Grants/Contributions Individually Less Than £100,000	232
<b>492</b>	<b>Total - Revenue Receipts in Advance</b>	<b>541</b>
<b>7,377</b>	<b>Total - all Receipts in Advance</b>	<b>10,148</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.

**Central Government**

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set in Note 31 Amounts Reported for Resource Allocation Decisions. Any amounts outstanding are reported in Note 38 Grant Income.

**Northampton Partnership Homes**

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

**Members of the Council**

Members of the Council have direct control over the Council’s financial and operating policies. The total of members’ allowances paid in 2015/16 is shown in Note 35.

During 2015/16 expenditure to the value of £1.8m (2014/15 £2.2m) was paid or granted to parties where members had an interest or where they serve as a nominated representative on the outside body. Income to the value of £0.4m (restated 2014/15 £0.9m) was receivable from these parties. Parties with transactions over £200k are shown below:

2014/15 £000s	Related Parties - Expenditure	2015/16 £000s
630	Northampton Leisure Trust	214
427	Northampton Theatres Trust	427
369	Brackmills Bid	382
327	Northampton Town Centre Bid	253



2014/15 £000s	Related Parties - Income	2015/16 £000s
-244	Northampton Leisure Trust	-66
-240	Northampton Theatres Trust	-109
-286	Northampton General Hospital NHS Trust	-91

At 31st March 2016, the outstanding balances with these parties were debtors of £148k (2014/15 £72k); creditors of £215k (2014/15 £159k).

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

A number of the Members of Northampton Borough Council are also members of Northamptonshire County Council. Material transactions with Northamptonshire County Council have been disclosed elsewhere in the accounts, see Notes 34, 38, and 45.

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

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

NBC is working in partnership with the Delapre Abbey Preservation Trust (DAPT) in regards to the Delapre Abbey Restoration Project, and has a member of the DAPT Board of Trustees. In 2015/16, NBC paid across to DAPT £198k in relation to forward funding of HLF grant monies for activity and other project costs (2014/15 re-stated £12k), and £12k as the first instalment of a £150k NBC start up grant, awarded by Cabinet in Oct 2015 (2014/15 £0).

### **Senior Officers of the Council**

During 2015/16 the only disclosures made by Senior Officers were in relation to roles at other Local Authority bodies, namely:

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

## Other Public Bodies

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

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

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

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 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.

2014/15 £000s	Capital Expenditure and Financing	2015/16 £000s
<b>232,042</b>	<b>Opening Capital Financing Requirement</b>	<b>251,229</b>
	<b>Capital Investment</b>	
40,403	Property, Plant & Equipment	39,773
921	Heritage Assets	2,971
223	Investment Properties	1
46	Intangible Assets	100
12,876	Revenue Expenditure Funded from Capital under Statute	3,502
7,150	Loans to third parties	46,300
<b>61,619</b>	<b>Total</b>	<b>92,647</b>
	<b>Sources of Finance</b>	
-3,383	Capital Receipts	-5,468
0	Sums set aside from Capital Receipts	-948
-22,519	Government Grants and Other Contributions	-2,878
-1,253	Sums Set aside from Revenue	-1,262
-235	Write Down of Third Party Loans	-265
-15,042	Direct Revenue contributions	-33,152
<b>-42,432</b>	<b>Total</b>	<b>-43,973</b>
<b>251,229</b>	<b>Closing Capital Financing Requirement</b>	<b>299,903</b>

2014/15 £000s	Capital Financing Requirement	2015/16 £000s
<b>232,042</b>	<b>Opening Capital Financing Requirement</b>	<b>251,229</b>
19,187	Increase in underlying need to borrow (unsupported by government financial assistance)	48,674
0	Assets acquired under finance lease	0
<b>19,187</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>48,674</b>
<b>251,229</b>	<b>Closing Capital Financing Requirement</b>	<b>299,903</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 software and a specialist vehicle. The assets acquired under these leases are carried in the Balance Sheet at the following net amounts:

31 March 2015 £000s	Local Authority as Lessee - Finance Leases	31 March 2016 £000s
225	Vehicles, Plant, Furniture and Equipment	157
272	Intangible Fixed Assets	191
<b>497</b>	<b>Total</b>	<b>348</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:

31 March 2015 £000s	Local Authority as Lessee - Finance Leases	31 March 2016 £000s
	<b>Future minimum lease payments</b>	
243	Vehicles, Plant, Furniture and Equipment	166
297	Intangible Fixed Assets	203
<b>540</b>	<b>Future minimum lease payments</b>	<b>369</b>
	<b>Net present value of minimum lease payments</b>	
148	Current	156
348	Non-current	192
<b>496</b>	<b>Present value of minimum lease payments</b>	<b>348</b>
<b>44</b>	<b>Finance costs payable in future years</b>	<b>21</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-Mar-15		Local Authority as Lessee - Finance Leases	31-Mar-16	
Present Value of Leases £000s	Minimum Lease Payments £000s		Present Value of Leases £000s	Minimum Lease Payments £000s
148	170	Not later than one year	156	170
348	369	Later than one year and not later than five years	192	199
<b>496</b>	<b>539</b>	<b>Total</b>	<b>348</b>	<b>369</b>

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

Operating Leases

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

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

31 March 2015 £000s	Local Authority as Lessee - Operating Leases	31 March 2016 £000s
574	Not later than one year	509
655	Later than one year and not later than five years	218
0	Later than 5 years	0
<b>1,229</b>	<b>Minimum lease payments</b>	<b>727</b>
<b>-1,087</b>	<b>Future minimum sub-lease payments receivable</b>	<b>-632</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:

Restated 2014/15 £000s	Local Authority as Lessee - Operating Leases	2015/16 £000s
	<b>Minimum lease payments</b>	
580	Contract Hire	510
123	Other	23
-92	Sublease payments receivable	-375
<b>611</b>	<b>Total</b>	<b>158</b>

**Authority as Lessor**

Finance Leases

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

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

31 March 2015 £000s	Leases - Authority as Lessor - Finance Leases	31 March 2016 £000s
	<b>Gross investment in leases</b>	
176	Other Land and Buildings	158
	<b>Net present value of minimum lease payments</b>	
8	Current	8
108	Non-current	100
<b>116</b>	<b>Present value of minimum lease payments receivable</b>	<b>108</b>
<b>60</b>	<b>Unearned finance income</b>	<b>50</b>

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

31 March 2015		Leases - Authority as Lessor - Finance Leases	31 March 2016	
Gross investment in leases £000	NPV of minimum Lease payments receivable £000		Gross investment in leases £000	NPV of minimum Lease payments receivable £000
17	8		Not later than one year	17
69	38	Later than one year and not later than five years	69	41
89	70	Later than five years	72	59
<b>175</b>	<b>116</b>	<b>Minimum lease payments receivable</b>	<b>158</b>	<b>108</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.
- To provide infrastructure enabling current and future construction to service local demand for housing and commercial property.

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

31 March 2015 £000s	Local Authority as Lessor - Operating Leases - Minimum Lease Payments	31 March 2016 £000s
2,282	Not later than one year	2,353
6,293	Later than one year and not later than five years	6,631
47,354	Later than 5 years	47,422
<b>55,929</b>	<b>Total</b>	<b>56,406</b>

The minimum lease payments receivable do not include rents that are contingent on future events, such as adjustments following rent reviews. In 2015-16 £5k contingent rents were receivable by the Authority (compared with £1k in 2014-15).

**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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The only asset impaired during 2015/16 was in relation to the Northampton Town Football Club (NTFC), as detailed within the Narrative Report - Significant Events in 2015/16.

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

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

### **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 2015/16, incurring liabilities of £254k (£149k in 2014/15 RESTATED). Of this, £24k relates to pension strain, and £230k relates to 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.

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.

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

Local Government Pension Scheme 2014/15 £000s	Comprehensive Income and Expenditure Statement	Local Government Pension Scheme 2015/16 £000s
	<b>COST OF SERVICE:</b>	
	<b>Service cost comprising:</b>	
2,880	Current service cost	2,069
25	Past service cost (including curtailments)	10
-10,946	Gain from settlements	0
-64	Pension contribution adjustment	-4
	<b>Financing and Investment Income and Expenditure</b>	
5,555	Net interest expense	4,502
-2,550	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	6,577
	<b>OTHER POST-EMPLOYMENT BENEFITS CHARGED TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT:</b>	
	<b>Remeasurement of the net defined benefit liability comprising:</b>	
-12,573	Return on plan assets (excluding the amount included in the net interest expense)	3,995
33,727	Actuarial gains and losses arising on changes in financial assumptions	-23,514
-4,290	Other expenditure	-5,723
14,314	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:</b>	-18,665
	<b>MOVEMENT IN RESERVE STATEMENT:</b>	
-14,378	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	18,661
	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	
7,451	Employers' contributions payable to scheme	6,096

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

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
Present value of the defined benefit obligation	295,164	<b>267,684</b>	14,856	<b>13,465</b>	310,020	<b>281,149</b>
Fair value of plan assets	-167,340	<b>-163,230</b>	0	<b>0</b>	-167,340	<b>-163,230</b>
<b>Net liability arising from defined benefit obligation</b>	<b>127,824</b>	<b>104,454</b>	<b>14,856</b>	<b>13,465</b>	<b>142,680</b>	<b>117,919</b>

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
<b>Opening fair value of scheme assets</b>	158,840	<b>167,340</b>	0	<b>0</b>	158,840	<b>167,340</b>
Interest income	6,735	<b>5,269</b>	0	<b>0</b>	6,735	<b>5,269</b>
<b>Remeasurement gain/(loss):</b>						
The return on plan assets, excluding the amount included in the net interest expense	12,573	<b>- 3,995</b>	0	<b>0</b>	12,573	<b>-3,995</b>
Contributions from employer	6,639	<b>5,223</b>	-	<b>877</b>	6,639	<b>6,100</b>
Contribution from employees into the Scheme	791	<b>478</b>	0	<b>0</b>	791	<b>478</b>
<b>Benefits Paid:</b>						
Assets Distributed in Settlements	-11,703	<b>-11,085</b>	0	<b>-877</b>	-11,703	<b>-11,962</b>
	-6,535	<b>0</b>	0	<b>0</b>	-6,535	<b>0</b>
<b>Closing fair value of scheme assets</b>	<b>167,340</b>	<b>163,230</b>	<b>0</b>	<b>0</b>	<b>167,340</b>	<b>163,230</b>

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
<b>Opening balance at 1 April</b>	294,657	<b>310,896</b>	0	<b>-876</b>	294,657	<b>310,020</b>
Current service cost	2,880	<b>2,069</b>	0	<b>0</b>	2,880	<b>2,069</b>
<b>Interest cost</b>	12,290	<b>9,771</b>	0	<b>0</b>	12,290	<b>9,771</b>
Contribution from scheme participants	791	<b>478</b>	0	<b>0</b>	791	<b>478</b>
<b>Remeasurement gain/(loss):</b>					0	<b>0</b>
Actuarial gain/losses arising from changes in financial assumptions	33,727	<b>-23,514</b>	0	<b>0</b>	33,727	<b>-23,514</b>
Other expenditure	-4,290	<b>-5,723</b>	0	<b>0</b>	-4,290	<b>-5,723</b>
Past service cost	25	<b>10</b>	0	<b>0</b>	25	<b>10</b>
<b>Losses/(gains) on curtailment:</b>			0	<b>0</b>	0	<b>0</b>
Benefits Paid	-11,703	<b>-11,085</b>	-876	<b>-877</b>	-12,579	<b>-11,962</b>
Liabilities extinguished on settlements	-17,481	<b>0</b>	0	<b>0</b>	-17,481	<b>0</b>
<b>Closing present value of scheme liabilities</b>	<b>310,896</b>	<b>282,902</b>	<b>-876</b>	<b>-1,753</b>	<b>310,020</b>	<b>281,149</b>

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

Local Government Pension Scheme assets comprised:

Fair value of scheme assets <sub>1</sub>	Assets comprised of:	Fair value of scheme assets <sub>1</sub>
2014/15 £000s		2015/16 £000s
3,821	Cash and cash equivalents	3,062
	<b>Equity instruments:</b>	
	<b>By industry type<sub>2</sub></b>	
13,440	Consumer	12,931
8,403	Energy and utilities	6,451
12,560	Financial institutions	12,168
8,232	Health and care	7,480
11,786	Information technology	11,252
9,318	Other	9,794
<b>63,739</b>	<b>Total Equity</b>	<b>60,076</b>
	<b>Bonds:</b>	
	<b>By sector</b>	
4,910	Government	13,817
<b>4,910</b>	<b>Total Bonds</b>	<b>13,817</b>
	<b>Private Equity:</b>	
142	Overseas	97
<b>142</b>	<b>Total Private Equity</b>	<b>97</b>
	<b>Property:</b>	
12,850	Retail	14,655
<b>12,850</b>	<b>Total Property</b>	<b>14,655</b>
	<b>Investment Funds and Unit Trusts:</b>	
56,391	Equities	55,818
25,487	Bonds	15,705
<b>81,878</b>	<b>Total Investment Funds and Unit Trusts</b>	<b>71,523</b>
<b>167,340</b>	<b>Total assets</b>	<b>163,230</b>

<sub>1</sub> All scheme assets have quoted prices in active markets

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

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits Arrangements*	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
<b>Mortality Assumptions</b>				
<b>Longevity at 65 for Current Pensioners:</b>				
Men	22.3	22.3		
Women	24.3	24.3		
<b>Longevity at 65 for Future Pensioners:</b>				
Men	24	24	-	-
Women	26.6	26.6	-	-
<b>Other:</b>				
Rate of Increase in Pensions	2%	2%	3%	-
Rate of Increase in Salaries **	4%	4%	-	-
Rate for Discounting Scheme Liabilities	3%	4%	5%	-

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

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

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

Change in assumptions at 31 March 2016:	Approximate increase to Employer Liability %	Approximate Monetary Amount £000s
0.5% decrease in Real Discount Rate	9%	24,302
1 year increase in member life expectancy	3%	8,434
0.5% increase in the salary increase rate	2%	4,351
0.5% increase in the Pension Increase Rate	7%	19,789

### **Asset and Liability Matching (ALM) Strategy**

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

### **Impact on the Authority's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales).

The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority is anticipated to pay £7m expected contributions to the scheme in 2016/17.

## 46. CONTINGENT LIABILITIES

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The Council is potentially liable for the following:

### Northampton Partnership Homes

- As set out in the explanatory forward and Note 56 Group Accounts, NBC set up an Arm's Length Management Organisation on 5th January 2015, Northampton Partnership Homes (NPH). NPH is a company limited by guarantee, and as such, NBC is liable for all losses experienced by NPH, and is also the guarantor for NPH's pension liabilities. See Note 56 for disclosure of the financial performance of NPH in 2015/16.

### Business Rates

- Following new Local Authority funding arrangements for Business Rates in April 2013, NBC now assumes a proportion of the liability for refunding businesses who appeal to the Valuation Office (VO) against the rateable value of their properties.
- The VO published a list of appeals outstanding up to 31st March 2016 in April 16. Estimates of these appeals that had been lodged and their success judged to be probable under IAS 37 have been provided for, see note 24.
- The estimated value of appeals within NBC's billing authority borders that had been lodged but their success deemed only possible as per IAS 37 totalled £2.2m. These therefore constitute a contingent liability, with NBC's share (40%) of these appeals being £0.9m.
- Additionally, it is possible that other appeals will be lodged by businesses in the future against rateable values. As the value and timing of these appeals by their nature cannot be known, it is necessary to recognise this as a contingent liability.
- The VOA have advised that Virgin Media has put forward a proposal to merge the Virgin Media network that appears in councils rating lists countrywide into a single national assessment, appearing from 1 April 2010. The rateable value (RV) in relation to Virgin Media within NBC's billing authority borders is £0.9m. If this proposal is approved, this could see the removal of the full £0.9m RV from NBC's rating list, which equates to approximately £0.4m in net rates per annum. If backdated, this would have a negative impact of £2.5m, with NBC's share (40%) of this being £1m.
- A tribunal case in 2015/16 saw a number of GP Surgeries successfully awarded appeals backdated to 2010 at 50% of their net rates payable. At present, there are a number of GP Surgeries within NBC's billing authority borders that are under appeal. At present a provision at 5% of net rates payable has been accounted for, however the appeal awarded could as high as 50%. This difference of 45% is therefore recognised as a contingent liability, totalling £1.8m, with NBC's share (40%) of this being £0.7m.



### Other

- A capital grant received from the East Midland Development Agency (EMDA) for site clearance of the Blueberry Diner (now novated to the Homes and Communities Agency following the closure of EMDA). 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. However, although no formal agreement is currently in place, the Council has been in positive discussions with the HCA over this, and the HCA have been agreeable to extension of time for development to be completed. The HCA are also supportive in principle to the use of the funding in other areas of the town. Therefore it is viewed as unlikely this funding will need to be returned, and is disclosed as a contingency only.
- The Council has received Deposits under Section 106 agreements, which may be repayable if the conditions for each agreement are not met. No provision has been made in the Accounts for any interest that may become repayable under the terms of the individual agreements. In the event that every one of these deposits becomes repayable with interest, the Council's maximum liability for interest payable as at 31st March 2016 is estimated to be £0.6m.
- Financial guarantee for Home Group - a Housing Association. Under the 1987 (Bond issue) "Under the 1987 [bond issue] Home Group raised finance to carry out development in a number of local authority areas. In so doing they entered into arrangements with local authorities for the purchase of land in return for nomination rights over 50% of the properties constructed. In addition the local authorities agreed to indemnify 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 is 1.35% of £82.5m representing a value of £1.1m
- There are a number of outstanding insurance claims that have been received of £1.4m as assessed by our Insurance Actuary. These have been assessed and an estimated provision has been charged to the accounts of £0.2m, therefore the estimated value of the insurance claims outstanding is £1.2m.
- A capital grant agreed by the Heritage Lottery Fund for redevelopment of Delapre Abbey and for which procurement of a specialist construction company has already taken place and works commenced. As well as this, £1.34m of NBC resources have also been committed, along with S106 contributions.
- Non-compliance with the grant funding conditions could trigger clawback of funds to the HLF and also lead to potential legal action from the construction company concerned. Now that construction is underway, we may be faced with the usual issues of extension to time, dealing with unforeseen circumstances, inclement weather conditions, all of which could have a negative impact on time and cost.
- Northern Gasholder site, St Peters (NBC owned property). NBC has an obligation to pay on sale excess of receipt (if any) (or if not sold by 2024 any excess in value) over £1m, to National Grid.
- There is a planning appeal outstanding relating to Collingtree that is currently going to enquiry. At this stage, the financial impact cannot be determined.
- Letter from an interested party has been received regarding entitlement of proceeds from the sale of artefact.
- The council's environmental services contractor has a number of disputes with NBC that it has indicated it will pursue in court.

- There are a number of other contingent liabilities totalling £388k covering small claims, property search claims and employment tribunal claims that are considered insignificant.

**47. CONTINGENT ASSETS**

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The Council is currently monitoring the following contingent assets:

- Northampton Waterside Enterprise Zone is funded from Business Rates uplift within its boundaries. Expenditure relating to administration and infrastructure loan costs has exceeded income receipts from business rates uplift, these sums will be reimbursed when the income from the projects exceeds expenditure. To date, the value to be reimbursed from Business rates uplift totals £1.7m.
- NBC have lodged a court claim for money lent to Northampton Town Football club, and is expected to issue further claims in the future.
- Historic costs associated with the redevelopment of Grosvenor/Greyfriars may be reimbursed by the developer depending on agreement of contract terms and the timing of that agreement. The expectation is in the region of £0.1m.
- There is an obligation upon National Grid (NG) (owners of property) to pay to NBC part of monies advanced by WNDC to NG for remediation of land. Payment due to NBC by 2019 or on sale of the land affected estimated at £1.5m.
- Upon completion of works by NBC, obligation on Reef Estates Limited to pay "Highways Contribution" to NBC of approximately £0.1m.

**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 LGSS treasury team under policies approved by the Council in its Treasury Management Policy Statement, Treasury Management Practices and accompanying Schedules and the annual Treasury Management Strategy. These contain overall principles for risk management and specific risks which include credit and counterparty risk, liquidity risk, interest rate risk, exchange rate risk, refinancing risk, legal and regulatory risk, and market risk.

**Credit Risk**

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

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

The Annual Investment Strategy also imposes value and investment period limits for each category of approved counterparty. In 2015-16 the maximum limits for placements with individual or group counterparties in 2015-16 were £20m and 3 years for the UK government and UK nationalised or part nationalised banking institutions, £15m and 3 years for other UK counterparties and overseas counterparties with AAA sovereign ratings, £15m for AAA CNAV Money Market Funds and £10m and 3 years for UK local authorities and overseas counterparties with AA+ sovereign rating. Within this ceiling, lower limits apply in many instances depending on credit ratings and other factors specific to each institution.

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

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

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

The Council's maximum exposure to credit risk in relation to its investments totalling £66.1m in banks, building societies and other institutions cannot be assessed generally as the risk of any counterparty failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2016 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 to six financial years adjusted to reflect current market conditions.

Estimated Maximum Exposure to Default and Uncollectability at 31 March 2015 £000s	Credit Risk	Amount at 31 March 2016 £000s	Historical Experience of Default at 31 March 2016 %	Historical Experience Adjusted for Market Conditions at 31 March 2016 %	Estimated Maximum Exposure to Default and Uncollectability at 31 March 2016 £000s
0	Third Party Loans	51,079	0.00%	0.00	0
0	Mortgages	14	0.00%	0.00	0
0	Finance Leases	108	0.00%	0.00	0
55	Customers: Tenants	1,963	2.75%	2.75	54
2,134	Customers: Sundry Debtors	5,916	24.91%	24.91	1,474
0	Deposits with Banks and Financial Institutions	66,144	0.00%	0.00	0
<b>2,189</b>	<b>Total</b>	<b>125,224</b>			<b>1,528</b>

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council held no investments in the form of bonds during 2015-16.

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

As shown in Table 1, at 31st March there were outstanding loans to third parties of £51.1m. Such loans, by their nature, do carry a degree of risk. However all are secured according to the terms of the individual loan agreement.

Of the £125.2m total exposure to credit risk £7.9m 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 2015 £000s	Aged Debt Analysis	Amount at 31 March 2016 £000s
5,917	Less than three months	5,093
2,091	Three to six months	1,589
364	Six months to one year	256
1,400	More than one year	940
<b>9,772</b>	<b>Total</b>	<b>7,878</b>

Impairment on the debtors financial asset has been identified, standing at a total of £8.23m at the end of 2015-16

**Collateral**

The authority holds collateral against a number of mortgages. The balance sheet value of the principal amount outstanding is currently £15k (£30k in 2014-15). The terms and conditions relating to the pledge are standard in all the mortgages held and set out the rights and responsibilities of the Council and the mortgage holder

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

**Liquidity Risk**

The Council has a comprehensive 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-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2015 £000s	Maturity Profiles of Financial Liabilities	31 March 2016 £000s
-17,953	Less than one year	-23,300
-13,828	One to two years	-13,175
-17,125	Two to five years	-50,166
-198,061	More than five years	-207,336
<b>-246,967</b>	<b>Total</b>	<b>-293,977</b>

Amounts maturing within one year include short term creditors, short term grants and Section 106 funding commitments, short term borrowing, principal due within 12 months on annuity and EIP (Equal Interest Instalment) loans, and long term loans maturing within the next 12 months. PWLB loans totalling £6m are due for maturity in the final quarter of 2016-17. Repayment of these will be funded from internal borrowing, new loans, or a combination of both. Longer term maturities consist of long term debt (including finance leases), and long term grants and Section 106 funding.

## Market Risk

### Interest Rate Risk

The authority is exposed to significant risk in 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 example a rise in interest rates would have the following effects:

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

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

The authority 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. 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 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

31 March 2015 £000s	Market Risk	31 March 2016 £000s
228	Increase in interest payable on variable rate borrowing	93
-259	Increase in interest receivable on variable rate investments	-242
<b>-31</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-149</b>
65	Share of overall impact credited to the HRA	31
<b>34</b>	<b>Impact remaining on General Fund</b>	<b>-118</b>
169	Increase in fair value of fixed rate investment assets	256
<b>169</b>	<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>256</b>
<b>91</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>156</b>

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

**Price Risk**

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

**Foreign Exchange Risk**

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

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 services have, for the three-year period to 31st March 2016, made an operating surplus of £35k on a turnover of £689k. In the previous three-year period to 31st March 2015, there was an operating surplus of £38k against a turnover of £727k.

Building Control Trading Account	2015/16		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
<b>Expenditure</b>			
Employees	105	93	197
Transport	2	2	4
Supplies and services	5	6	11
Support service charges	100	89	189
<b>Total Expenditure</b>	<b>211</b>	<b>189</b>	<b>401</b>
<b>Income</b>			
Building Regulation fees	-207	0	-207
<b>Total Income</b>	<b>-207</b>	<b>0</b>	<b>-207</b>
<b>Surplus (-) / Deficit for Year</b>	<b>5</b>	<b>189</b>	<b>194</b>
	2014/15		
<b>Comparatives for 2014/15</b>	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure	202	159	360
Income	-238	0	-238
<b>Surplus (-) / Deficit for Year</b>	<b>-37</b>	<b>159</b>	<b>122</b>



**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:

2014/15 £000s	Publicity Expenditure	2015/16 £000s
32	Recruitment Advertising	26
467	Publicity Unit	311
156	Other Publicity	262
<b>655</b>	<b>Total</b>	<b>599</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: -

2014/15		Local Authority (Goods & Services) Act 1970	2015/16	
Exp £000s	Income £000s		Exp £000s	Income £000s
301	-45	Call Care	312	-48
258	-258	Print Services Unit	17	-17
<b>559</b>	<b>-303</b>	<b>Total</b>	<b>329</b>	<b>-65</b>

**52. TRUST FUNDS**

The Council acts as sole trustee in respect of two trust funds:

- The Northamptonshire Regimental Museum (balances of £97K as at 31 March 2016)
- The Northamptonshire Yeomanry Regimental Museum Trust (balances of £1k as at 31 March 2016)

The trust funds are used to finance expenditure on the museum exhibits donated by the Regiments at their disbandment. The collections are housed at the Abington Museum. Surplus funds are invested and accounted for separately to the Council's funds.

**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, 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 2015/16, which is required by the guidance issued by CLG, on 23<sup>rd</sup> February 2015. The MRP charged to the 2015/16 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 leases, for 2015/16 was £1.262m. This compares to £1.253m in 2014/15.

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

There have been two disposals from the collections which have realised a financial return. In March 2011, a collection of mounted natural history specimens sold at auction for £52k, which has been taken to be its carrying value at the time. In July 2014 an Egyptian statue was sold at auction for £14m, with NBC receiving £8.239m payment from the sale.

**55. HERITAGE ASSETS – COLLECTIONS AND POLICIES**

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**Collections****1. Designated Shoe Collection**

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

**2. Archaeology Collection**

For over a century, Northampton Museums has collected archaeological material. The majority of archaeological material now coming to light in the county is the product of contract excavations in advance of development. Significant collections include Bronze Age pottery, Iron Age finds from Hunsbury, Roman finds from Duston and Irchester, pottery, weapons and jewellery from Anglo-Saxon cemeteries and many other objects were first collected in the 19th century. This set the scene for collecting and through excavations and fieldwork this has carried on ever since. There is a Numismatic Collection of about 12,000 items, principally locally found Roman, English Medieval and later coins and tokens. Particular strengths are the coins from Northampton Mint, and a large number of Northamptonshire tokens and checks. There is also a collection of approximately 800 medals relating to local people, clubs or societies. There is a small Ancient Egyptian collection of approximately 250 items.

**3. Art Collection**

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

**4. Decorative Art**

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

**5. Ethnography**

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

**6. Geology**

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

**7. Natural History**

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

**8. Social History**

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

**9. Northamptonshire Regiment and Yeomanry**

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

**Policies**

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

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

**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.

2014/15 £000s	Housing Revenue Account	2015/16 £000s	£000s	Notes
	<b>Income</b>			
-50,481	Dwelling Rents	-51,414		HRA2-4
-1,140	Non Dwelling Rents	-1,165		
-2,467	Charges for services & facilities	-2,143		
-33	Contributions Towards Expenditure	-7		
<b>-54,121</b>	<b>Total Income</b>		<b>-54,729</b>	
	<b>Expenditure</b>			
16,206	Repairs & Maintenance	13,329		HRA5
	Supervision & Management			
7,645	General Management	9,594		HRA6
4,074	Special Services	4,080		
276	Rent, Rates, Taxes & other charges	271		
-5,978	Depreciation, Impairment & Revaluation of Fixed Assets	-1,386		
65	Debt Management Costs	46		
216	Increased in provision for bad/doubtful debts	204		
<b>22,504</b>	<b>Total Expenditure</b>		<b>26,139</b>	
<b>-31,617</b>	<b>Net Cost of Services</b>		<b>-28,590</b>	
	HRA Services share of Corporate and Democratic Core			
557			520	
<b>-31,060</b>	<b>Net Cost of HRA Services</b>		<b>-28,070</b>	
1,806	Gain (-) or Loss on sale of HRA Fixed Assets		2,054	HRA6
5,966	Interest and Investment Income		6,024	
1,175	Pensions interest cost and expected return on pensions assets		5	
-15,522	Non Specific Grant Income		0	
-803	Surplus or deficit on revaluation of non current assets		-2,991	
<b>-38,439</b>	<b>Surplus (-) or Deficit for the year on HRA services</b>		<b>-22,978</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.

2014/15 £000s	Statement of Movements on the Housing Revenue Account Balance	2015/16 £000s
-38,439	Surplus (-) / Deficit for the year on the HRA Income and Expenditure Account	-22,978
38,439	Net additional amount required by statute to be debited or credited to the HRA Balance for the year	22,978
<b>0</b>	<b>Increase (-) / Decrease in the HRA Balance for the Year</b>	<b>0</b>
-5,000	HRA Balance brought forward	-5,000
<b>-5,000</b>	<b>HRA Balance carried forward</b>	<b>-5,000</b>

## DETAILED TRANSACTIONS

2014/15 £000s	Reconciling Items for the Statement of Movement on the Housing Revenue Account Balance	2015/16 £000s	Note
	<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>		
0	Capital Expenditure	9,424	
-18,128	Revaluation Losses	-13,806	
33,316	Revaluation Gains	24,060	
15,522	Capital Grants and Contributions Transferred to the Capital Adjustment Account	0	
-1,806	Gain or Loss on sale of HRA non-current assets	-2,054	
526	HRA share of contributions to or from the pensions reserve	-7	
<b>29,430</b>	<b>Total</b>	<b>17,617</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>		
3,273	Transfer to / from (-) Major Repairs Reserve	3,930	HRA7
803	Transfers to / from (-) Revaluation Reserve	2,991	HRA6
1,372	Employer's contributions payable to the Northamptonshire County Council Pension Fund and retirement benefits payable direct to pensioners	62	
26	Amount by which officer remuneration charged to CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	
3,535	Net transfers to / from (-) earmarked reserves	-1,622	
<b>9,008</b>	<b>Total</b>	<b>5,362</b>	
<b>38,439</b>	<b>Net additional amount required to be credited or debited to the HRA balance for the year</b>	<b>22,978</b>	

## G3. NOTES TO THE HRA

## 1. PRIOR YEAR ADJUSTMENTS

There are no prior year adjustments in relation to the Housing Revenue Account in 2015/16.

## 2. HRA ASSETS AND CAPITAL TRANSACTIONS

- a) At 31<sup>st</sup> March 2016 the Council was responsible for managing 11786 units of accommodation (excluding shared ownership properties):

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four+	
Flats-Low Rise	1,439	388	2	1	1,830
Flats-Medium Rise	1,739	830	117	4	2,690
Flats-High Rise	396	82	21	0	499
Houses & Bungalows	882	2,490	3,067	328	6,767
<b>Total</b>	<b>4,456</b>	<b>3,790</b>	<b>3,207</b>	<b>333</b>	<b>11,786</b>

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

Type of Property	Stock at 01 April 2015	Stock Movements			Stock at 31 March 2016
		Sold	Additions	Re-classified	
Flats	5,053	-34	4	-1	5,022
Houses & Bungalows	6,830	-66	0	0	6,764
<b>Dwellings (excl. Shared)</b>	<b>11,883</b>	<b>-100</b>	<b>4</b>	<b>-1</b>	<b>11,786</b>
Shared Ownership	80	-1	0	0	79
<b>Total</b>	<b>11,963</b>	<b>-101</b>	<b>4</b>	<b>-1</b>	<b>11,865</b>



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

Restated 31 March 2015 £000s	Net Balance Sheet Value	31 March 2016 £000s
	<b>Operational Assets</b>	
122,060	Land	126,375
270,518	Dwellings	295,470
17,976	Other Capital Assets	20,758
<b>410,554</b>	<b>Total Operational Assets</b>	<b>442,603</b>
869	Non Operational Assets	355
<b>411,423</b>	<b>Total</b>	<b>442,957</b>
<b>1,029,228</b>	<b>Vacant Possession Value as at 1st April</b>	<b>1,069,605</b>

d) Capital Receipts

2014/15 £000s	Housing Capital Receipts	2015/16 £000s
-26	Land Sales	0
-4,430	Dwelling Sales	-5,009
<b>-4,456</b>	<b>Total</b>	<b>-5,009</b>
955	Payable to the Secretary of State	1,091
<b>955</b>	<b>Net cost of Payments to CLG</b>	<b>1,091</b>
<b>-3,501</b>	<b>Useable Capital Receipts</b>	<b>-3,918</b>

e) Capital Expenditure and Financing

2014/15 £000s	HRA Capital Expenditure and Financing	2015/16 £000s
	<b>Expenditure</b>	
0	Land Purchase	0
29,207	Dwellings	33,114
324	Re-Purchase of Former Council Housing	557
434	Other Property	22
0	Self Financing	0
<b>29,965</b>	<b>Total Expenditure</b>	<b>33,693</b>
	<b>Financing</b>	
	Dwellings	
0	Borrowing	0
2,115	Useable Capital Receipts	2,371
0	Revenue Contributions	9,424
12,328	Major Repairs Reserve	21,898
15,522	Grants	0
0	Third Party Contributions	0
<b>29,965</b>	<b>Total Financing</b>	<b>33,693</b>
	<b>Other Property</b>	
0	Useable Capital Receipts	0
0	Major Repairs Reserve	0
<b>0</b>	<b>Total Other Property</b>	<b>0</b>
<b>29,965</b>	<b>Total Financing</b>	<b>33,693</b>

**3 ARREARS**

During 2015/16, arrears as a proportion of gross income were 3.6%. This represents a decrease of 0.2% since 2014/15 when the proportion was 3.8%. The figures for rent arrears are detailed below:

2014/15 £000s	Rent Arrears	2015/16 £000s
1,913	Gross Arrears at 31 March	1,863
-680	Prepayments	-739
<b>1,233</b>	<b>Net Arrears at 31 March</b>	<b>1,124</b>
835	Provision for bad debts at 31 March	813

**4. VACANT POSSESSION VALUE**


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2014/15 £000s	HRA Vacant Possession Value	2015/16 £000s
1,029,228	Vacant Possession Value as at 31st March	1,069,605

2014/15 £000s	HRA Existing Use	2015/16 £000s
350,230	Existing Use Value as at 31st March	363,972

The vacant possession value of dwellings within the HRA as at 31st March 2016 was £1,069m (£1,029m in 2014/15). 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. £363m (£350m in 2014/15). This reflects the economic cost of providing Council housing at less than open market rents.

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


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 a) Depreciation and Amortisation

2014/15 £000s	Depreciation and Amortisation	2015/16 £000s
	<b>Operational Assets</b>	
8,604	Dwellings	8,308
333	Other Property	371
1	Vehicles, Plant & Equipment	1
<b>8,939</b>	<b>Total Depreciation</b>	<b>8,680</b>
222	Intangible Assets -amortisation	184
<b>222</b>	<b>Total Amortisation</b>	<b>184</b>
<b>9,160</b>	<b>Total</b>	<b>8,864</b>

b) Revaluation Gains and Losses

2014/15 I&E £000s	2014/15 RRA £000s	Revaluation Gains & Losses	2015/16 I&E £000s	2015/16 RRA £000s
18,118	19	Dwellings	13,536	20
6	9	Other Property	271	41
0	0	Vehicles, Plant & Equipment	0	0
<b>18,124</b>	<b>28</b>	<b>Revaluation Losses</b>	<b>13,806</b>	<b>61</b>
-33,245	-728	Dwellings	-23,830	-786
-17	-103	Other Property	-225	-2,266
0	0	Vehicles, Plant & Equipment	0	0
<b>-33,262</b>	<b>-831</b>	<b>Revaluation Gains</b>	<b>-24,055</b>	<b>-3,052</b>
<b>-15,138</b>	<b>-803</b>	<b>Total</b>	<b>-10,249</b>	<b>-2,991</b>

## 6. MAJOR REPAIRS RESERVE

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

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

Major Repairs Reserve	£000s
<b>Balance at 1 April 2015</b>	<b>-9,288</b>
Council Dwellings Depreciation	-8,681
Depreciation adjustment to agree to MRA	-3,930
<b>Total</b>	<b>-21,898</b>
<b>Amount used to finance Capital Expenditure</b>	
Dwellings	21,898
<b>Total</b>	<b>21,898</b>
<b>Balance at 31 March 2016</b>	<b>0</b>

## H1. COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

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

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

The scheme allows the Council to retain a proportion of the total NNDR received. The initial Northampton Borough Council share is 40% with the remainder paid to precepting bodies. For NBC, the NNDR precepting bodies are Central Government (50% share) and Northamptonshire County Council (10% share). The NBC share is then subject to a tariff payment to Government, which was £32.7m in 2015/16 (£32.1m in 2014/15). The residual amount is then compared to the assessment in the Local Government Finance Settlement and any growth above the Settlement level is subject to a levy payment to Government.

Northampton Borough Council participated in a pool for 2014/15 with other local authorities in the county to minimise the levy payment due and thereby maximise the local retention of locally generated business rates. However, in 2015/16 the Council exited the pool to the wider benefit of the Northamptonshire pool. NBC now received a pooling equalisation payment to ensure it is not financially worse off outside of the pool.

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

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

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

2014/15 Council Tax £000s	2014/15 NNDR £000s	2014/15 Total £000s	Collection Fund	2015/16 Council Tax £000s	2015/16 NNDR £000s	2015/16 Total £000s	Note
<b>INCOME</b>							
-92,263	0	-92,263	Council Tax (net of benefits, discounts & transitional relief)	-96,787	0	-96,787	
<b>Transfers from General Fund</b>							
0	0	0	Council Tax benefits	0	0	0	
0	-99,013	-99,013	Income collectable from business ratepayers	0	-102,497	-102,497	
<b>-92,263</b>	<b>-99,013</b>	<b>-191,276</b>	<b>Total Income</b>	<b>-96,787</b>	<b>-102,497</b>	<b>-199,284</b>	
<b>EXPENDITURE</b>							
<b>Precepts &amp; demands:-</b>							
64,431	0	64,431	Northamptonshire County Council	66,201	0	66,201	
12,108	0	12,108	Northamptonshire Police and Crime Commissioner	12,445	0	12,445	
13,841	0	13,841	Northampton Borough Council	13,897	0	13,897	
<b>National Non-Domestic Rates</b>							
0	51,610	51,610	Payments to Central Government	0	49,084	49,084	CF1
0	10,322	10,322	Payments to Northamptonshire County Council	0	9,817	9,817	
0	41,288	41,288	Amount retained by Northampton Borough Council	0	39,267	39,267	
0	299	299	Cost of collection	0	298	298	
0	519	519	Other - Enterprise Zone	0	551	551	
0	885	885	Transitional Protection Payments	0	149	149	
<b>Bad &amp; Doubtful Debts / Appeals</b>							
2,129	1,511	3,639	Provisions	440	5,503	5,943	CF4
<b>Contributions</b>							
0	-2,225	-2,225	Towards previous years' Collection Fund surplus/(deficit)	653	-14,938	-14,285	CF3
0	-198	-198	Prior Year Adjustments (deferrals)	0	0	0	
<b>92,509</b>	<b>104,011</b>	<b>196,519</b>	<b>Total Expenditure</b>	<b>93,636</b>	<b>89,731</b>	<b>183,367</b>	
<b>245</b>	<b>4,998</b>	<b>5,243</b>	<b>Net (Surplus)/deficit for the year</b>	<b>-3,151</b>	<b>-12,766</b>	<b>-15,917</b>	
<b>COLLECTION FUND BALANCE</b>							
-1,770	9,489	7,719	Balance brought forward at 1st April	-1,524	14,486	12,962	
245	4,998	5,243	Net Deficit/(surplus) for the year (as above)	-3,151	-12,766	-15,917	
<b>-1,524</b>	<b>14,486</b>	<b>12,962</b>	<b>Balance carried forward at 31 March</b>	<b>-4,675</b>	<b>1,720</b>	<b>-2,955</b>	
<b>Allocated to:-</b>							
0	7,243	7,243	Central Government	0	860	860	
-1,089	1,449	360	Northamptonshire County Council	-3,351	172	-3,179	
-205	0	-205	Northamptonshire Police and Crime Commissioner	-627	0	-627	
-231	5,795	5,564	Northampton Borough Council	-697	688	-9	
<b>-1,524</b>	<b>14,486</b>	<b>12,962</b>	<b>Fund Balance c/fwd</b>	<b>-4,675</b>	<b>1,720</b>	<b>-2,955</b>	

## H2. NOTES TO THE COLLECTION FUND

### 1. NATIONAL NON DOMESTIC RATES (NNDR)

The total non-domestic rateable value as at 31 March 2016 was £244.8m and the equivalent figure for 2014/15 was £244.3m. The National Non-Domestic Rate multiplier for 2015/16 was 49.3p and the equivalent figure for 2014/15 was 48.2p. The small business non-domestic rating multiplier for 2015/16 was 48.0p and the equivalent figure for 2015/16 was 47.1p.

### 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: -

2014/15 Band D Equivalents	Band	Estimated number of taxable properties 2014/15 after discounts	Ratio	2015/16 Band D Equivalents
14.08	A(-)	35.70	5/9	19.80
12,438.60	A	19,277.80	6/9	12,851.90
12,382.65	B	16,286.70	7/9	12,667.40
16,881.07	C	19,373.80	8/9	17,221.20
9,230.77	D	9,362.50	9/9	9,362.50
6,148.82	E	5,110.70	11/9	6,246.40
3,186.11	F	2,258.30	13/9	3,262.00
1,950.06	G	1,186.20	15/9	1,977.00
102.00	H	51.30	18/9	102.50
62,334.16	Gross Council Tax Base			63,710.70
1,683.00	Non-collection provision			1,783.90
<b>60,651</b>	<b>Council Tax Base Used for setting the Precept</b>			<b>61,927</b>

The provision for non-collection was set at 2.8% for 2015/16 (2.7% for 2014/15).

**3. ANALYSIS OF IN-YEAR CONTRIBUTIONS TO FUND DEFICITS**


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2014/15 £000s	Allocation Of Collection Fund Surplus Council Tax	2015/16 £000s
834	Northamptonshire County Council	466
157	Northamptonshire Police & Crime Commiss	88
184	Northampton Borough Council	100
<b>1,176</b>	<b>Total Surplus paid out</b>	<b>653</b>

2014/15 £000s	In Year Contribution to Deficit NNDR	2015/16 £000s
-1,112	Central Government	-7,469
-222	Northamptonshire County Council	-1,494
-890	Northampton Borough Council	-5,975
<b>-2,225</b>	<b>Total Deficit Recovered</b>	<b>-14,938</b>

**4. PROVISION FOR BAD AND DOUBTFUL DEBTS**


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2014/15 £000s	Provision for Bad and Doubtful Debts Council Tax	2015/16 £000s
9,514	Bad Debt Provision B/f	10,441
-1,125	Write Offs	-840
-77	Council tax benefit transferred to reserve	-54
2,129	Provision Made in Year	440
<b>10,441</b>	<b>Bad Debt Provision c/f</b>	<b>9,987</b>

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



2014/15 £000s	Bad and Doubtful Debts NNDR	2015/16 £000s
679	Bad Debt Provision B/fwd	675
-430	Write offs of uncollectible debt	-312
426	Allowance for non collection	216
<b>675</b>	<b>Bad Debt Provision c/f</b>	<b>580</b>
0	Amounts written off in year not charged to provision	0

The Collection Fund account also provides for provisions for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31<sup>st</sup> March 2016:

2014/15 £000s	Provision for Appeals	2015/16 £000s
2,969	Appeals Provision B/fwd	4,053
-1,601	Provision for 13/14 appeals	-1,723
2,685	Provision for backdated appeals	7,322
<b>4,053</b>	<b>Appeals Provision c/f</b>	<b>9,652</b>

## I. GROUP ACCOUNTS

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

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

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

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

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

### 11. GROUP ACCOUNTS CORE STATEMENTS

#### Group Movement in Reserves Statement

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The Statement is shown on the next page:



Group Movement in Reserves Statement	Single Entity Usable Reserves	Single Entity Unusable Reserves	Total Single Entity Reserves	Authority share of reserves of subsidiary	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2014 Brought forward</b>	<b>-65,894</b>	<b>-172,039</b>	<b>-237,933</b>	<b>0</b>	<b>-237,933</b>
<b>Movement in reserves during 2014/15</b>					
Surplus or (deficit) on provision of services (Note 31c)	-27,242	0	-27,242	-140	-27,382
Other Comprehensive Expenditure and Income (Note 9)	0	15,529	15,529	1,765	17,294
<b>Total Comprehensive Expenditure and Income</b>	<b>-27,242</b>	<b>15,529</b>	<b>-11,713</b>	<b>1,625</b>	<b>-10,088</b>
Adjustments between group accounts and authority accounts	0	0	0	13,685	13,685
<b>Net increase/decrease before transfers</b>	<b>-27,242</b>	<b>15,529</b>	<b>-11,713</b>	<b>15,310</b>	<b>3,597</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	9,384	-9,384	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-17,858</b>	<b>6,145</b>	<b>-11,713</b>	<b>15,310</b>	<b>3,597</b>
Transfers to/from Earmarked Reserves (Note 8)	0	0	0	0	0
<b>Increase / (Decrease) in Year</b>	<b>-17,858</b>	<b>6,145</b>	<b>-11,713</b>	<b>15,310</b>	<b>3,597</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>-83,752</b>	<b>-165,894</b>	<b>-249,646</b>	<b>15,310</b>	<b>-234,336</b>
<b>Movement in reserves during 2015/16</b>					
Surplus or (deficit) on provision of services (Note 31c)	-9,639	0	-9,639	7	-9,632
Other Comprehensive Expenditure and Income (Note 9)	0	-33,977	-33,977	-3,098	-37,075
<b>Total Comprehensive Expenditure and Income</b>	<b>-9,639</b>	<b>-33,977</b>	<b>-43,616</b>	<b>-3,091</b>	<b>-46,707</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	26,501	-26,501	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>16,862</b>	<b>-60,478</b>	<b>-43,616</b>	<b>-3,091</b>	<b>-46,707</b>
Transfers to/from Earmarked Reserves (Note 8)	0	0	0	0	0
<b>Increase / (Decrease) in Year</b>	<b>16,862</b>	<b>-60,478</b>	<b>-43,616</b>	<b>-3,091</b>	<b>-46,707</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>-66,890</b>	<b>-226,372</b>	<b>-293,262</b>	<b>12,219</b>	<b>-281,043</b>

**Group Comprehensive Income and Expenditure Account**

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

2014/15			GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2015/16		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			<b>INCOME AND EXPENDITURE ON SERVICES</b>			
3,579	-1,494	2,085	Central services to the public	3,227	-1,545	1,682
			<b>Cultural, Environmental &amp; Planning</b>			
10,059	-2,655	7,404	Cultural & related services	9,506	-2,749	6,757
10,113	-3,598	6,515	Environment and Regulatory Services	10,772	-4,552	6,220
20,740	-5,030	15,710	Planning Services	7,121	-2,392	4,729
14,303	-3,116	11,187	Highways, Roads & Transport	3,648	-3,337	311
			<b>Housing</b>			
53,896	-85,652	-31,756	Housing Revenue Account	45,126	-73,959	-28,834
85,037	-79,936	5,101	General Fund Housing	83,334	-77,799	5,535
557	0	557	Corporate & Democratic Core - HRA	520	0	520
1,842	-64	1,778	Corporate & Democratic Core - GF	11,913	-47	11,865
3	-8,760	-8,757	Non Distributed Costs	64	-12	52
<b>200,129</b>	<b>-190,305</b>	<b>9,824</b>	<b>COST OF SERVICES</b>	<b>175,231</b>	<b>-166,394</b>	<b>8,837</b>
20,368	-15,238	5,130	Other Operating Expenditure (Note 10)	11,919	-8,394	3,525
21,166	-8,825	12,341	Financing and Investment Income and Expenditure (Note 11)	18,030	-7,101	10,929
37,823	-92,500	-54,676	Taxation and Non-Specific Grant Income (Note 12)	33,024	-65,945	-32,921
		<b>-27,381</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>-9,630</b>
		-1,335	Surplus or deficit on revaluation of Property, Plant and Equipment assets			-8,735
		18,629	Actuarial gains / losses on pension assets/liabilities			-28,340
		<b>17,294</b>	<b>Other Comprehensive Income and Expenditure (Note 9)</b>			<b>-37,075</b>
		<b>-10,087</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>-46,705</b>

### Group Balance Sheet

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2015		31st March 2016	Notes
£000s	Group Balance Sheet	£000s	
509,188	Property, Plant & Equipment	548,865	13
29,484	Heritage Assets	32,364	14
7,295	Investment Property	6,752	15
1,035	Intangible Assets	721	16
2,507	Long Term Investments	0	17g
15,090	Long Term Debtors	51,193	20
<b>564,599</b>	<b>Long Term Assets</b>	<b>639,897</b>	
33,111	Short Term Investments	38,122	17g
10,031	Short Term Available for Sale Financial Instruments	0	17g
1,474	Assets Held for Sale	1,162	22
152	Inventories	131	18
20,385	Short Term Debtors	17,825	20
26,539	Cash and Cash Equivalents	8,683	21
<b>91,692</b>	<b>Current Assets</b>	<b>65,923</b>	
-2,628	Short Term Borrowing	-7,444	17e
-30,217	Short Term Creditors	-31,931	23
-1,993	Provisions	-4,058	24
<b>-34,838</b>	<b>Current Liabilities</b>	<b>-43,433</b>	
-7,377	Long Term Creditors	-10,148	38
-29	Provisions	-53	24
-221,289	Long Term Borrowing	-260,337	17f
-158,421	Other Long Term Liabilities	-130,432	41b/45
<b>-387,116</b>	<b>Long Term Liabilities</b>	<b>-400,970</b>	
<b>234,338</b>	<b>Net Assets</b>	<b>261,417</b>	
83,835	Usable Reserves	66,990	MiRS
150,502	Unusable Reserves	214,052	26
<b>234,337</b>	<b>Total Reserves</b>	<b>281,042</b>	

### Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2014/15 £000s	Group Cash Flow Statement	2015/16 £000s
27,381	Net Surplus or (deficit) on the provision of services	9,630
26,450	Adjustment to surplus or deficit on the provision of services for noncash movements	20,199
-40,165	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-8,870
<b>13,666</b>	<b>Net Cash flows from operating activities</b>	<b>20,959</b>
-25,513	Net Cash flows from Investing Activities	-86,478
-3,674	Net Cash flows from Financing Activities	47,662
<b>-15,521</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-17,856</b>
42,060	Cash and cash equivalents at the beginning of the reporting period	26,539
<b>26,539</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8,683</b>

## 12. NOTES TO THE GROUP ACCOUNTS

### 1. Group Boundary

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

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

### 2. Intra Group Transactions

During 2015/16 the Council made payments of £57.601m to Northampton Partnership Homes (£13.893m in 2014/15). During 2015/16 the Council received payments of £6.472m from Northampton Partnership Homes (£1.873m in 2014/15). At 31st March 2015 there was a debtor balance of £3.220m (£4.551m in 2014/15), and a creditor balance of £7.011m (£1.695m in 2014/15) with Northampton Partnership Homes.

### 3. Basis of consolidation

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

### 4. Business activities of Northampton Partnership Homes

Northampton Partnership Homes is responsible for the following services:

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

### 5. Accounting Policies

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

## 6. Corporation Tax

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

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

## 7. Group Cash Flow Statement – Operating Activities

2014/15 £000s		2015/16 £000s
13,165	Depreciation	11,245
58	Impairment and downward valuations	-9,339
0	Impairment of long term debtors	10,219
320	Amortisation	326
	Increase/(decrease) in impairment for bad	
0	debts	0
2,509	Increase/(decrease) in creditors	-6,503
3,061	Increase/(decrease) in debtors	3,872
12	Increase/(decrease) in inventories	20
-10,058	Movement in pension liability	507
0	Contributions to/(from) provisions	0
	Carrying amount of non-current assets and	
15,677	non-current assets held for sale, sold or	7,648
	derecognised	
	Other non-cash items charged to the net	
1,706	surplus or deficit on the provision of services	2,204
<b>26,450</b>		<b>20,199</b>

2014/15 £000s		2015/16 £000s
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
-13,945	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-6,463
-26,220	Any other items for which the cash effects are investing or financing cash flows	-2,407
<b>-40,165</b>		<b>-8,870</b>



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

2014/15 £000s		2015/16 £000s
1,097	Interest received	1,077
-8,030	Interest paid	-7,201
0	Dividends received	0
<b>-6,933</b>		<b>-6,124</b>

## 9. Group Cash Flow Statement – Investing Activities

2014/15 £000s		2015/16 £000s
-38,625	Purchase of property, plant and equipment, investment property and intangible assets	-40,060
-45,500	Purchase of short-term and long-term investments	-57,500
-7,150	Other payments for investing activities	-46,300
13,954	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6,486
28,500	Proceeds from short-term and long-term investments	45,500
23,308	Other receipts from investing activities	5,396
<b>-25,513</b>	<b>Net cash flows from investing activities</b>	<b>-86,478</b>

## 10. Group Cash Flow Statement – Financing Activities

2014/15 £000s		2015/16 £000s
13,465	Cash receipts of short- and long-term borrowing	57,823
90	Billing Authorities - Council Tax and NNDR adjustments	-3
-140	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	-155
-16,048	Repayments of short- and long-term borrowing	-14,142
-1,041	Other payments for financing activities	4,139
<b>-3,674</b>	<b>Net cash flows from financing activities</b>	<b>47,662</b>

## 11. Group Defined Benefit Pension Scheme

Northampton Partnership Homes is a fully owned subsidiary of Northampton Borough Council. Therefore details of the Northampton Partnership Homes pension scheme need to be combined with the Northampton Borough Pension scheme to give an understanding of the group pension scheme. Full details of the Northampton Borough Council pension scheme are in note 45 to the core financial statements.

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

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

Employees and the Company pay contributions to the fund. During 2015/16 the employer's rate was 13.3% (13.3% in 2014/15) and employees contribute variable rates which increase on banded salary ranges. At 31st March 2016 the scheme had 238 active members (187 in 2014/15).

A comprehensive actuarial valuation is undertaken every three years and the latest review was undertaken on 31 March 2013 by the actuary Hymans Robertson LLP.

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

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

Cost of Service	2014/15 £000s	2015/16 £000s
Current service cost	3,197	3,834
Past service cost (including curtailments)	25	10
Gain from settlements	-10,946	0
Pension contribution adjustment	-64	-4
net interest expense	5,670	5,003
<b>Total post employment benefits charged to the surplus or deficit on the provision of services</b>	<b>-2,118</b>	<b>8,843</b>
<b>Other post employment benefits charged to the comprehensive income and expenditure statement</b>		
Return on plan assets (excluding the amount included in the net interest expense)	-12,954	4,218
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Actuarial gains and losses arising on changes in financial assumptions	35,873	-26,834
Other expenditure	-4,290	-5,724
<b>Total post-employment benefits charged to the comprehensive income and expenditure statement</b>	<b>16,511</b>	<b>-19,497</b>
<b>Movement in reserves statement</b>		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	-14,738	18,661
Employers contributions payable to the scheme	7,451	6,096

#### Reconciliation of the movements in fair value of scheme assets:

	2014/15 £000s	2015/16 £000s
Opening fair value of scheme assets	158,840	174,877
Interest income	6,793	5,560
Return on plan assets excluding the amount included in the net interest expense	12,954	-4,218
Contributions from employer	7,128	8,340
Contributions from employees into the scheme	865	847
Benefits paid	-11,703	-11,962
Assets distributed in settlements	0	0
<b>Closing fair value of scheme assets</b>	<b>174,877</b>	<b>173,444</b>

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

	2014/15 £000s	2015/16 £000s
Opening present value of scheme liabilities	294,657	332,950
Current service cost	3,197	3,834
Interest cost	12,463	10,563
Contribution from scheme participants	865	847
Actuarial gains/losses arising from changes in financial assumptions	35,873	-26,835
Actuarial gains/losses arising from other experience	-4,290	-5,723
Past service cost	25	10
Benefits paid	-12,579	-11,962
Liabilities extinguished on settlements	2,739	0
<b>Closing present value of scheme liabilities</b>	<b>332,950</b>	<b>303,684</b>

## Fair value of plan assets:

	2014/15 £000s	2015/16 £000s
<b>Equity securities</b>		
Consumer	14,045	13,855
Energy & utilities	8,782	6,913
Financial institutions	13,125	13,037
Health and care	8,603	8,014
Information technology	12,317	12,057
Other	9,738	9,994
<b>Debt securities</b>		
UK Government	5,131	14,805
<b>Private equity</b>		
All	148	104
<b>Real Estate</b>		
UK property	13,429	15,702
<b>Investment funds and unit trusts</b>		
Equities	58,931	59,807
Bonds	26,635	16,827
<b>Cash and cash equivalents</b>		
All	3,993	3,281
<b>Total</b>	<b>174,877</b>	<b>174,396</b>

## 12. Group External Audit Costs

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

Group Auditor Fees	2014/15 £000s	2015/16 £000s
Northampton Borough Council Auditor Fees	123	120
Northampton Partnership Homes Auditor Fees	21	19
<b>Total Group Auditor Fees</b>	<b>144</b>	<b>139</b>

## **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.

**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.

**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.

**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).

**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.

**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.

**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**

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.

