



NORTHAMPTON
BOROUGH COUNCIL

Draft

Statement of

Accounts

2009/2010

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B. Explanatory Foreword

1. Introduction

The Council has a statutory duty to approve and publish this Statement of Accounts document for the period 1st April 2009 to 31st March 2010.

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

To comply with the Accounts and Audit Regulation 2003 (subsequently updated by the Accounts and Audit Regulations 2006 and 2009), the Council is required to have received and approved the Statement of Accounts by the end of June 2010. This responsibility is delegated to the Audit Committee; the Audit Committee met and approved the accounts at its meeting on (insert date after meeting) (and approved the final audited version on (insert date after meeting)). The Council's Chief Financial Officer approved the accounts for publication on (insert date).

This foreword outlines the key individual statements that comprise the Statement of Accounts, including a description of the relationship between them. It also highlights the main activities/variations that took place during 2009/10 in each of the main activity areas.

The detailed accounts and related information are shown on pages 29 to 94 and consist of the following: -

Core Financial Statements

Income and Expenditure Account (page 29)

This statement reports the net cost for the year of all the functions for the year which the Authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the local authority's functions, in three distinct sections (Net Cost of Services, Net Operating Expenditure, and Surplus (-) / Deficit for the Year), each section being separated by a sub-total. This statement does not, however, show the effect of the Council's activities on the Council Tax or the level of reserves available. To understand the full position, the reader must also consider the Statement of Movements on the General Fund Balance.

Statement of Movements on the General Fund Balance (pages 31 to 33)

This statement details the adjustments which must be made to the movement on the Income and Expenditure Account in order to arrive at the year on year changes to the General Fund Balance. As such this statement also reverses out the effect of the Housing Revenue Account transactions which can be viewed separately in the supplementary statements. The balances left on this statement relate entirely to the General Fund.

Statement of Total Recognised Gains & Losses (page 35)

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in net worth. In addition to the surplus (-) / deficit generated on the Income and Expenditure Account, this statement includes gains and losses relating to fixed assets, the net liability to cover the cost of retirement benefits, and changes in amounts due to the council from the collection fund.

Balance Sheet (page 37)

The Balance Sheet is fundamental to the understanding of an authority's financial position at the year end and shows balances as at 31st March 2009. It shows the

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council's balances and reserves, summarised information on the fixed assets held, net current assets employed in its operations, its long -term indebtedness, and net assets held. All reserves and balances (including the levels of General Fund and Housing Revenue Account working balances) are shown in the lower part of the Balance Sheet.

Cash Flow Statement (page 39)

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

Notes to the Core Financial Statements (pages 41 to 88)

This section comprises the recommended notes to the Income and Expenditure Account, Statement of Movements on the General Fund Balance, the Balance Sheet, and the Cash Flow Statement, plus additional notes deemed useful to aid the understanding of the reader of the accounts.

Supplementary Financial Statements

Housing Revenue Account (HRA) Income and Expenditure Account (page 89)

The transactions on this statement are included in the whole authority Income and Expenditure Account but cannot be individually identified within that statement. This statement shows the income and expenditure on HRA services which relate to the provision and maintenance of Council housing.

Statement of Movements on the Housing Revenue Account Balance (pages 91 to 93)

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

Notes to the Housing Revenue Account (pages 95 to 100)

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

Collection Fund (page 101)

This statement shows income collected from Council Tax and Non-Domestic Rates and how this is distributed between Northampton Borough Council and the other precepting bodies (i.e. the County Council and the Police Authority). This account reflects the statutory requirement for billing authorities, such as Northampton Borough Council, to maintain a separate Collection Fund. The amount shown for Northampton Borough Council is reflected in the Council's Income and Expenditure Account.

Notes to the Collection Fund (pages 103 to 104)

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

Statement of Responsibilities for the Statement of Accounts (page 105)

This statement outlines the Authority's and the Responsible Finance Officer's responsibilities when preparing the accounts.

Annual Governance Statement (pages x to x)

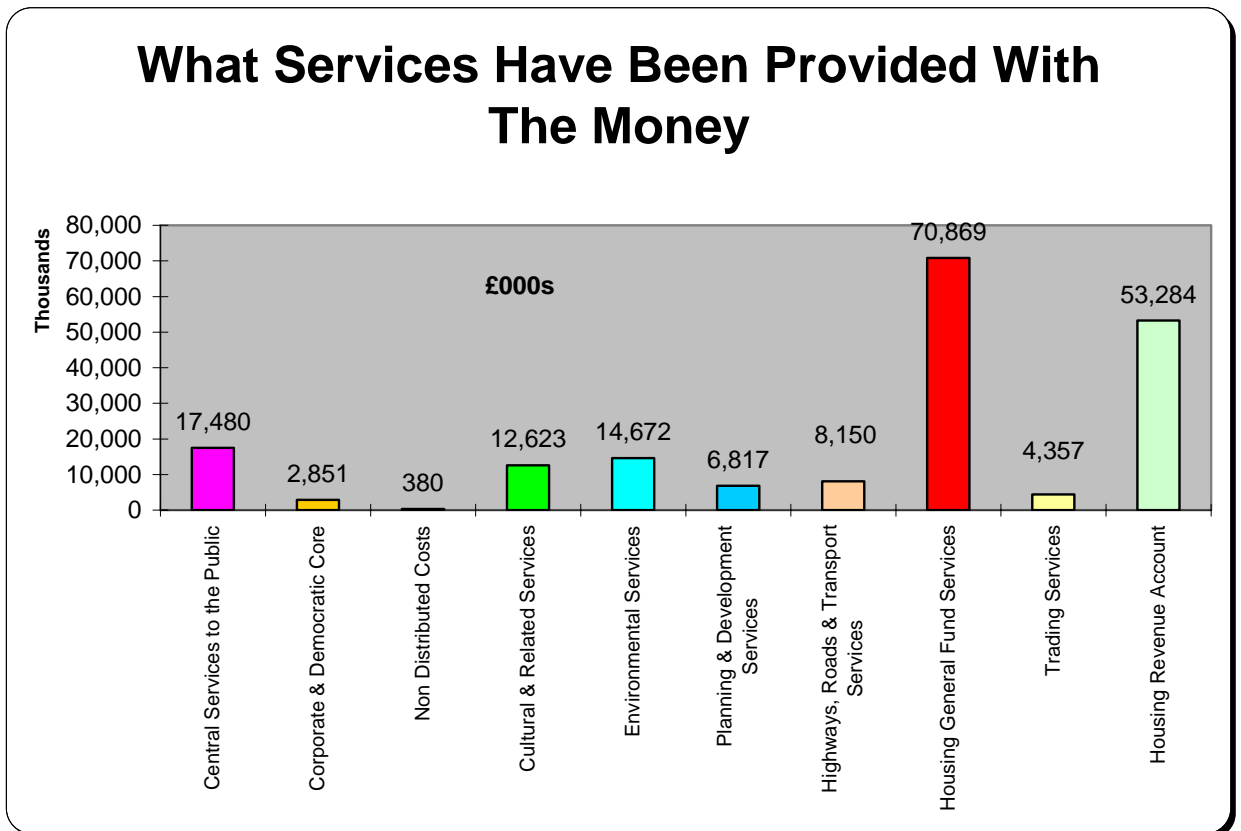
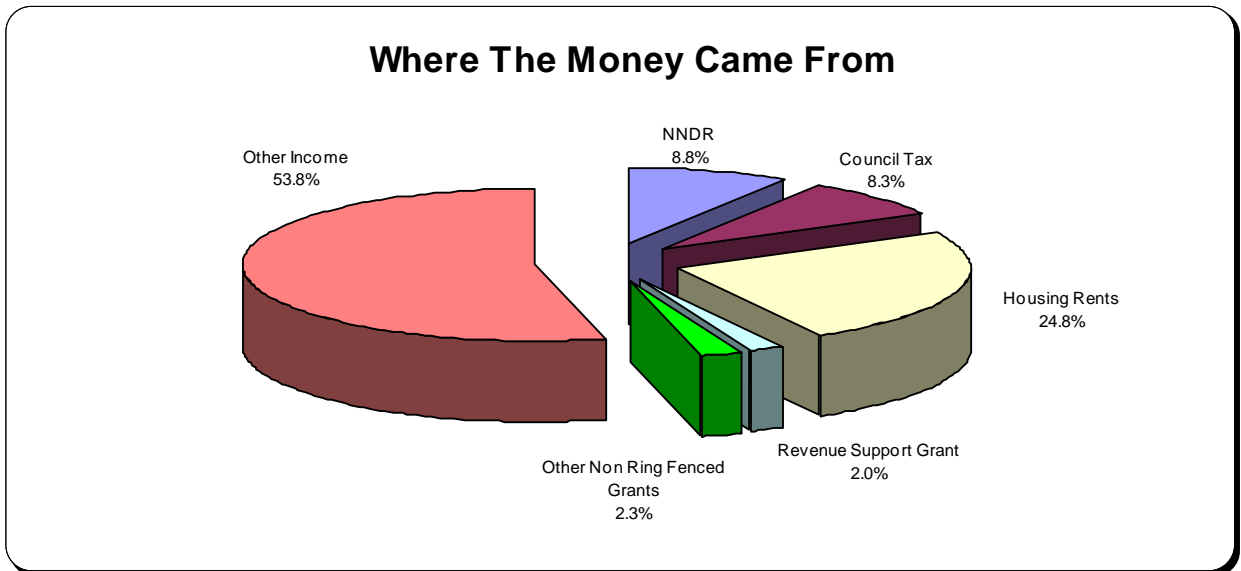
This statement outlines the Council's main systems of internal control and governance arrangements and notes any resultant actions arising for next year.

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2. Financial Summary 2009/10

a) Revenue Spending and Sources of Income

The following charts outline where the Council's revenue money came from, how it was spent and on which services. The charts show the overall position of the Council's revenue budgets for 2009/10 (i.e. both General Fund and HRA).



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b) General Fund Account

The following table summarises the position for the General Fund for 2009/10. Some notes are included following the table to explain the main variations to the budget for the year.

	Budget	Actual	Variance
	£000s	£000s	£000s
Expenditure			
Net Service Expenditure	43,172	42,193	-979
Interest & Capital Financing Adjustments	-8,777	-5,457	3,320
Total Net Expenditure	34,395	36,736	2,341
Income			
National Non Domestic Rates	-15,309	-15,309	0
Revenue Support Grant	-3,533	-3,533	0
Non Ringfenced Grants	-1,197	-3,983	-2,786
Met by local Council Taxpayers	-14,442	-14,442	0
Collection Fund Deficit	86	86	0
Total Income	-34,395	-37,181	-2,786
(Surplus)/Deficit for the year		-445	
Balance brought forward		-2,006	
Balance carried forward		-2,451	

Variations to Budget

After taking account of contributions to reserves and balances, the Council's General Fund working balance was increased by £445k. This is after making a net contribution to General Fund earmarked reserves of £3,728k to mitigate some specific business risks.

There were a number of variances that have contributed to this position which are listed below. Further details of these variances can be found in the Council's out-turn reports which were considered by Cabinet on 30th June 2010.

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Under (-) / Over spends	£000s
Additional Government Grants	-2,785
Reserve Movements	5,039
Movement in General Fund Balances	-110
Financial Instruments	369
Interest and Debt Management	-798
Revenue Contributions to Capital Schemes	95
Project Carry Forwards	-1,956
Support Services	802
Pensions	-85
Communications	-75
Policy	-60
Community and Other Grants	88
Community Developments	131
Building Control	66
Benefits	308
Revenues	301
Private Sector Housing and Standards	-161
Land Charges	-72
Asset Management	-517
Other Land and Buildings	-191
Concessionary Fares	-554
Office Accommodation	-173
Customer Access	-63
ICT	-129
Museums	-75
Leisure Centres	150
Cemeteries	-88
Parks and Open Spaces	479
Street Cleaning	224
Recycling	-112
Car Parking	-74
Markets	-104
Other Variations Each Below +/- £60k	-315
	-445

B. Explanatory Foreword

c) Housing Revenue Account

The following table outlines the outturn position for the Housing Revenue Account for 2009/10. Some notes are included following the table to explain the main variations to the budget for the year.

	Budget	Actual	Variance
	£000s	£000s	£000s
Expenditure			
Net Service Expenditure	220	-570	-790
Interest & Capital Financing Adjustments	-28	-67	-39
(Surplus)/Deficit for the year	192	-637	-829
Balance brought forward		-6,123	
Balance carried forward		-6,760	

Variations to Budget

After taking account of contributions to reserves and balances, the Council's Housing Revenue Account working balance was increased by £637k. This is after making a net contribution to HRA earmarked reserves of £3.025m to fund the capital programme in future years (£2.36m) and to set up reserves for Service Improvement (£920k) and for specific projects (£20k). A transfer of £275k was made from the PFI Reserve to support revenue expenditure during the year.

There were a number of variances that have contributed to this position, the most significant of which are listed below. Further details of these variances can be found in the Council's out-turn reports which were considered by Cabinet on 30th June 2010.

Under (-) / Over spends	£000s
Repairs & Maintenance	-745
General Management	-186
Special Services	-771
Contribution to Earmarked Reserves	1,525
Net Recharges for Support Services	-920
Technical Pension Adjustments	81
Other Minor Variations	187
	-829

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d) Capital Expenditure

Capital expenditure relates to spending on new and improved assets (primarily Council owned) such as land, buildings, infrastructure, equipment, and information technology. In 2009/10 the Council spent £11.8 million on capital projects, compared with a budget of £14.5 million.

	Budget	Actual	Variance
	£000s	£000s	£000s
Expenditure			
Housing Revenue Account Schemes	10,568	9,551	-1,017
General Fund Housing Schemes	475	99	-376
Other General Fund Schemes	3,415	2,131	-1,284
Total Capital Expenditure	14,458	11,781	-2,677
Sources of Financing			
Major Repairs Allowance		8,987	
Revenue Contributions to Capital Expenditure		297	
Grants & Contributions		1,194	
Capital Receipts		100	
Supported Borrowing		500	
Unsupported Borrowing		703	
		11,781	

Capital Variations to Budget

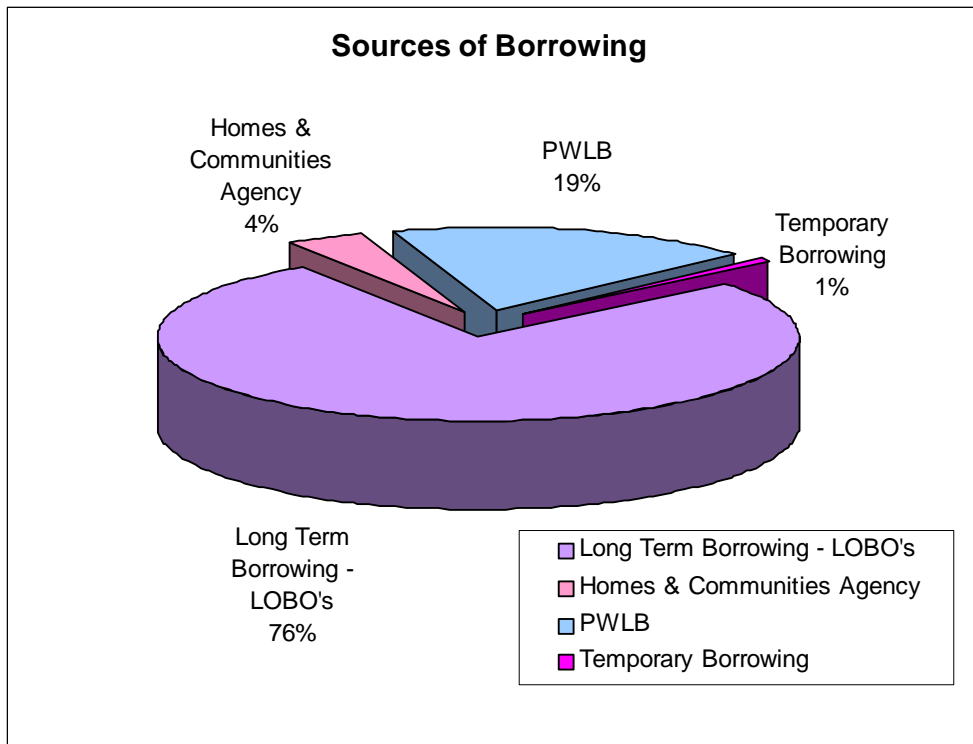
The spend on the capital programme was approximately £2.7m below budget for the year. This variance relates to schemes that are currently underway or still planned to take place, but have effectively "slipped " into the next financial year (i.e. 2010/11).

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e) Current Borrowing Facilities

Current borrowing facilities are as detailed below: -

Description	£000s
Long Term Borrowing - LOBOs	24,787
Homes & Communities Agency	1,226
PWLB	6,049
Temporary Borrowing	164
	32,226



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3. Major Changes in 2009/10

a) Assets acquired or enhanced

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

Capital Expenditure	
	£000s
Housing	
Council Housing	9,495
Other Housing	68
	9,563
General Fund	
Information Technology	580
Market Square	579
Corporate Buildings	329
Leisure and Community Facilities	274
Recycling Facilities	258
Community Safety Schemes	122
Other Capital Works	76
	2,218
	11,781

b) Accounting Policies

A new Statement of Recommended Practice (SoRP) applies for the production of the 2009/10 accounts. This brings accounting treatments closer into line with UK Generally Accepted Accounting Practice (UK GAAP) and entails some minor changes to accounting treatments and the presentation of the accounts. Details of any changes are included in the section on accounting policies and the note on Prior Period Adjustments and Adjustments Relating to Previous Years.

c) Statutory Functions

There have been no changes to the statutory functions of the Authority.

d) Unusual charges or credits in the accounts

In 2009/10, the Council is in receipt of a backdated refund and associated interest from HMRC relating to VAT overpaid in previous years on leisure services. This refund is one-off and amounts to approximately £1.6m for both the refund and the interest thereon.

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4. Conclusion

The Council is committed to and is achieving continuous improvement in the delivery of services to the public whilst maintaining and developing strong internal control arrangements and improving the efficiency of back office functions. This is against a backdrop of an increasingly challenging funding regime which presupposes continuing efficiency savings from council services. The Council has instigated a programme of strategic business reviews which will drive out further efficiencies. This has become even more important with the reductions in grant income from central government.

The Council has continued to keep tight control on its finances and has successfully managed the delivery of services and kept expenditure under budget during 2009/10. The prudent level of General Fund balances that the council should carry was risk assessed at £3m during the 2010/11 budget setting process, an increase of £1m due to a number of emerging risks relating to asset maintenance and due to anticipated reductions in grant funding and income streams following a possible change of Government (the latter risk actually having emerged). During 2009/10, the Council managed to increase General Fund working balances to £2.445m whilst also contributing £3.728m to General Fund earmarked reserves to mitigate some specific business risks. This is testament to the strong financial control operated by the Council and to the ability of service managers to deliver services, aided by strong support services, in a difficult economic climate.

The Capital Programme is under-spent in 2009/10 against budget but the level of underspend has continued to improve compared to previous years. The Council is committed to further improving project management and to bring the capital spend closer to the budget in the future.

The out-turn for the Housing Revenue Account (HRA) shows an increase in the level of working balances and earmarked reserves. The revenue position of the HRA continues to be healthy with challenges facing the Council in delivering the capital improvements necessary to deliver good quality homes at an affordable price to its tenants.

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

5. Further Information

Further information about these accounts is available from: -

Bill Lewis Assistant Head of Finance Northampton Borough Council Cliftonville House, Bedford Road Northampton NN4 7NR	Isabell Procter Director of Finance & Support Northampton Borough Council Cliftonville House, Bedford Road Northampton NN4 7NR
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In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed and the availability of the accounts is advertised in the local press.

C. Statement Of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2009* (the SoRP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Accounts and Audit Regulations 2003 (as amended). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets and certain categories of financial instrument.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. This is in accordance with the SoRP and Financial Reporting Standard 18 (FRS 18). In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- 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. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure is credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3. Provisions

The Authority considers making a provision if the following circumstances occur:-

- A present legal or constructive obligation results from a past event;
- A probable transfer of economic benefit is required to settle an obligation;
- The timing of the transfer is uncertain;
- A reliable estimate can be made of the amount of the obligation.

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 an authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial

C. Statement Of Accounting Policies

year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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.

4. 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 £3m. For affordability reasons it is not possible to move directly to this level of reserves, however the Council will build up its General Fund working balances to this level over as short a time as possible. This level of general working balance is considered reasonable due to the mitigation of some risks through the holding of earmarked reserves.

Certain reserves are kept to manage the accounting processes for tangible fixed assets, retirement benefits, and financial instruments and these reserves do not represent usable resources for the council – these reserves are explained below.

Insurance Provision / Reserve

Surpluses or deficits required in the insurance provision are charged or credited back to individual services. Any changes required to the Insurance Reserve will be debited or credited to the Statement of Movements on balances. This is in accordance with the SoRP and proper accounting practice.

5. Specific Accounting Adjustment Reserves

Capital Accounts

To comply with capital accounting rules and legislation, the Council has two "capital" accounts that are incorporated into the Consolidated Balance Sheet. These are: -

- **Revaluation Reserve** which broadly represents the changes in asset values arising from revaluations from 1st April 2007 onwards.

C. Statement Of Accounting Policies

- **Capital Adjustment Account** which reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

The **Revaluation Reserve** commenced with a nil balance from 1st April 2007 is used for gains on all upward revaluations and, to the extent that they reverse gains on upward valuations already held on the Revaluation Reserve for the asset under consideration, losses due to subsequent impairment or downward valuation. All other impairment losses are dealt with through the Income and Expenditure Account and will not impact on this reserve.

The **Capital Adjustment Account** mainly represents

- all resources used for financing capital expenditure,
- the amount of depreciation and impairment charged to revenue services
- disposal of assets, and
- revaluations and impairments that take the value of an asset below its historic cost (as at 1st April 2007).

The opening balance on this account as at 1st April 2007 was the combined balance of the old Fixed Asset Restatement Account (FARA) and Capital Financing Account (CFA), both of which ceased to exist as at that date.

Pensions Reserve

In accordance with Financial Reporting Standard 17 (FRS 17) on pensions, the Council is required to maintain a Pensions Reserve to reflect the net asset or liability of the Council's proportion of the Northamptonshire County Council's Pension Fund.

Financial Instruments Accounts

To comply with Financial Instruments rules and legislation, the Council has two financial instruments accounts that are incorporated into the Consolidated Balance Sheet. These are: -

- **Financial Instruments Adjustment Account (FIAA)**

The FIAA is used to manage balances relating to the difference between the actual interest payable in cash terms and the interest that would be payable at the effective interest rate. It is also used to manage movements relating to premia adjustments in the Statements of Movement in Balances.

- **Available-for-sale Financial Instruments Reserve (AFIR)**

The AFIR is used in accounting for gains and losses arising from a change in value of an available-for-sale financial asset, excluding impairment losses and any foreign exchange losses, which are recognised in the Income and Expenditure Account. These gains and losses are recognised as a separate item within the Statement of Total Recognised Gains and Losses. There are no such adjustments necessary for 2009/10.

6. Collection Fund Balances

As billing authority NBC acts as an agent, collecting and distributing council tax on behalf of major preceptors as well as itself. Therefore the treatment of the collection fund balance is to split the balance on the collection fund by recording the precepting authorities as debtors or creditors in the top half of the balance sheet and the residual balance attributable to NBC in the bottom half. The movement on the amount attributable to NBC is passed through the income and expenditure account and reversed in the Statement of Movements on the General Fund Balance to the Council Tax

C. Statement Of Accounting Policies

Adjustment Account in the bottom half of the balance sheet. A note reconciling this treatment to the ring-fenced Collection Fund balance is included in the notes to the Accounts. This treatment is consistent with the requirements of the SoRP.

7. Government Grants and Contributions (Revenue)

Government grants and third party contributions and donations are recognised as income at the date that the Authority satisfies the conditions of entitlement to the grant/contribution. This applies whether paid on account, by instalments, or in arrears, as long as there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure and non-ring-fenced grants (e.g. Revenue Support Grant, Area Based Grant, etc) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

8. Retirement Benefits

Employees of the council are members of the Local Government Pensions Scheme, administered by Northamptonshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

The Local Government Pensions Scheme is accounted for as a defined benefits scheme in compliance with FRS 17 to ensure the financial statements reflect at "fair value" the assets and liabilities from an employer's retirement benefit obligations and any related funding. The liabilities of the Northamptonshire County Council pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, calculating the discount rate based on the indicative return on high quality corporate bond(s) (ibox x Sterling Corporates Index). Our actuaries believe that it should therefore be broadly appropriate for Local Government Employers. The previous valuation methodology as used in 2007/08 was on a weighted average of "spot yields" on 'AA rated' corporate bonds. This change does not represent a material effect to the accounts of the Council.

The assets of the Northamptonshire County Council Pension Fund attributable to the council are included in the balance sheet at their fair value:

- quoted securities – current bid price (was: mid-market value)
- unquoted securities – professional estimate
- unitised securities – current bid price (was: average of the bid and offer rates)
- property – market value.

The change in the net pensions 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 Income and Expenditure Account 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

C. Statement Of Accounting Policies

Net Cost of Services in the Income and Expenditure Account 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 Income and Expenditure Account
- 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 Income and Expenditure Account
- 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 Income and Expenditure Account 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 Total Recognised Gains and Losses
- contributions paid to the Northamptonshire County Council pension fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end which appear in the Statement of Movement on the General Fund Balance.

Discretionary Benefits

The Council also 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 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.

9. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them. Where VAT costs are incurred that arise from a transaction in a foreign country and those VAT costs are not reclaimable, the costs are charged to the service incurring them.

10. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice (BVACOP) 2009*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

C. Statement Of Accounting Policies

11. Capital Expenditure

All expenditure on the acquisition, creation or enhancement of capital assets is capitalised on an accruals basis. The Council has a general de-minimus limit of £6k for capital expenditure purposes. This results in the capitalisation of expenditure that complies with the definition of capital expenditure, above that limit, as an asset in the balance sheet. Where an asset has been acquired for less than £6k but has been funded by ring fenced capital funding, this will be treated as capital and will result in an asset in the balance sheet if appropriate.

All expenditure counted as capital complies with the definition of expenditure for capital purposes as set out in Local Government Act 2003, and the appropriate accounting practices. Capital expenditure is therefore applied to the asset as an addition or enhancement. Any subsequent revaluation will be undertaken as part of the Council's ongoing programme of revaluations.

12. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) is capitalised, subject to the general de-minimus limit of £6k for capital projects, when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. Intangible Assets are amortised to revenue over between three and ten years depending on the scale and perceived benefit arising from the asset to reflect the pattern of consumption of benefits. Where appropriate, intangible fixed assets will be revalued, disposed of, and impaired in line with the accounting policies on tangible fixed assets.

13. Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the basis recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyors Valuation Standards 6th Edition (The Red Book). The basis of valuation for assets is shown in note 23 to the core statements (section E). Assets not valued at historic or depreciated historic cost are revalued as part of a five-year rolling programme. A schedule of properties valued at more than £0.45m is revalued annually. In order to properly reflect the profit or loss on disposal of an asset, assets which are being disposed of will be revalued at an unencumbered market value at the date of disposal. This revaluation will be outside the five-year rolling programme adopted by the Council. The Council's freehold and leasehold properties are valued by the Council's internal valuer, Richard Lewis FRICS. Vehicles, Plant, and Equipment with a carrying value of over £6k are valued annually by the most appropriate officer of the Council depending on the specific nature of the asset.

C. Statement Of Accounting Policies

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise directly from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, which is the date of its formal inception. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of asset and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for:

- where attributable to the clear consumption of economic benefits – by charging the loss to the relevant service revenue account;
- otherwise – by writing off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Disposals: when an asset is identified as surplus it will be revalued as appropriate prior to being made available for disposal. There will be no revaluations 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 Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account 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.

Amounts in excess of £10k 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 is required to be 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 appropriated to the Reserve from the Statements of Movement on the General Fund Balance and the Statement of Movement on the Housing Revenue Account Balance.

The carrying value of the assets are compared to the sale value to reflect the profit or loss to be shown in revenue. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance and the Statement of Movement on the Housing Revenue Account Balance so that there is no impact on the General Fund or Housing Revenue Account balances.

Depreciation: is provided for on all 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 SORP requirements. Where an asset has major components with different estimated useful lives, these are depreciated separately. The difference between actual depreciation and historic cost depreciation on revalued assets is charged to the Revaluation Reserve to ensure that the current value is reflected.

C. Statement Of Accounting Policies

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to service revenue accounts, where specific services can be identified, in line with the SoRP, according to the depreciation policy applied to the assets. This will partially offset depreciation charges made for the related assets in the relevant service revenue account, in order that the net impact is charged to services over the useful life of the assets. An adjustment will then be made in the Statements of Movement on balances so that there is no impact on levels of Council Tax or Housing Rents.

14. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve which they can be written off against
- amortisation of intangible fixed assets attributable to the service
- Government Grants and other contributions used for the financing of capital expenditure amortised to the service to balance off against depreciation charges

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations, or reduce council tax on the basis of grants and contributions used to finance capital expenditure. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, impairment losses and amortisations are therefore replaced by a revenue provision to the Statement of Movement on the General Fund Balance from the Capital Adjustment Account.

15. Revenue Expenditure Funded from Capital under Statute

This represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. This expenditure has been charged to the relevant service revenue account in the year. These include private sector renewal grants and advances to other parties to finance capital investment. Where the Council has decided to meet the cost of the deferred charges from existing capital resources or by borrowing, a transfer to the Capital Financing Account is used to reverse out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

16. Leases

Leases have been assessed under the requirements of Statement of Standard Accounting Practice 21 and treated as Finance Leases or Operating Leases accordingly.

Finance Leases

The council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

C. Statement Of Accounting Policies

- a charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, including the general de-minimus of £6k for capital expenditure, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

17. Financial Instruments

Assessment of Fair Value of Assets or Liabilities

Financial liabilities and financial assets are carried in the balance sheet at the appropriate level for their classification as a financial instrument. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated interest rates at 31st March 2010 have been used where applicable based on the rate most appropriate to each type of investment. These have been based on rates for that date including Bank of England base rate (0.5%), PWLB rates and LOBO rates for example;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next twelve months, the carrying amount is assumed to approximate fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Soft Loans

Following discussions with the auditors, the Council's soft loans relating to training fees which are repayable in certain circumstances, have been determined to be de minimus. These costs are therefore being treated as revenue expenditure and not financial instruments. The balance sheet item has been written out accordingly.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account 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 borrowing that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account 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 Income and Expenditure Account on an

C. Statement Of Accounting Policies

amortised cost basis 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 with substantially the same overall effect when viewed as a whole, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and written down to the Income and Expenditure Account on a straight-line basis over the term of the replacement loan by an adjustment to the effective interest rate. Where premiums and discounts are to be charged to the General Fund or Housing Revenue Account Balance, regulations allow the impact on the Balances to be spread over future years. In the case of premiums and discounts attributable to the HRA, the Council spreads the gain / loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid up to a maximum of ten years. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statements of Movement on Balances. Where there is not a direct replacement of loans, the gains and losses must be derecognised from the balance sheet. Where there is a legal requirement to charge these to revenue over a different period, an adjusting transaction is made to the Statement of Movements on Balances.

Financial Assets

Financial assets are classified into three types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets– assets that have a quoted market price and/or do not have fixed or determinable payments
- financial assets at fair value through income and expenditure.

- a) **Loans and receivables** are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. If the value of an investment falls below its cost, the investment is written down to market value and a provision for the unrealised loss is made to the Income and Expenditure Account if it is unlikely to be a temporary fall. 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; the interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans at less than market rates (for example repayable training fees). These are termed 'soft loans'. The soft loans made by the Council have been assessed as non-material following discussions with the auditors and are therefore being accounted for as revenue expenditure and not financial instruments.

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 Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited / debited to the Income and Expenditure Account.

- b) **Available-for-sale assets** are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied

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by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council. Assets are maintained in the Balance Sheet at fair value. 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
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Financial Instruments Reserve and the gain / loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these are debited to the Income and Expenditure Account, 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 Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

c) Financial assets at fair value through income and expenditure – Derivatives

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.

18. Interest Receivable

The figure quoted in the Income and Expenditure Account is the total interest that would be receivable from third parties based on the effective interest rate, principally due to the investment of capital receipts and revenue balances. Interest due on revenue balances relating to the Housing Revenue Account is credited to the Housing Revenue Account based on the level of balances and using average rates of interest.

19. Stocks and Work in Progress

The stocks held at the Council's main stores at Westbridge Depot are valued at current prices due to the method of calculation employed by the Council's stores computer system. This accounting policy does not comply with Statement of Standard Accounting Practice 9 (SSAP 9) which requires that stock is carried at the lower of cost and net realisable value. This does not have a material effect on the accounts. Other stocks and stores are included in the balance sheet at the lower of cost and net realisable value in line with the SoRP and SSAP9.

Work in progress on uncompleted jobs is valued at cost.

20. Developers' Contributions

The Council has received a number of contributions from developers, mostly in settlement of their planning (section 106) obligations. Where the contribution is repayable to the developer within a specific time period if, by the end of that time period,

C. Statement Of Accounting Policies

certain works have not been completed, the contribution is treated as a creditor. The contributions will remain in creditors until such a point that the money is not repayable (i.e. the works have been completed) or until the contribution is repaid.

Where the contribution is not repayable to the developer within a specific time, there is a different treatment depending on whether the agreement relates to capital or revenue works. Any revenue contribution is treated as a receipt in advance and is held in the balance sheet until there is related expenditure in revenue. At this point the contribution is credited to the service accounts to support the revenue expenditure. Any capital contribution is treated as a Contribution Unapplied and is written down when the contribution is used to finance a relevant capital project. This treatment is in compliance with the SoRP.

21. Interests in Companies and Other Entities

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

22. Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. The Council currently has no PFI agreements in operation.

23. Cash flow

The cash flow statement has been compiled using the indirect method, as recommended by FRS1, which works back from the final accounts making the appropriate adjustments. The Council has used the Cash flow model developed by Cipfa for this purpose.

24. Changes in Accounting Treatment

There are a number of changes in accounting policy which have been adopted to comply with changes in the 2009 SoRP and to ease the transition to International Financial Reporting Standards. These are: -

- Collection Fund Accounting – change to a full agency accounting basis (detailed above at 6 above)
- Government Grants and Contributions (Revenue) – clarification of the treatment of non-ring-fenced grants (detailed at 7 above)
- Disposals – Clarification of the valuation treatment of disposals in the accounts (detailed at 13 above)
- Depreciation – a change in the calculation of depreciation from not depreciating in the year of acquisition or disposal to charging for depreciation in the year of acquisition and the year of disposal (detailed at 13 above)

Collection Fund Bad Debt Provision

Previously, the bad debt provision has been calculated using an aged debt analysis and applying increasing percentages to that aged debt analysis. However, a reassessment of this methodology has been undertaken and a provision is now made each year to the value of the estimated non-collection percentage. The provision for all years has been adjusted on that basis and a charge made to the collection fund in 2009/10. This

C. Statement Of Accounting Policies

change in methodology was incorporated in the 15th January estimate of the collection fund balance and therefore contributions towards this will be received in the 2010/11 financial year.

C. Statement Of Accounting Policies

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D. Core Financial Statements

D1 Income & Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2008/09		2009/10			Note
		Gross Expenditure	Gross Income	Net Expenditure	
Net Expenditure					
£000s	EXPENDITURE ON SERVICES	£000s	£000s	£000s	
2,340	Central services to the public	17,480	-16,183	1,297	
	Cultural, environmental & planning				
11,612	Cultural & related services	12,623	-5,326	7,297	
10,973	Environmental services	14,672	-4,545	10,127	
5,038	Planning & development services	6,817	-2,028	4,789	2
3,436	Highways, roads & transport	8,150	-4,801	3,349	3
	Housing				
57,002	Housing Revenue Account	53,284	-45,309	7,975	
5,157	General Fund Housing	70,869	-65,970	4,899	
3,141	Corporate & democratic core	2,851	-57	2,794	4, 5
358	Non distributed costs	380	0	380	
0	Other Services			0	
99,057	Net Cost of Services	187,126	-144,219	42,907	6-10
	Profit (-) / Loss on the Disposal of Fixed Assets			678	
-1,213	Parish Council precepts			904	
832	Parish grants			-21	
-21	Surpluses (-) / Deficits on trading undertakings not included in Net Cost of Services			2,817	11
2,549	Interest payable and similar charges			1,604	
1,503	Contributions to housing pooled capital receipts			599	35d
755	Interest & investment income			-1,887	
-3,664	Pensions interest cost & expected return on pensions assets			7,110	12
4,679					
104,477	Net Operating Expenditure			54,711	
	Demand on the Collection Fund			-14,307	
-13,719	General Government Grants: -				
	Revenue Support Grant			-3,533	
-2,290	Local Authority Business Growth Incentive			-124	
-83	Area Based Grant			-523	
-617	Concessionary Travel Scheme			-693	
-677	Housing & Planning Delivery Grant			-2,643	
-16,453	Non-domestic rates redistribution			-15,309	
70,638	Surplus (-) / Deficit for the Year			17,579	

D. Core Financial Statements

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D. Core Financial Statements

D2 Statement of Movement on the General Fund Balance

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 raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance shows whether the Council has over or under-spent against the council tax that it raised for the year, taking into account the use or reserves built up in the past and contributions to reserves earmarked for future expenditure.

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

2008/09		2009/10	Note
£000s		£000s	
70,638	Surplus (-) / Deficit for the year on the Income and Expenditure Account	17,579	
-69,953	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-18,024	13
685	Increase (-) / Decrease in the General Fund Balance for the Year	-445	
-2,691	General Fund Balance brought forward	-2,006	
-2,006	General Fund Balance carried forward	-2,451	

D. Core Financial Statements

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D. Core Financial Statements

Reconciling Items for the Statement of Movement on the General Fund Balance

2008/09		2009/10	Note
£000s		£000s	
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
-484	Amortisation of intangible fixed assets	-700	
-10,688	Depreciation and Impairment of fixed assets	-8,961	
741	Government Grants Deferred amortisation	760	
-1,850	Revenue Expenditure Funded from Capital Under Statute	-1,276	
1,105	Net loss on sale of fixed assets	-943	
	Differences between amounts debited / credited to the Income and Expenditure Account and amounts payable / receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on the early repayment of debt	0	
-3			
-7,880	Net charges made for retirement benefits in accordance with FRS 17	-8,631	12
22	Transfer to Council Tax Adjustment Account	-49	
-19,037		-19,800	
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
438	Minimum Revenue Provision for capital financing	596	
515	Capital expenditure charged in-year to the General Fund Balance	297	
-755	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	-599	
5,980	Employer's contributions payable to the Northamptonshire County Council Pension Fund and retirement benefits payable direct to pensioners	6,622	12
6,178		6,916	
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
-56,746	Housing Revenue Account Balance	-8,868	
-330	Net transfers to / from (-) earmarked reserves	3,728	
-18	Adjustments to opening Financial Instrument Balances Reversed to the Financial Instruments Adjustment Account	0	
-57,094		-5,140	
-69,953	Net additional amount required to be credited to the General Fund balance for the year	-18,024	

D. Core Financial Statements

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D. Core Financial Statements

D3 Statement of Total Recognised Gains & Losses (STRGL)

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income & Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09		2009/10	Note
£000s		£000s	
70,638	Surplus (-) / Deficit for the year on the Income and Expenditure Account	17,579	I&E
14,769	Surplus (-) / Deficit arising on revaluation of fixed assets	-12,925	
-6,475	Actuarial gains (-) / losses on pension fund assets and liabilities	65,971	12
78,932	Total recognised gains (-) / losses for the year	70,625	

D. Core Financial Statements

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D. Core Financial Statements

D4 Balance Sheet

The Balance Sheet summarises the financial position of the Council. It shows the value of the Council's assets and liabilities at 31st March.

2008/09		2009/10		Note
£000s	Fixed Assets	£000s	£000s	15,16
3,734	Intangible Fixed Assets		3,369	17
	Tangible Fixed Assets			18 - 24
	Operational Assets			
517,077	Council dwellings	517,092		
87,051	Other land and buildings	84,395		
2,788	Vehicles, plant, furniture & equipment	1,939		
1,415	Infrastructure Assets	1,176		
5,924	Community Assets	5,255		
	Non-operational Assets			
39,841	Investment Properties	39,184		
3,514	Assets Under Construction	1,624		
1,169	Surplus Assets Held for Disposal	1,110		
658,779			651,775	
662,513			655,144	
40	Long-term Debtors		36	
0	Long-term Investments		0	
662,553	Total Long-term Assets		655,180	
441	Stocks & work in progress	438		26
12,739	Debtors	21,298		27
53,019	Investments	49,129		25
49	Cash and bank	33		28
66,248	Total Current Assets		70,898	
728,801	Total Assets		726,078	
-159	Short-term Borrowing	-180		29
-25,878	Creditors	-17,271		30,31
-629	Bank Overdraft	-1,624		28
-26,666	Total Current Liabilities		-19,075	
702,135	Total Assets less Current Liabilities		707,003	
-26,027	Long-term borrowing	-32,062		32
-1,063	Provisions	-957		33
-8,419	Grants & contributions – deferred	-8,837		
-1,846	Grants & contributions – unapplied	-2,442		31
0	Leases	-12		
-97,118	Liability relating to defined benefit pension scheme	-165,657		12
-134,473	Total Long-term Liabilities		-209,967	
567,662	Total Assets less Liabilities		497,036	34
	Financed by			
15,564	Revaluation Reserve	24,803		
622,581	Capital Adjustment Account	603,934		
-1,288	Financial Instruments Adjustment Account	-973		
395	Capital Receipts Reserve	650		
44	Deferred capital receipts	40		
-97,118	Pension reserve	-165,657		12
2,006	General fund balance	2,451		
-125	Council Tax Adjustment Account	-174		14b
6,124	Housing Revenue Account balance	6,761		
3,113	Major Repairs Reserve	2,082		
16,366	Earmarked reserves	23,119		
567,662	Total Net Worth		497,036	34,35

D. Core Financial Statements

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D. Core Financial Statements

D5 Cash Flow Statement

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

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D. Core Financial Statements

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E. Notes To The Core Financial Statements

1. Prior Period Adjustments and Adjustments relating to Previous Years

Prior Period Adjustments

From 2009/10 onwards, the SoRP requires the Collection Fund to be accounted for on an agency basis. Northampton already represented the Collection Fund balance on the balance sheet as belonging to the different precepting authorities – Note 14b shows this treatment. However, this change affects the debtors and creditors balances shown in notes 27 and 30 respectively and the amounts charged to the income and expenditure account and reversed through the Statement of Movements on the General Fund Balance. In addition to the notes shown below, the amount previously shown in debtors as “Collection Fund Balance owed” has been moved into the “Other Local and Public Authorities” line and there will be no entry on the STRGL relating to changes in the collection fund balance since all gains and losses belonging to Northampton Borough Council will pass through the income and expenditure account.

a) Adjustments Relating to Council Tax Debtors and Creditors

	Amounts in 2008/09 Relating to Council Tax	Adjustments	Revised Position
	£000s	£000s	£000s
Debtors: -			
Other Local and Public Authorities	0	2,584	2,584
Local Taxpayers (Council Tax)	9,302	-7,850	1,452
Provisions for Bad Debts: -			
Local Taxpayers (Council Tax)	-3,417	2,884	-533
Net Debtors	5,885	-2,382	3,503
Creditors: -			
Local Taxpayers (Council Tax)	-2,823	2,382	-441
	3,062	0	3,062

E. Notes To The Core Financial Statements

b) Adjustments Relating to the General Fund Balance

	Amounts in 2008/09 Relating to Council Tax	Amounts on an agency Basis	Revised Position
	£000s	£000s	£000s
Income & Expenditure Account			
Demand on the Collection Fund	-13,719	0	-13,719
Distributed Surplus (-) / Deficit on Collection Fund	22	-22	0
SMGFB			
Transfer to the Council Tax Adjustment Account	0	22	22
Effect on the General Fund Balance	-13,697	0	-13,697

c) Adjustments Relating to National Non Domestic Rates

	Amounts in 2008/09 Relating to NNDR	Adjustments	Revised Position
	£000s	£000s	£000s
Debtors: -			
Local Taxpayers (NNDR)	831	-831	0
Provisions for Bad Debts: -			
Local Taxpayers (NNDR)	-290	290	0
Net Debtors	541	-541	0
Creditors: -			
Government Departments (NNDR Pool)	-3,229	-1,151	-4,380
Local Taxpayers (NNDR)	-1,692	1,692	0
	-4,380	0	-4,380

E. Notes To The Core Financial Statements

d) Restated Debtor and Creditor Notes

	31/03/2009	Adjustments for Council Tax	Adjustments for NNDR	Revised Position
	£000s	£000s	£000s	£000s
Debtors: -				
Sundry Debtors	5,166			5,166
Government Departments	3,743			3,743
Other Local and Public Authorities	569	3,262		3,831
Local Taxpayers	10,988	-7,850	-831	2,307
Housing Tenants	3,386			3,386
Loans to Employees	21			21
Collection Fund Balance Owed	677	-677		0
	24,550	-5,265	-831	18,454
Impairment (Bad Debt Provision)				
Local Taxpayers	-3,953	2,883	290	-780
Housing Tenants	-1,933			-1,933
Other	-3,002			-3,002
Total Impairment	-8,888	2,883	290	-5,715
Net Debtors	15,662	-2,382	-541	12,739
Creditors: -				
Sundry Creditors	6,385			6,385
Government Departments	6,860		1,151	8,011
Other Local and Public Authorities	2,600			2,600
Local Taxpayers	4,515	-2,382	-1,692	441
Tenants	540			540
Developer's Contributions	7,730			7,730
Deposits	171			171
	28,801	-2,382	-541	25,878
Net Position	-13,139	0	0	-13,139

2. **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 has, for the three-year period to 31st March 2010, made an operating deficit of £186k on a turnover of £1,045k. In the previous

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three-year period to 31st March 2009, there was a deficit of £210k against a turnover of £1,090k.

	2009/10		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure			
Employees	146	146	292
Premises	0	0	0
Transport	6	6	12
Supplies and services	11	11	22
Support service charges	75	75	150
Capital Charges	0	0	0
Total Expenditure	238	238	476
Income			
Building Regulation fees	-255	0	-255
Other Income	0	0	0
Total Income	-255	0	-255
Surplus (-) / Deficit for Year	-17	238	221
	2008/09		
Comparatives for 2007/08	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure	383	301	684
Income	-279	0	-279
Surplus (-) / Deficit for Year	104	301	405

3. Agency Services

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

2008/09		2009/10
£000s		£000s
431	Administration costs and ancillary services	428
-246	Income including transfer fees from NCC	-272
185		156

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4. Members' Allowances

The total amount of members' allowances paid in the year ending 2008/09 was £445k. Detailed allowances are listed below:-

2008/09		2009/10
£000s		£000s
	Expenditure	
27	Mayor/Deputy Mayor Allowance	27
410	Members' Allowances	430
8	Expenses	3
445	Total	460

5. Audit Fees

Fees payable for external audit services are detailed below. The Authority's auditor is the Audit Commission for 2009/10 and was KPMG LLP for 2008/09.

2008/09		2009/10
£000s		£000s
268	Fees payable with regard to external audit services carried out by the appointed auditor (Section 5 Audit Commission Act 1998)	151
19	Fees payable in respect of statutory inspection (Section 10 Local Government Act 1999)	0
59	Fees payable for the certification of Grant Claims and Returns (Section 28 Audit Commission Act 1998)	35
2	Fees payable in respect of other services provided by the appointed auditor	117
348		303

6. Discretionary Expenditure

Under the Local Government Act 2000, the maximum amounts in respect of discretionary expenditure were repealed. Councils now have powers under that Act to promote wellbeing in their area. Expenditure is still incurred under section 137(3), e.g. donations to charities, not-for profit bodies and mayoral appeals, however there are no requirements to publish details of any expenditure incurred.

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7. Publicity Expenditure

There is now no longer a requirement to publish this note, 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: -

2008/09		2009/10
£000s		£000s
	Expenditure	
261	Recruitment Advertising	126
428	Publicity Unit	185
201	Other Publicity	200
890	Total	511

8. Officers' Remuneration

The Council is required, under the Accounts and Audit Regulations 2003 (regulation 7(2)), amended by the Accounts and Audit Regulations 2009, to disclose the number of employees whose remuneration (excluding pension payments) was £50k or more. This is shown in bands of £5k in the table below:

2008/09		2009/10
No. of Employees	Remuneration Band	No. of Employees
12	£50,000 - £54,999	7
4	£55,000 - £59,999	4
4	£60,000 - £64,999	4
6	£65,000 - £69,999	7
1	£70,000 - £74,999	0
1	£75,000 - £79,999	1
1	£80,000 - £84,999	2
1	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	1
0	£100,000 - £104,999	2
1	£105,000 - £109,999	1
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
1	£135,000 - £139,999	1

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The following is a new addition to the note for 2009/10: -

Job Title	Year		Salary (inc Fees & Allowances)	Performance Related Pay	Compensation for loss of Office	Benefits in Kind (Car Allowance)	Total Remuneration excl Pension	Pension Contributions	Total Remuneration including Pension
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive	2009/10		138	0	0	1	139	36	175
	2008/09		138	0	0	1	139	33	173
Assistant Chief Executive	2009/10		80	0	0	1	82	21	102
	2008/09	Note 1	13	0	0	0	13	3	17
Borough Solicitor	2009/10		65	0	0	0	65	17	82
	2008/09		65	1	0	0	66	16	82
Director of Environment & Culture	2009/10		108	0	0	1	109	28	137
	2008/09	Note 2	9	0	0	0	9	2	11
Director of Finance & Support	2009/10		99	0	0	1	100	26	126
	2008/09		96	12	0	1	109	26	135
Director of Housing	2009/10		99	0	0	1	100	26	126
	2008/09	Note 3	41	0	0	0	41	10	51
Director of Planning & Regeneration	2009/10		96	0	0	1	97	25	122
	2008/09	Note 4	39	1	0	0	41	10	51
Director of the Local Strategic Partnership	2009/10		65	0	0	1	67	17	84
	2008/09		65	1	0	1	67	16	83
Head of Culture & Leisure	2009/10		53	0	0	2	55	14	69
	2008/09	Note 5	27	0	0	0	27	7	34
Head of Customer Service & ICT	2009/10		63	0	0	1	65	16	81
	2008/09	Note 6	6	0	0	0	7	2	8
Head of Finance & Assets	2009/10		67	0	0	1	69	18	86
	2008/09		67	2	0	1	70	17	86

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Head of Housing Needs & Support	2009/10		67	0	0	0	67	18	85
	2008/09		67	1	0	0	68	16	85
Head of Human Resources	2009/10		78	0	0	1	79	20	99
	2008/09	Note 7	31	0	0	0	31	7	38
Head of Joint Planning Unit	2009/10	Note 8	16	0	0	0	16	4	20
Head of Landlord Services	2009/10	Note 9	60	0	0	1	61	16	77
Head of Neighbourhood & Environment Services	2009/10		66	0	0	0	66	17	83
	2008/09	Note 10	44	0	0	0	44	12	56
Head of Northampton Area Procurement Service	2009/10		55	0	0	1	55	14	69
	2008/09	Note 11	23	0	0	0	23	5	28
Head of Planning	2009/10	Note 12	80	0	0	1	82	21	102
	2008/09		47	0	0	1	48	11	59
Head of Planning & Regeneration	2009/10		67	0	0	1	69	18	86
	2008/09		67	2	0	1	70	17	87
Head of Policy & Community Engagement	2009/10		65	0	0	1	67	17	84
	2008/09		66	1	0	1	69	16	85
Head of Performance & Improvement	2009/10		53	0	0	1	54	14	68
	2008/09	Note 13	29	0	0	0	29	7	36
Head of Public Protection	2009/10		53	0	0	1	54	14	68
	2008/09	Note 14	27	0	0	0	27	7	34
Head of Revenues & Benefits	2009/10		55	0	0	1	56	14	70
	2008/09	Note 15	4	0	0	0	5	1	6
Director	2008/09	Note 16	49	0	39	0	88	6	94
Corporate Manager	2008/09	Note 17	39	0	20	0	59	5	65
Corporate Manager	2008/09	Note 18	32	0	0	1	32	8	40
Corporate Manager	2008/09	Note 19	33	0	42	1	76	8	84
Corporate Manager	2008/09	Note 20	50	0	31	1	82	8	90
Total	2009/10		1648	0	0	20	1674	431	2101
	2008/09		1174	21	132	10	1340	276	1618

E. Notes To The Core Financial Statements

Notes

Due to the Organisational Restructure that took place in 2008/09 there has been a number of changes in the Senior Officer Roles

Appointments

- 1 Assistant Chief Executive 2 February 2009 - Annualised Salary £80,380
- 2 Director of Environment & Culture 1 March 2009 - Annualised Salary £108,023
- 3 Director of Housing 3 November 2008 - Annualised Salary £98,854
- 4 Director of Planning and Regeneration 3 November 2008 - Annualised Salary £95,975
- 5 Head of Culture & Leisure 1 October 2008 - Annualised Salary £53,141
- 6 Head of Customer Service & ICT 23 February 2009 - Annualised Salary £63,453
- 7 Head of Human Resources 10 November 2008 - Annualised Salary £78,039
- 8 Head of Joint Planning Unit 1 January 2010 - Annualised Salary £63,456
- 9 Head of Landlord Services 15 June 2009 - Annualised Salary £75,768
- 10 Head of Neighbourhood & Environment Services 1 August 2008 - Annualised Salary £58,069, before this appointment this Senior Officer was in the role of Recovery, Policy and Governance Manager with an Annualised Salary of £42,950
- 11 Head of Northampton Area Procurement Service 3 November 2008 - Annualised Salary £54,736
- 12 Head of Planning 1 September 2008 - Annualised Salary £80,380
- 13 Head of Performance & Improvement 1 August 2008 - Annualised Salary £53,141
- 14 Head of Public Protection 1 October 2008 - Annualised Salary £53,141
- 15 Head of Revenues & Benefits 2 March 2009 - Annualised Salary £54,736

Senior Officers left during 2008/09

- 16 Director left 30 June 2008 - Annualised Salary £91,010
- 17 Corporate Manager left 31 July 2008 - Annualised Salary £64,778
- 18 Corporate Manager left 21 September 2008 - Annualised Salary £64,778
- 19 Corporate Manager left 30 September 2008 - Annualised Salary £64,778
- 20 Corporate Manager left 30 September 2008 - Annualised Salary £64,778

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9. Related Party Transactions

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in a note to the Cash Flow Statement.

Members of the Council have direct control over the Council's financial and operating policies. During 2009/10 expenditure to the value of £0.971m (£1.061m in 2008/09) was paid to parties where Members had an interest or where they serve as a nominated representative on outside bodies and income to the value of £91k (£67k in 2008/09) was receivable from those bodies. Contracts were entered into in full compliance with the Council's Standing Orders. All transactions are recorded in the Register of Members' Interest, open to public inspection at The Guildhall, Northampton.

Officers of the Council – no material disclosures.

Other Public Bodies – no disclosures.

Pension Fund – in 2009/10 the contributions paid to Northamptonshire County Council in respect of employers' contributions, added years' contributions and lump sum payments were £8.452m (£7.517m in 2008/09)

Assisted Organisations – no material disclosures.

Management Contracts – no disclosures.

Companies and Joint Ventures – no disclosures.

E. Notes To The Core Financial Statements

10. 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: -

2008/09			2009/10	
Exp	Income		Exp	Income
£000s	£000s		£000s	£000s
0	-1	Highways	0	0
331	-206	Call Care	441	-209
38	-38	Print Services Unit	35	-35
369	-245		476	-244

11. Trading Undertakings

The Council operates the following trading undertakings: -

2008/09		2009/10		
Net		Income	Exp.	Net
£000s		£000s	£000s	£000s
2,055	Property Management	-1,541	4,271	2,730
494	Construction Services	1	87	88
2,549	(Surplus)/Deficit to I & E	-1,540	4,358	2,818

Construction Services ceased operation during 2008/09, however there were redundancy costs incurred in 2009/10.

The following services are also deemed to be trading services but are allocated to main service areas within the accounts: -

2008/09		2009/10		
Net		Income	Exp.	Net
£000s		£000s	£000s	£000s
117	Trade Refuse	-2	0	-2
794	Markets	-630	1,112	482
911	(Surplus)/Deficit to I & E	-632	1,112	480

The operation for the collection of Trade Waste was sold on 2nd June 2008 and only minor residual transactions continued into 2009/10.

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12 Accounting for Pensions

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that the employees earn their future entitlement. The council participates in the Local Government Pension Scheme that is administered locally by Northamptonshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The date of the last actuarial valuation was 31st March 2007.

a) Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the Net 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 retirement benefits is reversed out in the Statement of Movements in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and the Statement of Movement in the General Fund Balance during the year:

2008/09		2009/10
£000s		£000s
	Net Cost of Service	
4,826	Current Service Cost	3,430
349	Past Service Cost / Curtailment	492
42	Correction of Pension Contributions	-12
	Net Operating Expenditure	
14,806	Interest Costs	14,302
-10,127	Expected Return on Assets	-7,192
9,896	Net charge to the Income and Expenditure Account	11,020
	Statement of Movement on the General Fund Balance	
-9,896	Reversal of Net Charges made for Retirement Benefits in accordance with FRS17	-11,020
7,517	Actual amount charged to the General Fund Balance for pensions in the year	8,452

In addition to recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £65.971m were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £106.81m.

b) Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

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2008/09		2009/10
£000s		£000s
-243,308	Opening Balance	-208,599
-4,826	Current Service Cost	-3,430
-14,806	Interest Cost	-14,302
-1,638	Contribution by Scheme Participants	-1,742
48,306	Actuarial Gains/(Losses)	-99,975
0	Past Service Gains/(Costs)	-28
-349	Curtailement Gains/(Losses)	-464
8,022	Benefits Paid	8,353
-208,599	Closing Balance	-320,187

Reconciliation of Fair Value of the scheme assets:

2008/09		2009/10
£000s		£000s
141,506	Opening Balance	111,481
10,127	Expected Return on Assets	7,192
1,638	Contribution by Scheme Participants	1,742
6,652	Contributions by the Employer	7,597
824	Contributions in respect of Unfunded Benefits	867
-41,244	Actuarial Gains/(Losses)	34,004
-8,022	Benefits Paid	-8,353
111,481	Closing Balance	154,530

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year 2009/10 was a loss of £41.196m and in 2008/09 was £31.242m.

c) Scheme History

31st March	2006	2007	2008	2009	2010
	£000s	£000s	£000s	£000s	£000s
Present Value of Scheme Liabilities	-227,855	-226,893	-243,308	-208,599	-320,187
Fair Value of Assets	154,034	162,077	141,506	111,481	154,530
Surplus / (Deficit) in the Scheme	-73,821	-64,816	-101,802	-97,118	-165,657

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £165.7m has a substantial impact on the net

E. Notes To The Core Financial Statements

worth of the Council as recorded in the Balance Sheet and reduces the overall net worth of the Council. However the net worth of the Council is still positive overall with a balance of £497.036m

However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the scheme will be made good by increased contributions over the remaining working life of employee, as assessed by the scheme actuary.

The total contributions expected to be made to the scheme by the Council in the year to 31 March 2011 is £7.5m.

d) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 1 April 2007.

The principal assumptions used by the actuary have been:

31/03/2009		31/03/2010
	Long Term Expected Rate of Return on Assets in the Scheme	
7.0%	Equity Investments	7.8%
5.4%	Bonds	5.0%
4.9%	Property	5.8%
4.0%	Other	4.8%
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
21.1	- Men	20.8
24.0	- Women	24.1
	Longevity at 65 for Future Pensioners:	
22.2	- Men	22.3
25.0	- Women	25.7
3.1%	Rate of Inflation	3.8%
4.6%	Rate of Increase in Salaries	5.3%
3.1%	Rate of Increase in Pensions	3.8%
6.9%	Rate for Discounting Scheme Liabilities	5.5%
50.0%	Take-up of Option to Convert Annual Pension into Retirement Lump Sum Pre April 2008	50.0%
N/a	Take-up of Option to Convert Annual Pension into Retirement Lump Sum Post April 2008	75.0%

E. Notes To The Core Financial Statements

The Local Government Pension Schemes assets consist of the following categories, by proportion of the total assets held:

31/03/2008		31/03/2010
70.0%	Equities	76.0%
19.0%	Bonds	16.0%
7.0%	Property	6.0%
4.0%	Cash	2.0%
100.0%		100.0%

e) History of Experienced Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2010:

31st March	2006	2007	2008	2009	2010
	£000s	£000s	£000s	£000s	£000s
Fair Value of Employer Assets	154,034	162,077	141,506	111,482	154,531
Experienced Gain/Loss(-) on Assets	21,709	-1,871	-31,927	-41,244	34,004
Gain/Loss(-) as % of Asset Fair Value	14.09%	-1.15%	-22.56%	-37.00%	22.00%
Present Value of Liabilities	-227,855	-226,893	-243,308	-208,600	-320,188
Experienced Gain/Loss(-) on Liabilities	-4,102	0	6,529	-739	-726
Gain/Loss(-) as % of Total Liabilities	1.80%	0.00%	-2.68%	0.35%	0.23%

The information included for all of the pension disclosures is provided by Hymans Robertson LLP, the Actuary for the Pension Fund. Further information can be found in the County Council's Pension Fund's Annual Report which is available on request from the Pensions Section, Resources Directorate, PO Box 136, County Hall, Guildhall Road, Northampton, NN1 1AT.

13. Minimum Revenue Provision

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

The Council approved the Council's Annual MRP statement for 2009/10, which is required by the guidance issued by CLG, on 26th Feb 2009.

The MRP charged to the 2009/10 accounts relates to the historic debt liability incurred for years up to and including 2008/09. This has been calculated at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".

E. Notes To The Core Financial Statements

The Council's Minimum Revenue Provision for 2009/10 was £596k. This compares to £438k in 2008/09.

14 Collection Fund

The Collection Fund is used to account for the collection of Council Tax and National Non-Domestic Rate (NNDR) and then pays amounts to precepting authorities on the basis of their precept requests.

a) Precept Split

The split of these precepts is shown below:

Precept 2008/09	Percentage of Total Precepts		Precept 2009/10	Percentage of Total Precepts
£000s		Precepting Authorities	£000s	
62,567	71%	Northamptonshire County Council	65,725	71%
11,689	13%	Northamptonshire Police Authority	12,351	13%
13,719	16%	Northampton Borough Council	14,442	16%
87,975	100%	Total Precepts for the year	92,518	100%

b) Allocation of deficit

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

Collection Fund Balance 2008/09	Treatment	Collection Fund Balance 2009/10
£000s		£000s
	Creditors / Debtors	
571	Northamptonshire County Council	792
106	Northamptonshire Police Authority	149
	Reserve	
125	Northampton Borough Council	174
802	Collection Fund Balance	1,115

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c) Allocation of Council Tax Balances

Statutory Presentation 2008/09	Agency Presentation 2008/09		Statutory Presentation 2009/10	Agency Presentation 2009/10
£000s	£000s		£000s	£000s
		Creditors / Debtors		
9,302	1,452	Local Taxpayers Arrears	10,439	1,615
-2,823	-441	Local Taxpayers Prepayments	-1,254	-194
-3,417	-533	Local Taxpayers Impairments	-7,280	-1,126
	2,746	Northamptonshire County Council		2,147
	515	Northamptonshire Police Authority		404
		Reserves		
802	0	Collection Fund	1,115	0
	125	Council Tax Adjustment Account		174
3,864	3,864	Total	3,020	3,020

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15 Capital Expenditure and Financing

a) Capital Expenditure

Total 2008/09		Total 2009/10
£000s		£000s
	Capital Investment	
628	Intangible Assets	544
	Tangible Assets	
9,894	Operational Assets	11,109
594	Non-operational Assets	128
0	Deferred Charges	0
11,116		11,781
	Sources of Finance	
500	Supported Borrowing	500
1,608	Prudential Borrowing	703
124	Capital Receipts	100
8,182	Government Grants	10,109
519	Revenue Contributions	297
183	Other Contributions	72
11,116		11,781

b) Revenue Expenditure Funded from Capital Under Statute

Total 2008/09		Total 2009/10
£000s		£000s
	Capital Investment	
3,140	Revenue Expenditure funded from Capital	3,964
3,140		3,964
	Sources of Finance	
0	Supported Borrowing	0
856	Prudential Borrowing	1,016
1,010	Capital Receipts	260
1,194	Government Grants	2,525
0	Revenue Contributions	0
80	Other Contributions	163
3,140		3,964

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c) Capital Financing Requirement

Total 2008/09		Total 2009/10
13,475	Opening Capital Financing Requirement	16,000
	Correction to 2008-09 CFR	24
500	Supported Borrowing	500
2,463	Prudential Borrowing	1,719
-438	Minimum Revenue Provision	-596
16,000	Closing Capital Financing Requirement	17,647

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16 Commitments Under Capital Contracts

Contract	Contractor	2010/11 £000s	Basis of Commitment
Heating Replacement Planned	Wheldon Contracts & Services Ltd	186	Replacing heating systems in council dwellings, on a planned basis.
Improvement Works at Grosvenor Centre Car Park	AECOM	133	Engineering consultant services in relation to the improvement works at Grosvenor Centre Car Park.
Complete Roofs	Warkton Roofing Ltd	78	Re-roofing works on council dwellings, 2009-10.
Market Square Fountain	Jeakins Weir	75	To supply and install a water feature in the gateway of Northampton Market Square.
Choice Based Lettings - Sub-regional scheme	Arbitras	40	For the implementation of a sub-regional choice based lettings scheme, in partnership with Daventry District Council (DDC). There is work in this contract included for DDC, NBC will be paying these costs and DDC will be making a contribution to NBC.
Complete Roofs	Oakleaf Roofing Ltd	41	Flat roof repairs to Storchman & Cordwainer House
Heating Replacement Planned	Plumb-Line	32	Replacing heating systems in council dwellings, on a planned basis.
Market Square Lighting	LITE	27	To implement the designs to further enhance a lighting feature on Peacock Place.
Improvement Works at Grosvenor Centre Car Park	Cyril Sweett	25	Construction cost consultant services in relation to the improvement works at Grosvenor Centre Car Park.
Complete Roofs	Warkton Roofing Ltd	17	Re-roofing works on council dwellings (2008-09 part 2).
Adhoc Doors & Window Replacement	Graham Holmes Astraseal	15	Window replacements in council dwellings located in Hardingstone.
Woodside Way	Davis Langdon LLP	12	Consultancy services in relation to the new build of Council dwellings at Woodside Way.
Complete Roofs	Warkton Roofing Ltd	9	Re-roofing works on council dwellings.
Complete Roofs	Oakleaf Roofing Ltd	6	Flat roof repairs to blocks of flats in Kingsthorpe & Sunnyside.
Environmental Enhancements to Housing Land	Raybell & Sons	6	Construction of new and additional car parking at Spring Boroughs.
Adhoc Doors & Window Replacement	Graham Holmes Astraseal	4	Replacement of doors and windows in council dwellings, on an ad-hoc basis.
Structural Repairs	R Richardson	1	Demolition and remedial works to 58 and 60 Greenfield Avenue
Total		707	0

E. Notes To The Core Financial Statements

17 Movement in Intangible Assets

	Purchased Software Licenses	Total
	£000s	£000s
Gross book value 31st March 2009	4,289	4,289
Amortisations to 31st March 2009	-554	-554
Net book value 31st March 2009	3,735	3,735
Expenditure in Year	543	543
Change of Asset Class	-132	-132
Written Off to Revenue in Year - Amortisation	-776	-776
Net book value of assets 31st March 2010	3,370	3,370

18 Movement in Tangible Fixed Assets

a) Operational Assets

	Council Dwellings	Other Housing Property	Other land & buildings	Vehicles plant, etc.	Infra-structure	Com-munity Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Certified Valuation 31st March 2009	631,905	17,188	82,514	12,063	1,625	6,671	751,966
Accumulated impairment	-104,979	-929	-9,344	-8,833	0	-660	-124,745
Accumulated depreciation	-9,849	-340	-2,038	-442	-210	-87	-12,966
Net book value 31st March 2009	517,077	15,919	71,132	2,788	1,415	5,924	614,255
Movement in 2009/10							
Additions	9,437	0	642	812	0	218	11,109
Disposal	-648	-92	-326	0	-47	0	-1,113
Revaluations	6,884	1,790	390	38	0	0	9,102
Depreciation	-4,953	-395	-1,779	-467	-16	-3	-7,613
Depreciation Written Back	9,853	545	1,810	395	0	72	12,675
Impairments	-20,678	-595	-5,325	-1,522	0	0	-28,120
Adjustments/Transfers	121	65	1,415	-117	-176	-953	355
Depreciation Adj/Transfers	-1	-206	-596	13	0	-2	-792
Net book value 31st March 2010	517,092	17,031	67,363	1,940	1,176	5,256	609,858
Gross Valuation at 31st March 2010	647,699	18,951	84,635	12,796	1,402	5,936	771,419
Impairments at 31st March 2010	-125,657	-1,524	-14,669	-10,355	0	-660	-152,865
Depreciation at 31st March 2010	-4,950	-396	-2,603	-501	-226	-20	-8,696
Net Book Value 31st March 2010	517,092	17,031	67,363	1,940	1,176	5,256	609,858

E. Notes To The Core Financial Statements

b) Non-Operational Assets

	Works In Progress	Investment & Commercial	Surplus Assets	Total
	£000s	£000s	£000s	£000s
Certified Valuation 31st March 2009	3,514	44,461	1,300	49,275
Accumulated impairment	0	-4,576	-104	-4,680
Accumulated depreciation	0	-44	-27	-71
Net book value 31st March 2009	3,514	39,841	1,169	44,524
Movement in 2009/10				
Additions	126	1	0	127
Disposal	-230	-61	-652	-943
Revaluations	0	1,240	0	1,240
Depreciation	0	0	-35	-35
Depreciation Written Back	0	80	131	211
Impairments	0	-3,752	-24	-3,776
Adjustments/Transfers	-1,786	1,870	652	736
Depreciation Adjustments/Transfers	0	-35	-131	-166
Net book value of assets 31st March 2010	1,624	39,184	1,110	41,918
Gross Valuation at 31st March 2009	1,624	47,511	1,300	50,435
Impairments at 31st March 2009	0	-8,328	-128	-8,456
Depreciation at 31st March 2009	0	1	-62	-61
Net Book Value 31st March 2010	1,624	39,184	1,110	41,918

E. Notes To The Core Financial Statements

19 Information on Assets Held

31/03/2009		31/03/2010
Number	Operational Assets	Number
12,209	Council Dwellings	12,194
	Other Land and Buildings	
27	Council Houses not used as dwellings	27
94	Shared Ownership Properties	91
3,002	Council Garages	3,002
19	Other Housing Properties	16
67	Operational Shops	67
194	Other Garages	0
1	Guildhall	1
62.88ha	Allotments	62.88ha
5	Sports & Leisure Centres	5
27	Community Centres	26
2	Museums, Art Galleries	2
1	Open Markets	1
14	Public Conveniences	14
5	Multi-Storey Pay & Display Car Parks	5
4	Local Area Offices	3
4	Central Administrative Offices	4
1	Gypsy Site	1
1	Bus Station	1
18	Surface Pay & Display Car Parks	19
1	Depots	1
15	Sub-Depots	13
75	Infrastructure	74
163	Vehicles, Plant, Furniture and Equipment	165
	Community Assets	
887.45ha	Parks and Open Spaces	887.45ha
4	Historical Buildings	4
35	Monuments/Memorials/Exhibitions	34
6	Pavilions	6
8	Cemeteries	8
1	Civic/Mayoral Regalia	1
	Non-operational Assets	
289	Commercial Property (Units)	290
65.97ha	Agricultural Land	65.97ha
1	Golf Course	1
1	Theatres	1
1	Indoor Market/Arts Venue	1
70	Intangible Assets	75

E. Notes To The Core Financial Statements

20 Assets Held Under Leases

The Council uses equipment financed under the terms of operating leases. The amount charged to revenue under these arrangements in 2009/10 was £2.39m (£2.53m for 2008/09).

The Council has two financing leases above the de-minimus level. There are no finance costs associated with these leases. The amount charged to write down the obligations to the lessor (long and short term creditors) in 2009/10 was £11k (£4k in 2008/09).

a) Cost

2008/09	Charges to revenue for assets held under leases	2009/10
£000s		£000s
339	Operating Lease Charges	383
2,193	Vehicle Operating Lease Charges (including Maintenance)	2,003
2,532		2,386

2008/09	Write down of obligations under Finance Leases	2009/10
£000s		£000s
4	Finance Lease Rentals	11
4		11

b) Periods & Commitment

Commitments in 2010/11 for Assets Held Under Operating Leases in 2009/10	31/03/2010
	£000s
Leases Expiring	
Within 1 year	56
2 – 5 years	191
Exceeding 5 years	75
	322

Future Year Obligations for Assets Held Under Finance Leases in 2009/10	31/03/2010
	£000s
Obligations Due	
Within 1 year	10
2 – 5 years	12
Exceeding 5 years	0
	22

E. Notes To The Core Financial Statements

21 Assets Held For Leases

The Council received £2.527m (£2.419m in 2008/09) in the year from the lease of property to third parties under operating leases. As at 31st March 2010, the gross value of the assets was £46.003m for which £0.787m accumulated depreciation has been charged to revenue.

22 Valuation Information

Assets are carried in the Council's balance sheet at current value in accordance with the proper practices as set out in the CIPFA 2009 SoRP (Statement of Recommended Practice).

The valuation methods used for different types of assets are set out at table 23 below.

Valuations of the Council's freehold and leasehold properties are carried out by the Council's internal valuer, Richard Lewis FRICS.

Further information on the way that intangible and fixed assets are accounted for is set out in the Accounting Policies.

a) Tangible Operational

	Council Dwellings	Other HRA Land & Build.	Other Land & Build.	Vehicles Plant & Equip.	Infra-Structure Assets	Comm. Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Valued at Historic Cost	0	0	22	0	1,256	5,539	6,816
Valued at Current Value in: -							
2009/10	513,253	17,253	58,227	1,490	0	0	590,223
2008/09	0	68	8,939	0	0	0	9,007
2007/08	0	195	436	101	0	0	732
2006/07	0	0	487	0	0	0	487
2005/06	0	0	571	0	0	0	571
Previous Years	0	0	205	0	0	0	205
Total	513,253	17,517	68,887	1,591	1,256	5,539	608,042

E. Notes To The Core Financial Statements

b) Tangible Non-Operational

	Non-Operational Assets			Total
	Works in Progress	Investment Property	Surplus Property	
	£000s	£000s	£000s	£000s
Valued at Historic Cost	0	28	0	28
Valued at Current Value in: -				
2009/10	1,497	28,522	151	30,170
2008/09	0	516	115	631
2007/08	0	2,848	554	3,402
2006/07	0	3,198	0	3,198
2005/06	0	3,715	276	3,991
Previous Years	0	0	50	50
Total	1,497	38,826	1,145	41,469

23 Valuation Methodologies

Intangible Assets	Historic Cost
Operational Assets	
Council Housing	Existing Use Value - Social Housing
Other Land & Buildings	Existing Use Value Depreciated Replacement Cost
Vehicles, Plant & Equipment	Assets with opening NBV below £6k at depreciated historic cost' Assets with opening NBV at or above £6k at lower of Net Realisable Value or Current Replacement Cost.
Infrastructure Assets	Depreciated Historic Cost applied where possible but where unable to determine the historical cost, the asset is valued at £1
Community Assets	Depreciated Historic Cost applied where possible but where unable to determine the historical cost, the asset is valued at £1
Non-Operational Assets	
Investment Properties	Market Value
Surplus Properties	Market Value
Assets Under Construction	Historic Cost

E. Notes To The Core Financial Statements

24 Changes in Valuation Methodologies Used

There have been no changes to valuation methodologies used in 2009/10 compared with the previous year.

25 Investments

31/03/2009	Investment Type	31/03/2010
£000s		£000s
	Short Term - Under 1 Year	
0	Gilts	0
0	UK Equities	0
11,464	Building Societies	3,002
11,280	Cash On Deposit	3,400
23,972	Banks	42,728
46,716		49,130
	Long Term - Over 1 Year	
0	Gilts	0
0	UK Equities	0
0	Building Societies	0
0	Cash On Deposit	0
6,303	Banks	0
6,303	Total	0

26 Stocks & Work In Progress

Stocks held at the main stores at Westbridge Depot and the sub-stores are valued at current prices. Each time a commodity is purchased, the entirety of the stock holdings are revalued at that delivery price. Stocks held at the Council's other stores are valued at cost price.

31/03/2009		31/03/2010
£000s		£000s
259	Westbridge Depot Main Stores	219
90	Sub Stores	55
92	Other Stores	163
441	Total	437

E. Notes To The Core Financial Statements

27 Current Assets – Debtors

31/03/2009		31/03/2010
£000s		£000s
5,166	Sundry Debtors	8,267
3,743	Government Departments	10,181
3,831	Other Local and Public Authorities	4,226
2,307	Local Taxpayers	2,582
3,386	Housing Tenants	3,692
21	Loans to Employees	21
18,454		28,968
	Impairment (Bad Debt Provision)	
-780	Local Taxpayers	-1,416
-1,933	Housing Tenants	-2,126
-3,002	Other	-4,128
-5,715	Total Impairment	-7,670
12,739	Net Debtors	21,298

28 Current Assets – Cash & Bank

31/03/2009		31/03/2010
£000s		£000s
0	Co-operative Bank	0
5	Imprests	5
36	Floats	20
8	Girobank	8
49	Cash & Bank	33
-629	Overdraft	-1,624

29 Current Liabilities – Short Term Borrowing

31/03/2009	Funded by	Period Invested	31/03/2010
£000			£000
50	Billing Parish Council	Fixed Deposit	0
15	Billing Parish Council	7 day Notice	70
94	Northampton Volunteer Bureau	7 day Notice	94
159			164

E. Notes To The Core Financial Statements

30 Current Liabilities – Creditors

31/03/2009		31/03/2010
£000s		£000s
6,385	Sundry Creditors	4,965
8,011	Government Departments	1,648
2,600	Other Local and Public Authorities	2,747
441	Local Taxpayers	194
540	Tenants	549
7,730	Developer's Contributions	6,989
171	Deposits	179
25,878		17,271

31 Government Grants and Developers' Contributions

Contributions received from developers have been classified depending on whether the contribution is repayable and whether the contribution is for a revenue or capital purpose, in line with the treatment described in the Statement of Accounting Policies.

2008/09		2009/10
£000s		£000s
6,603	Creditors	5,856
1,127	Receipts in advance	1,133
1,361	Grants & Contributions - Unapplied (Government Grants)	1,806
376	Grants & Contributions - Unapplied (Non-Government Grants)	419
110	Grants & Contributions - Unapplied (Developers)	218
9,577		9,432

E. Notes To The Core Financial Statements

32 Long Term Borrowing

31/03/2009	Source of Loan	Range of Interest Rates (%)	31/03/2010
£000			£000
	Analysis of loans by type		
	Public Works Loan Board	3.47 - 3.97	6,049
24,785	Money Markets	4.85 - 7.03	24,787
1,242	English Partnerships	9.25	1,226
26,027			32,062
	Analysis of loans by maturity		
16	Maturing in 1-2 years		17
56	Maturing in 2-5 years		15,780
15,820	Maturing in 5-10 years		6,195
10,135	Maturing in over 10 years		10,070
26,027			32,062

33 Provisions

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 on the Insurance provision as at 31st March 2010 is shown below. These sums represent the balance on the Insurance Provision, with any surplus being transferred to the Insurance Reserve.

2008/09		2009/10
£000s		£000s
-992	Ongoing Liability Claims under the policy excess	-934
0	Motor Vehicle Claims over the "paid locally" figure, but under the policy excess	0
-992		-934

E. Notes To The Core Financial Statements

b) Overall Provisions

Provisions	Balance 31/03/2009	Costs	Income	Balance 31/03/2010
	£000s	£000s	£000s	£000s
Insurance	-992	698	-640	-934
Other	-71	48	0	-23
	-1,063	746	-640	-957

Other

The balance represents small provisions of £5k in respect of the Rent Assistance and Rent Guarantee Schemes and a provision of £18k relating to electricity payments due on leisure centres.

34 Analysis of Net Assets Employed

	31 March 2009	31 March 2010
	£000s	£000s
General Fund	-9,932	-70,038
Housing Revenue Account	539,860	526,690
Trading Operations	37,734	40,384
Total	567,662	497,036

E. Notes To The Core Financial Statements

35 Reserve Movement

a) Overall Summary

Reserve	Balance 31/03/2009	Net Movement in Year	Balance 31/03/2010	Purpose of Reserve	Further Details of Movements
	£000s	£000s	£000s		
Revaluation Reserve	15,564	9,239	24,803	Store of gains on revaluation of fixed assets	Note 35 b below
Capital Financing Account	622,581	-18,647	603,934	Store of capital resources set aside to meet past expenditure	Note 35 c below
Financial Instruments Adjustment Account	-1,288	315	-973	Adjustments for Financial Instruments transactions to properly reflect the impact on revenue balances in the correct year	Note 35 f below
Capital Receipts Reserve	395	255	650	Proceeds of fixed asset sales available to meet future capital investment	Note 35 d below
Deferred capital receipts	44	-4	40	Future Capital Receipts from mortgaged property	
Pension Reserve	-97,118	-68,539	-165,657	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 12 to the Core Financial Statements
General Fund Balance	2,006	445	2,451	Resources available to meet future running costs for non-housing services	Statement of Movement on the General Fund Balance (D2)
Council Tax Adjustment Account	-125	-49	-174	Resources available to be paid to the Council in the future from the collection fund	Collection Fund Statements and Note 14 to the Core Financial Statements
Housing Revenue Account Balance	6,124	637	6,761	Resources available to meet future running costs for council houses	HRA Statements
Major Repairs Reserve	3,113	-1,031	2,082	Resources available to meet capital investment in council housing	HRA Statements
Earmarked Reserves	16,366	6,753	23,119	Reserves set aside for specific purposes	Note 35 e below
Total	567,662	-70,626	497,036		

E. Notes To The Core Financial Statements

b) Revaluation Reserve

	General Fund	Housing Revenue Account	Total
	£000s	£000s	£000s
Balance at 01/04/2009	12,988	2,576	15,564
Revaluation adjustments	2,813	13,605	16,418
Market Factors Impairment Adjustments	-2,781	-712	-3,493
Historic Cost Depreciation Adjustment	-1,515	-385	-1,900
Revaluations on Disposal	-1,509	-277	-1,786
Balance at 31/03/2010	9,996	14,807	24,803

E. Notes To The Core Financial Statements

c) Capital Adjustment Account

	General Fund	Housing Revenue Account	Total
	£000s	£000s	£000s
Balance at 01/04/2009	84,196	538,385	622,581
Capital Financing			
MRR	0	8,986	8,986
Capital Receipts	360	0	360
Revenue Contributions	297	0	297
	657	8,986	9,643
MRP	596	0	596
Revenue Expenditure Funded from Capital	-1,276	0	-1,276
Amortisation - 3rd Party Contributions	231	2	233
Amortisation - Grants Deferred	501	15	516
	732	17	749
Adjustments for Previous years	28	0	28
Amortisation - Intangibles	-700	-76	-776
Depreciation - General	-2,289	-5,359	-7,648
Impairment - Economic Benefits	-279	0	-279
Impairment - Market Factors	-6,393	-15,088	-21,481
Depreciated Historic Cost Adjustment	1,514	385	1,899
	-8,147	-20,138	-28,285
Disposals	356	-458	-102
Balance at 31/03/2010	77,142	526,792	603,934

d) Capital Receipts Reserve

2008/09		2009/10
£000s		£000s
131	Balance as at 1 April	395
2,154	Effects of Disposals	1,215
-749	Housing Capital Receipts Pooling	-750
-1,135	Capital Programme Financing	-360
-6	Other	150
395	Balance as at 31 March	650

E. Notes To The Core Financial Statements

e) Financial Instruments Adjustment Account

2008/09		2009/10
£000s		£000s
1,582	Balance as at 1 April	1,288
-315	Transitional Arrangements - Unattached Premia	-315
18	Transitional Arrangements - Recognition of Financial Instruments	0
3	Effective Interest Rate Adjustments	0
1,288	Balance as at 31 March	973

f) Earmarked Reserves

Reserve	Balance 31/03/2009	Additions to Reserve	Use Of Reserve	Balance 31/03/2010
	£000s	£000s	£000s	£000s
Insurance	1,977	0	-457	1,520
Subsidy Equalisation	500	100	0	600
Core Business Systems	169	130	0	299
Building Maintenance	500	0	0	500
Corporate Initiatives	351	124	-74	401
Service Improvements	1,000	0	-168	832
Debt Financing	460	411	-393	478
Rent Deposit Scheme	0	100	0	100
Leasing	0	31	0	31
Carbon Management	0	78	0	78
General	3,212	5,237	-1,415	7,034
Arts	23	23	0	46
HRA	8,175	3,025	0	11,200
	16,367	9,259	-2,507	23,119

i) Insurance Reserve

The Insurance Reserve has been set aside using surplus money from the insurance provision which is used to meet known insurance claims. This reserve is to be used for future insurance or risk management requirements including initiatives to mitigate and manage significant risks.

ii) Subsidy Equalisation Reserve

Subsidy claims are very much reliant upon regulations issued by the grant paying bodies. These can change in-year and so the net cost of benefit payments and subsidy claims from the Government can be extremely volatile. This reserve has been constituted to help smooth the effects of this between years.

E. Notes To The Core Financial Statements

- iii) **Core Business Systems Reserve**
The Core Business Systems Reserve will be used to improve the main financial and subsidiary financial systems of the Council to streamline administrative processes and improve the quality of information and controls.
- iv) **Building Maintenance Reserve**
The base budgets for revenue and capital include an allowance for ongoing building maintenance / enhancement. This reserve consists of balances set aside from revenue to finance any major unanticipated maintenance projects.
- v) **Corporate Initiatives Reserve**
From 2007/08, general government grant was received relating to the Local Authority Business Growth Incentive Scheme. Due to the volatile nature of this grant, it is not included within base budgets. This income has been moved and added into an earmarked reserve to be used on corporate initiatives.
- vi) **Service Improvements Reserve**
This reserve will be used to support strategic business reviews which will improve the performance of the Council.
- vii) **Debt Financing Reserve**
This reserve has been set up to mitigate the additional market risks inherent in treasury management transactions during this period of world-wide economic uncertainty.
- viii) **Rent Deposit Scheme**
The rent deposit scheme reserve supports part of the council's anti-homelessness policies.
- ix) **Leasing**
The leasing reserve is used to equalise the impact of lease agreements to revenue over the life of the lease.
- x) **Carbon Management**
This reserve is used to hold funding for carbon management initiatives and includes funds the Council has saved from operating such initiatives and also the balance of funding received from Salix (which is an independent social enterprise, a not for profit company limited by guarantee), which must be used specifically for this purpose.
- xi) **General Reserve**
The General Reserve allows the Council to commit funding to individual projects which may spread across more than one year. This reserve is also used for any contingency sums set aside during budget setting to mitigate risks within the budget.
- xii) **Arts Reserve**
This is used to finance the purchase of exhibits for the Museum and Art Gallery.
- xiii) **HRA Earmarked Reserve**
This reserve contains amounts specifically set aside to finance HRA projects. The money in this reserve must be used on the Housing Revenue Account.

E. Notes To The Core Financial Statements

36 Cash Flow Notes

- a) Revenue Activities Net Cash Flow to Income & Expenditure Accounts

TO FOLLOW

E. Notes To The Core Financial Statements

- b) Analysis of Net Debt

TO FOLLOW

- c) Reconciliation of Changes in Cash to Movement in Net Debt

TO FOLLOW

- d) Analysis of Changes in Cash and Liquid resources

TO FOLLOW

E. Notes To The Core Financial Statements

- e) Analysis of Other Government Grants

TO FOLLOW

37 Contingent Assets and Liabilities

Assets

The Council is currently monitoring two contingent assets. These are: -

- 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.
- A number of claims for reimbursement of VAT and associated interest were submitted to HMRC in March 2009. These were in the areas of sports tuition, sports services, domestic waste, excess charges levied in car parks and cultural services. We await to hear back from the HMRC on their validation of some of these claims and as such, the figures are not yet quantifiable to report as they could vary significantly.

Liabilities

The Council is potentially liable for the following payments: -

- The Council has received Deposits under Section 106 agreements, which may be repayable if the conditions for each agreement are not met. No provision has been made in the Accounts for any interest that may become repayable under the terms of the individual agreements. In the event that every one of these deposits becomes repayable with interest, the Council's maximum liability for interest payable as at 31st March 2010 was estimated to be £1.541m (£1.396m as at 31st March 2009).
- A capital grant was received from East Midlands Development Agency (EMDA) for site clearance of the Blueberry Diner. The grant was awarded on condition of scheme completion within a fixed time period and, due to that time period not having been complied with, up to the full amount of the grant of £2m may be clawed back by EMDA. The Council is making endeavours to secure a development partner for this site and is keeping EMDA fully updated of the progress. To date they have continued to be supportive.
- The Council is currently in negotiations about eight potential equal pay claims. If there are cases where the Council loses at a tribunal, the Council may be liable to pay back pay.
- The Council is facing a number of potential tribunal cases. There are two relating to alleged unfair dismissal, one relating to age discrimination, and one to breach of contract. The amount of compensation cannot be assessed currently.

E. Notes To The Core Financial Statements

- The Council has not yet implemented a full pay and grading review. This is planned to be completed for implementation in 2010/11. The full impact of this review is unknown at present, however initial estimates have been reflected in budgets for the 2010/11 financial year.
- In 1987, Home Group Limited 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 has a strong credit rating and the bond issue is underpinned by income from the properties constructed using the finance provided. The potential cost to the Council of the financial guarantee it has given is £1.11m.

38 Trust Funds

The Council acts as sole trustee in respect of two Trust Funds for the Northamptonshire Regiment museum (balances of £75k) and the other the Northamptonshire Yeomanry Museums Trust (balances of £1k). The Trust funds are used to finance expenditure on the exhibits donated by the Regiments at their disbandment, which are housed at Abington Museum. Surplus funds are invested and accounted for separately to the Council's funds and no money is expended unless there are funds to do so.

39 Financial Instruments Disclosures

a) Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 2009	31 March 2010	31 March 2009	31 March 2010
	£000s	£000s	£000s	£000s
Financial Liabilities at amortised cost	-26,027	-32,074	-29,589	-19,061
Financial liabilities at fair value through income and expenditure	0	0	0	0
Total borrowings	-26,027	-32,074	-29,589	-19,061
Loans and Receivables	40	36	68,053	62,237
Available-for-sale financial assets	0	0	0	0
Financial assets at fair value through income and expenditure	0	0	0	0
Total Investments	40	36	68,053	62,237

The 2009/10 figures exclude Council Tax and NNDR. If the same presentation were to be applied to the 2008-09 figures the current liabilities at amortised cost for 2008/09 would be reduced by £7,745k to £21,845k, and the loans and receivables for 2008/09

E. Notes To The Core Financial Statements

would be reduced by £6,427k to £61,627k. There would be no change to the 2008/09 long-term balances.

b) Financial Instruments Gains and Losses

The gains and losses recognised in the Income and Expenditure Account are made up as follows:

2008/09				
	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and Receivables	Available for sale assets	
	£000s	£000s	£000s	£000s
Interest expenditure	-1,502	0	0	-1,502
Gains / Losses on derecognition	0	0	0	0
Impairment losses	0	-1,984	0	-1,984
Interest Payable and similar charges	-1,502	-1,984	0	-3,486
Interest income	0	3,664	0	3,664
Gains / Losses on derecognition	0	0	0	0
Interest and Investment Income	0	3,664	0	3,664
Gains on Revaluation			0	
Losses on Revaluation			0	
Amounts recycled to the I+E Account after impairment			0	
Surplus arising on revaluation of financial assets			0	
Net gain/(loss) for the year	-1,502	1,680	0	178

The 2009/10 figures exclude Council Tax and NNDR. If the same presentation were to be applied to the 2008/09 figures the Impairment Losses for Loans and Receivables would be reduced by £1,885k to £99k. There would be no change to the 2008/09 Interest Expenditure or Income.

E. Notes To The Core Financial Statements

2009/10				
	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and Receivables	Available for sale assets	
	£000s	£000s	£000s	£000s
Interest expenditure	-1,604	0	0	-1,604
Gains / Losses on derecognition	0	0	0	0
Impairment losses	0	-1,859	0	-1,859
Interest Payable and similar charges	-1,604	-1,859	0	-3,463
Interest income	0	1,887	0	1,887
Gains / Losses on derecognition	0	0	0	0
Interest and Investment Income	0	1,887	0	1,887
Gains on Revaluation			0	
Losses on Revaluation			0	
Amounts recycled to the I+E Account after impairment			0	
Surplus arising on revaluation of financial assets			0	
Net gain/(loss) for the year	-1,604	28	0	-1,576

c) Fair Value of Assets and Liabilities Carried at Amortised Cost

Fair value has been calculated using the assumptions detailed in the Statement of Accounting Policies and are as follows: -

	31 March 2009		31 March 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Financial Liabilities at amortised cost	-55,617	-61,056	-51,135	-55,998
Loans and Receivables	68,093	68,594	62,274	62,372

The fair value of Financial Liabilities at amortised cost at 31 March 2009 and 31 March 2010 is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

E. Notes To The Core Financial Statements

The fair value of Loans and Receivables at amortised cost at 31 March 2009 and 31 March 2010 is higher than the carrying amount because the authority's portfolio of investments includes a number of fixed rate investments where the interest receivable is higher than the rates available for similar investments at the Balance sheet date. This guarantee to receive interest above current market rates increases the amount that the authority would receive if it requested or agreed to early repayment of the investments.

The 2009/10 figures exclude Council Tax and NNDR. If the same presentation were to be applied to the 2008/09 figures, the financial liabilities at amortised cost for 2008/09 would be reduced by £7,745k to £47,872k (carrying amount) and £53,311k (fair value). The loans and receivables for 2008/09 would be reduced by £6,426k to £61,667k (carrying amount) and £62,168k (fair value).

d) The Nature and Extent of Risks Arising from Financial Instruments

The Authority'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 Authority's risk management processes consider the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. Risk management is undertaken by the Capital and Treasury team under policies approved by the Council in its Treasury Management Policy Statement, Treasury Management Practices and Schedules and the annual Treasury Management Strategy. These contain overall principles for risk management, as well as covering specific risks, which include liquidity risk, interest rate risk, credit 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. Deposits are made with banks and financial institutions supported by an assessment of risk. The limits put on investments vary according to the particular institution or group depending on the risk level determined for that specific body.

Due to the nature of its business the Authority does not assess operational customers for credit worthiness and does not set credit limits on customers. In relation to mortgages, the Council holds an equity stake in each relevant property as collateral against the mortgage outstanding. There are also certain exceptional circumstances under which the Authority has placed a charge on a property as collateral against a specific debt. Business customers are not given individual credit limits, however, business customers are assessed, taking into account their financial position, past experience, and other factors, in line with parameters set by the Council, when contracts are entered into. This forms part of the council's procurement procedures.

E. Notes To The Core Financial Statements

The following analysis summarises the Authority's potential maximum exposure to credit risk based on experience of default and uncollectability over the last four financial years adjusted to reflect current market conditions.

	Amount at 31 March 2010	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31 March 2010	Estimated Maximum Exposure to Default and Uncollectability
	£000s	%	%	£000s
Long Term Debtors - Mortgages	36	0.00	0.00	0
Customers: Council Tax & NNDR Cost of Collection	967	26.07	26.07	252
Customers: Rent	3,066	3.62	3.62	111
Customers: Sundry *	9,621	26.07	26.07	2,508
Deposits with Banks and Financial Institutions	49,130	0.00	0.00	0
	62,820			2,871

* Based on last 2 years' experience of default.

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 2009/10.

The Council does not generally allow credit for its customers (with the exception of mortgagees) such that £13.7m of the £62.8m is past its due date for payment. The past due amount can be analysed by age as follows:

Aged Debt Analysis	Amount at 31 March 2010
	£000s
Less than three months	6,525
Three to six months	1,478
Six months to one year	1,422
More than one year	4,230
	13,655

E. Notes To The Core Financial Statements

Impairment on the debtors financial asset has been identified, standing at a total of £6.5m at the end of 2009/10.

Collateral

The Council holds collateral against a number of mortgages. The balance sheet value of these is currently £40.7k (£45.5k in 2008/09).

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

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

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loan Board (PWLB), there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council 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: -

Maturity Profiles of Financial Liabilities	Amount at 31 March 2010
	£000s
Less than one year	-19,061
One to two years	-21
two to five years	-15,788
More than five years	-16,265
	-51,135

All trade and other payables are due to be paid in less than one year.

E. Notes To The Core Financial Statements

Market Risk

Market risk falls into three categories, Interest Rate Risk, Price Risk, and Foreign Exchange Risk.

Interest Rate Risk

The Council 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 Council. For example a rise in interest rates would have the following effects: -

- Borrowing at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- Borrowing at fixed rates – the fair value of the liabilities will fall;
- Investment at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- Investments at fixed rates – the fair value of the assets will fall.

Borrowing is not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound. Movements in the fair value of fixed rate investments will be reflected in the STRGL.

The Council has a number of strategies for managing interest rate risk. For example, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The Capital and Treasury Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly 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.

E. Notes To The Core Financial Statements

According to this assessment strategy, at March 2010, if interest rates had been 1% higher with all other variables held constant, the financial effect would be: -

	Amount at 31 March 2010
	£000s
Increase in interest payable on variable rate borrowing	248
Increase in interest receivable on variable rate investments	-80
Impact on I & E Account	168
Share of overall impact credited to the HRA	28
Impact remaining on General Fund	140
Impact on GF I & E Account	168
Increase in fair value of fixed rate investment assets	184
Impact on STRGL	184
Decrease in fair value of fixed rate borrowing liabilities (no impact on I & E Account or STRGL)	11

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

Price Risk

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

Foreign Exchange Risk

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

40 Big Lottery Fund

2008/09 Exp.	2008/09 Income	2008/09 Accrual	Big Lottery Fund Grants	2009/10 Exp.	2009/10 Income	2009/10 Accrual
£000s	£000s	£000s		£000s		£000s
0	0	0	Community Spaces - Camp Hill MUGA (Capital)	3	-3	0
0	0	0		3	-3	0

F. Housing Revenue Account

F1 Income & Expenditure Account

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.

2008/09		2009/10		Notes
£000s		£000s	£000s	
	Income			
-41,091	Dwelling Rents	-42,035		HRA2-4
-1,138	Non Dwelling Rents	-1,141		
-1,522	Charges for services & facilities	-1,408		
-266	Contributions Towards Expenditure	-276		
0	Housing Revenue Account subsidy receivable	0		
0	Sums Directed by the Secretary of State that are income in accordance with UK GAAP	0		
-44,017	Total Income		-44,860	
	Expenditure			
13,065	Repairs & Maintenance	10,267		HRA5
	Supervision & Management			
6,427	General Management	6,643		
3,739	Special Services	3,762		
62	Rent, Rates, Taxes & other charges	72		
9,031	Negative Housing Revenue Account subsidy payable	9,610		HRA6
67,168	Depreciation and Impairment of Fixed Assets	20,523		HRA7
0	Debt Management Costs	0		
430	Increased in provision for bad/doubtful debts	446		
0	Sums Directed by the Secretary of State that are expenditure in accordance with UK GAAP	0		
1,097	Rent Rebates transfer to General Fund	1,512		HRA8
101,019	Total Expenditure		52,835	
57,002	Net Cost of Services		7,975	
0	HRA Services share of Corporate and Democratic Core		0	
0	HRA share of other amounts included in the whole authority		0	
0	Net Cost of Services but not allocated to specific services		0	
57,002	Net Cost of HRA Services		7,975	
-109	Gain (-) or Loss on sale of HRA Fixed Assets		-265	
0	Interest Payable and other similar charges		0	
-1,104	Amortisation of Premiums & Discounts		-382	
957	Interest and Investment Income			
	Pensions interest cost and expected return on pensions assets		1,540	
56,746	Surplus (-) or Deficit for the year on HRA services		8,868	

F. Housing Revenue Account

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F. Housing Revenue Account

F2 Statement of Movement on the Housing Revenue Account Balance

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.

2008/09		2009/10	Note
£000s		£000s	
56,746	Surplus (-) / Deficit for the year on the HRA Income and Expenditure Account	8,868	
-57,238	Net additional amount required by statute to be debited or credited to the HRA Balance for the year	-9,505	
-492	Increase (-) / Decrease in the HRA Balance for the Year	-637	
-5,631	HRA Balance brought forward	-6,123	
-6,123	HRA Balance carried forward	-6,760	

F. Housing Revenue Account

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F. Housing Revenue Account

Reconciling Items for the Statement of Movement on the HRA Balance

2008/09		2009/10	Note
£000s		£000s	
	Amounts included in the HRA Income and Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year		
	Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	0	
	Difference between any other item of income and expenditure determined in accordance with the SoRP and determined in accordance with statutory HRA requirements (if any)	0	
-27	Revenue Expenditure Funded from Capital (Deferred Charges)	0	
15	Grants Deferred Written Off	16	
-57,011	Impairment of Fixed Assets	-15,088	
-53	Amortisation of intangible fixed assets	-76	
109	Gain or Loss on sale of HRA fixed assets	265	
-2,015	Net charges made for retirement benefits in accordance with FRS 17	-2,389	
	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with UK GAAP	0	
-58,982		-17,272	
	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		
-2,287	Transfer to / from (-) Major Repairs Reserve	2,597	HRA9
0	Transfers to / from (-) Housing Repairs Account	0	HRA5
1,537	Employer's contributions payable to the Northamptonshire County Council Pension Fund and retirement benefits payable direct to pensioners	1,830	
315	Financial Instruments Adjustments	315	
4	Voluntary set aside for debt repayment	0	
0	Capital expenditure charged in-year to the HRA Balance	0	
2,175	Net transfers to / from (-) earmarked reserves	3,025	
1,744		7,767	
-57,238	Net additional amount required to be credited or debited to the HRA balance for the year	-9,505	

F. Housing Revenue Account

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G. Notes To The Housing Revenue Account

1 Prior Year Adjustments

None

2 HRA Assets and Capital Transactions

- a) At 31st March 2010 the Council was responsible for managing 12,220 units of accommodation (excluding shared ownership properties): -

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four+	
Flats-Low Rise	1,515	397	2	1	1,915
Flats-Medium Rise	1,786	869	121	4	2,780
Flats-High Rise	398	83	22	0	503
Houses & Bungalows	879	2,577	3,226	340	7,022
Totals	4,578	3,926	3,371	345	12,220

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

Type of Property	Stock at 01/04/2009	Stock Movements			Stock at 01/04/2010
		Sales	Transfers	Additions	
Flats	5,204	-6	0	0	5,198
Houses & Bungalows	7,034	-9	-1	-2	7,022
Dwellings (excl. Shared)	12,238	-15	-1	-2	12,220
Shared Ownership	94	-3	0	0	91
Totals	12,332	-18	-1	-2	12,311

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

2008/09	Gross Balance Sheet Value	2009/10
£000s		£000s
155,123	Operational Assets	
	Land	307,563
361,954	Dwellings	209,528
16,435	Other Capital Assets	17,313
533,512	Total Operational Assets	534,404
1,944	Non Operational Assets	2,067
535,456	TOTAL	536,471
1,156,025	Vacant Possession Value as at 1st April	1,025,215

G. Notes To The Housing Revenue Account

d) Capital Receipts

2008/09	Housing Capital Receipts	2009/10
£000		£000
13	Land Sales	0
1,011	Dwelling Sales	1,005
0	Other Property Sales	0
1,024	Total	1,005
-755	Payable to the Secretary of State	-599
-755	Net cost of Payments to CLG	-599
269	Useable Capital Receipts	406

e) Capital Expenditure & Financing

2008/09	HRA Capital Expenditure and Financing	2009/10
£000s		£000s
	Expenditure	
0	Land Purchase	0
7,460	Dwellings	9,495
464	Other Property	56
7,924	Total Expenditure	9,551
	Financing	
	Dwellings	
500	Borrowing	500
6,871	Major Repairs Reserve	8,931
0	Grants	64
89	Third Party Contributions	0
7,460		9,495
464	Other Property	
464	Major Repairs Reserve	56
464		56
7,924	Total Financing	9,551

3 Arrears

During 2009/10, arrears as a proportion of gross income was 8.5%. This represents an increase of 0.3% since 2008/09 when the proportion was 8.2%. The figures for rent arrears are detailed below: -

G. Notes To The Housing Revenue Account

2008/09	Arrears	2009/10
£000s		£000s
3,386	Gross Arrears at 31 March	3,573
-540	Prepayments	-549
2,846	Net Arrears at 31 March	3,024
1,933	Provision for bad debts at 31 March	2,126

4 Vacant Possession Value

2008/09	HRA Vacant Possession Value	2009/10
£000s		£000s
1,156,025	Vacant Possession Value as at 1st April	1,025,215

2008/09	HRA Existing Use	2009/10
£000s		£000s
578,742	Existing Use Value as at 1st April	513,253

The Vacant Possession value of dwellings within the HRA as at 1 April was £1,025m (£1,156m in 2008/09). For the balance sheet, the figure has been reduced to 50% of this value, i.e. £513m (£579m in 2008/09). This shows the economic cost of providing Council housing at less than open market rents.

5 Housing Repairs Account

The transactions on the Housing Repairs Account for 2009/10 balanced to nil for the year, although this may not always be the case.

2008/09	Housing Repairs Account	2009/10
£000s		£000s
0	Balance B/f	0
13,065	Expenditure in the Year	10,267
-13,065	Contributions to the Housing Repairs Account	-10,267
0	Increase (-) / Decrease in the Housing Repairs Account Balance for the year	0
0	Balance c/f	0

G. Notes To The Housing Revenue Account

6 Housing Subsidy

The Government operates a "subsidy system" in relation to the Housing Revenue Account. It is based upon a notional account representing the Government's assessment of what the Council should be collecting and spending. A breakdown of the elements in the subsidy calculations is shown below: -

2008/09	Housing Subsidy	2009/10
£000s		£000s
-25	Prior Year Adjustment	2
-20,270	Management and Maintenance Allowance	-20,555
-7,831	Major Repairs Allowance	-7,956
-1,182	Charges for Capital	-1,171
0	Other Allowances	0
38,335	Notional Rent	39,287
4	Interest on Receipts	3
9,031	Total Amount to be paid to Government	9,610

7 Depreciation and Impairment

a) Depreciation

2008/09	Depreciation and Amortisation	2009/10
£000s		£000s
	Operational Assets	
9,849	Dwellings	4,953
253	Other Property	395
17	Vehicles, Plant & Equipment	12
10,119	Total Depreciation	5,360
53	Intangible Assets	76
53	Total Amortisation	76

G. Notes To The Housing Revenue Account

b) Impairment

2008/09	Impairment	2009/10
£000s		£000s
	Operational Assets	
104,025	Dwellings	15,347
36	Intangible Assets	0
354	Other Property	451
25	Vehicles, Plant & Equipment	2
104,440	Total Operational Assets	15,800
	Non Operational Assets	0
104,440	TOTAL	15,800

8 Secretary of State Determinations

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

2008/09	Secretary of State Determinations	2009/10
£000s		£000s
1,097	Rent Rebate Subsidy Limitation	1,512
1,097	Total Effect of Special Directions	1,512

9 Major Repairs Reserve

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

G. Notes To The Housing Revenue Account

HRA depreciation is not the same as the MRA, therefore an adjustment is required to ensure there is no bottom line impact on the HRA. The transactions on the MRR are detailed below: -

Major Repairs Reserve	£000s
Balance at 1 April 2009	-3,113
HRA Depreciation	-5,359
Depreciation adjustment to agree to MRA	-2,597
	-7,956
Amount used to finance Capital Expenditure	
Dwellings	8,931
Other Property	56
	8,987
Balance at 31 March 2010	-2,082

10 Rental Income

53 week years occur from time to time due to the number of days in a year not being exactly divisible by 7. Both 2008/09, however, were 52 week rent years.

H. The Collection Fund

Income and Expenditure Account

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

2008/09		2009/10	Note
£000s		£000s	
	INCOME		
-77,284	Council Tax (net of benefits, discounts & transitional relief)	-82,590	CF2
	Transfers from General Fund		
-11,866	Council Tax benefits	-13,858	
-99,609	Income collectable from business ratepayers	-100,630	
	Contributions		
-141	Towards previous years' Collection Fund deficit	-553	CF3
-188,900		-197,631	
	EXPENDITURE		
	Precepts & demands:-		
62,567	Northamptonshire County Council	65,725	14
11,689	Northamptonshire Police Authority	12,351	14
13,719	Northampton Borough Council	14,442	14
	National Non-Domestic Rates		
99,292	Payments to national pool	100,326	
317	Cost of collection	304	
	Bad & Doubtful Debts / Appeals		CF4
1,129	Write-offs	0	
44	Provisions	4,795	
	Contributions		
0	Towards previous years' Collection Fund surplus	0	
188,757		197,943	
-143	(Surplus)/deficit for the year	312	
946	Fund balance b/fwd	803	
803	Fund Balance c/fwd	1,115	

H. The Collection Fund

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I. Notes To The Collection Fund

1. National Non Domestic Rates (NNDR)

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

The total non-domestic rateable value as at 31 March 2010 was £243.3m and the equivalent figure for 2008/09 was £244.3m. The National Non-Domestic Rate multiplier for 2009/10 was 48.5p and the equivalent figure for 2008/09 was 46.2p. The small business non-domestic rating multiplier for 2009/10 was 48.1p and the equivalent figure for 2008/09 was 45.8p.

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 2009/10 calculated as follows: -

2008/09 Band D Equivalents	Band	Estimated number of taxable properties 2009/10 after discounts	Ratio	2009/10 Band D Equivalents
20.3	A(-)	36.0	5/9	20.0
16,302.3	A	24,659.2	6/9	16,439.5
13,660.7	B	17,876.5	7/9	13,904.0
16,651.7	C	19,456.8	8/9	17,294.9
8,907.8	D	9,127.8	9/9	9,127.8
6,011.0	E	4,966.8	11/9	6,070.5
3,018.1	F	2,142.5	13/9	3,094.7
1,773.5	G	1,085.0	15/9	1,808.4
94.5	H	51.3	18/9	102.5
66,439.9	Gross Council Tax Base			67,862.3
996.6	Non-collection provision			1,696.6
65,443	Council Tax Base Used for setting the Precept			66,166

The provision for non-collection was set at 2.5% for 2009/10 (1.5% for 2008/09).

I. Notes To The Collection Fund

3. Analysis of In-year Contributions to Fund Deficits

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

2008/09	Allocation Of Collection Fund Deficits	2009/10
£000s		£000s
-22	Northampton Borough Council	-86
-100	Northamptonshire County Council	-394
-19	Northamptonshire Police Authority	-73
-141	Total Deficit Recovered	-553

4. Bad and Doubtful Debts

2008/09	Bad and Doubtful Debts	2009/10
£000s		£000s
3,373	Bad Debt Provision B/f	3,417
0	Write Offs	-932
44	Provision Made in Year	4,795
3,417	Bad Debt Provision c/f	7,280

J. Statement Of Responsibilities For The Statement Of Accounts

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 Isabell Procter (Director of Finance);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

The Section 151 Officer

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Section 151 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that this Statement of Accounts presents the true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.

Isabell Procter Section 151 Officer	Councillor Brian Hoare Leader of Northampton Borough Council
Date	Date

J. Statement Of Responsibilities For The Statement Of Accounts

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