Appendix B

STATEMENT OF ACCOUNTS

2020/21

SUBJECT TO EXTERNAL AUDIT

INDEX

Preface

We are pleased to introduce Daventry District Council's Statement of Accounts for 2020/21, which sets out how the authority managed its resources effectively in its final year to deliver quality services and work towards achieving its Vision to Develop a Better District.

In February 2020 the Council agreed its £11.6 million revenue budget for the financial year ahead, including its Medium-Term Financial Plan, which took into account a 7% reduction in funding from Central Government.

In the face of ongoing public sector funding pressures, a challenging economic climate, and the Covid-19 pandemic, the Council was able to be both provident and prudent in balancing its books, enabling it to keep a stable financial position.

This has involved a financial strategy to become self-sustainable and reduce reliance on central government funding, by generating new income streams and bringing invest-to-save projects to fruition.

The Council has also continued to invest significantly in improving services and amenities for the local community, with a number of key projects making progress during 2020/21.

A new leisure centre in Moulton to cater for residents in the east of Daventry District was completed, as was a £1.48million project to build a new state of the art rehabilitation facility for Reach for Health, which transforms the lives of people with serious health conditions.

Good progress was also made on a major regeneration project in Daventry town centre, which will see the creation of a new four-screen cinema, restaurants and a new public square. The Council also completed work on a new Daventry Town Centre Vision 2035, which sets out a range of proposals for enhancing this area over the next 14 years.

Our staff were also heavily involved in the response to the Covid-19 pandemic, working with partners and volunteer agencies to help support the public and businesses affected.

This was the final year for our Council, which was replaced by the new West Northamptonshire Council on 1 April 2021.

We are proud nevertheless to have ended the year in a stable financial position.

Our hard work will continue within the new Council as we continue to focus on delivering upon our priorities to improve the lives of residents right across West Northamptonshire.

	Councillor
Chief Executive	Leader of the Council

Statement by the Chairman of the Audit and Governance Committee

In accordance with the Accounts and Audit Regulations 2015, I certify that these accounts will be approved at the Audit and Governance Committee at their meeting held on the xxth xxxxxxxxxx 2021.

Signed, on behalf of West Northamptonshire Council

Councillor

Chairman of the meeting approving the accounts Date: xxth xxxxxxxxxx 2021

Narrative Report

Introduction

The Statement of Accounts has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in Great Britain' (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code ensures that all local authorities produce their accounts on a consistent basis, thus enabling comparison. The Statement aims to provide information so that members of the public, including electors and residents of Daventry, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2020/21;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

The Code reconciles accounting standards in general use within the UK with the statutory local government finance framework. There are material differences between what accounting rules state should be included in the accounts and what legislation states should be financed by a local Council and local council taxpayers. Accordingly there are many entries, particularly within the Comprehensive Income & Expenditure Statements that are included as notional items for presentational purposes, so that accounting standards are fulfilled. These notional items are then reversed out, so that the bottom line financial performance is consistent with statutory requirements.

In respect of English local authorities the Code for 2020/21 has relatively limited changes compared to 2019/20.

This narrative report provides information about Daventry District, including issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31 March 2021 and is structured as below:

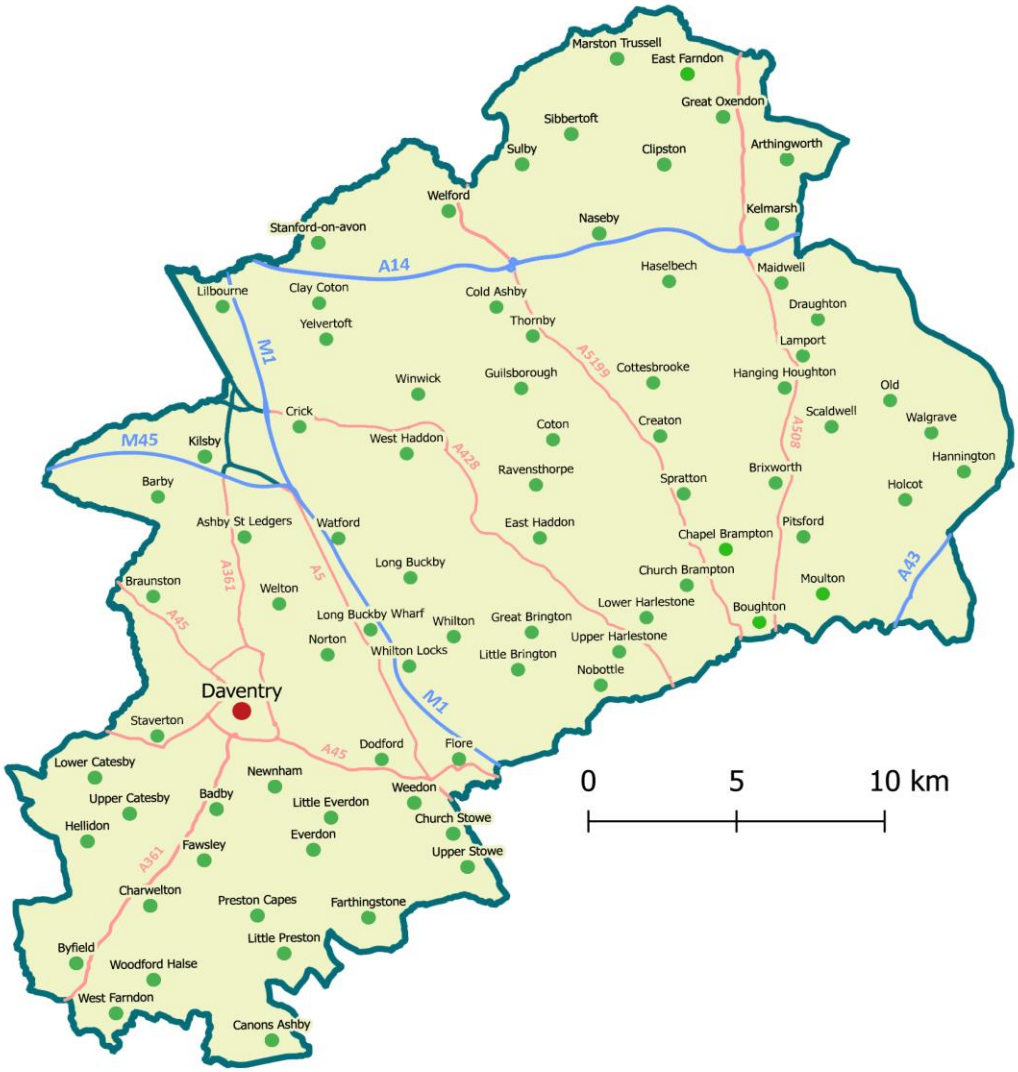
A) An Introduction to Daventry District.
B) Keys Facts about Daventry District.
C) Key Information about Daventry District Council.
D) The 2020/21 Revenue Budget Process.
E) Financial Performance of the Council 2020/21.
F) Non-Financial Performance of the Council 2020/21.
G) 2021/22 Budget, Medium Term Financial Plan and Capital Programme.
H) Corporate Risks.
I) Order and Explanation of the Financial Statements.
J) Going Concern
K) Audit.
L) Summary Position.
M) Receipt of Further Information.

A. An Introduction to Daventry District

About our District

Defined by its beautiful West Northamptonshire countryside setting and strategically placed at the centre of the national road network, Daventry District provides a rare and sought-after balance of urban and rural lifestyles.

The district covers more than 250 square miles and is made up of the historic market town of Daventry, and 78 villages, contributing to its distinctive character and rural charm. Latest figures give a district population of about 84,500, with approximately 25,000 living in Daventry town itself. The health of people in Daventry District is generally better than the England average and crime levels are low.



Daventry District is located in a place where the economic strength of London and the South East meets reasonable land and house prices. Daventry town is growing fast, with the current population expected to grow to 40,000 by 2026.

Well connected

Daventry District has excellent transport links, proving itself to be a popular location in the centre of the UK for businesses seeking distribution bases, company headquarters and warehousing and manufacturing facilities.

By road - Strategically placed at the heart of the national road network, with easy access to the M1 motorway, the M6/A14 interchange, the A5 and the A45. Regular bus services provide strong links to the local area and surrounding region, with a new bus interchange in Daventry town among further investment planned.

By rail - Home to the Daventry International Rail Freight Terminal, the UK's premier rail-linked logistics development on the West Coast Mainline, connecting businesses to continental Europe. London is just 78 minutes' travel time from Daventry District's train station at Long Buckby, while journeys to Birmingham take less than an hour.

By air - Five international airports within convenient reach – Heathrow, Luton, Stansted, East Midlands and Birmingham International.

A balanced economy

Daventry District benefits from a balanced economy, generated by a broad mix of employment, with growing sectors including logistics, high performance technology, motorsport, food and drink and creative and cultural industries.

Unemployment levels are significantly lower than the national and regional average, including for young people. By 2029 an additional 28,500 jobs are estimated for the West Northamptonshire area, including Daventry District National companies already based in the District include Ford Motor Company, Cummins, Tesco, DHL, Wincanton and Volvo Trucks.

Daventry is home to a high number of independent businesses, helping the area to withstand the recent economic downturn well.

Explore at your leisure

From picturesque villages to woodlands, canals, reservoirs, country parks and many elegant country houses and gardens, the District is full of treasures to discover.

It boasts some of the finest stately homes in the country, including Althorp House, Canons Ashby, Cottesbrooke Hall and Kelmarsh Hall, while its range of hotels, restaurants and fine country pubs offer the warmest of welcomes.

Reservoirs including Pitsford, Hollowell and Drayton offer superb opportunities for sailing, while running through the heart of the District is the picturesque Grand Union Canal, a popular route for pleasure cruises, walking, cycling and angling. There is canal heritage around every corner, ranging from the village of Braunston at the junction of the Grand Union and Oxford Canals through to tunnels, lock flights and bridges.

Drayton Reservoir in Daventry is a premier location for angling and just a stone's throw away is the Green Flag Award winning Daventry Country Park, offering tranquil picnic spots, an adventure playground, a nature trail around the reservoir and a wealth of wildlife. The District benefits from a wide range of sporting facilities including golf clubs, all-weather pitches, football and rugby clubs and a number of local gyms.

Daventry Leisure Centre, conveniently located in the heart of the town, features two swimming pools, a sports hall, state-of-the-art gym and squash courts, while a modern skate park in the town centre provides an ideal spot for people to practice their skills on skateboards, bikes and scooters. There is also karting at Whilton Mill near Daventry town which has Motor Sports Association registered circuits for advanced and novice drivers.

Steeped in history

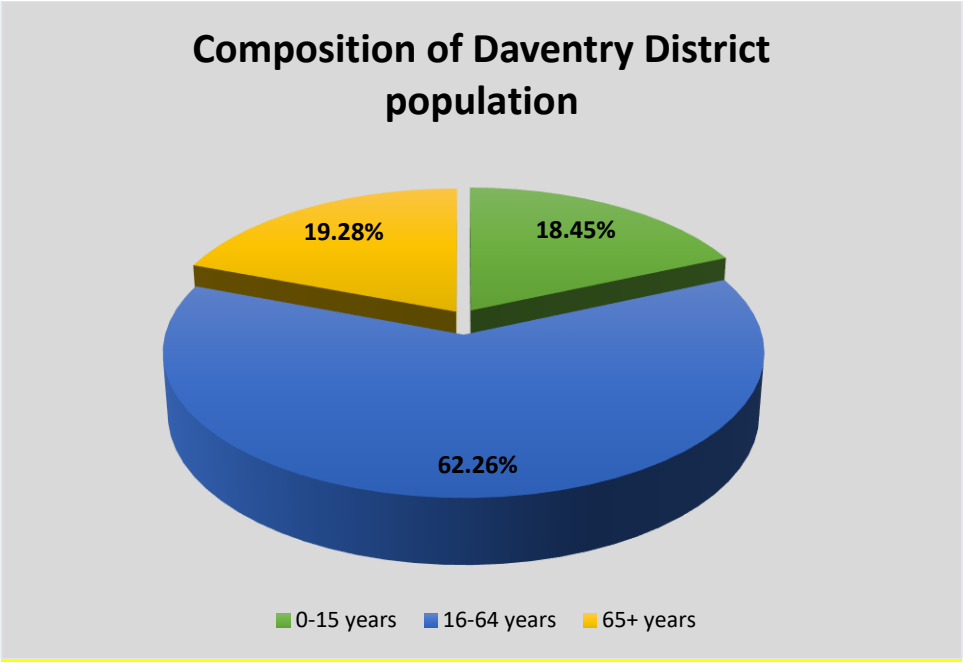
Daventry District is an area rich in history. In 1925, Borough Hill in Daventry became home to the BBC's world service transmitters, relaying radio signals around the world with the renowned radio call sign 'Daventry Calling the World'. Borough Hill also has National Scheduled Ancient Monument status as it was the site of one of the largest Bronze Age hill forts in the country.

The District was also the focus for historic events such as the Civil War's deciding battlefield at Naseby and the Gun Powder Plot at the village of Ashby St Ledgers, the Manor House being the plotters' command centre and home of the lead plotter, Robert Catesby.

B. Key Facts about Daventry District

Population

Office for National Statistics Mid-Year Estimates for 2019 reported that the Districts estimated population was 84,484 with the age profile as presented below.



This profile is very similar to national averages.

Daventry Council's Equality Scheme and Plan 2017 - 2020 provide clear links to the Councils 'Vision & Values' and targets within the Corporate Strategic Plan, in particular 'Put the customer at the heart of everything that we do' and 'Promote and value the diversity of our District'. We strive to make our services accessible and responsive to all who need them and our employment practices fair and transparent, with a workforce that is reflective of our community. The objectives identify three key priorities which the Council believes have the potential to drive further improvements in our equality performance and further strengthen our intelligence and evidence base and be deliverable within existing resources:

- Improve Processes to provide a better understanding of our communities and their needs.
- Foster good relations within the District.
- Continue to progress as an organisation committed to equalities.

Economy

Economic data tells us:

- The median household income for full time employees in the District is £31,658 which is more than the national average of £30,524 and is an increase on 2018/19 when the median earnings were below the national average;
- The average unemployment rate during 2019 was 3.2% compared to the national average of 3.9%;
- The percentage of people claiming Out-Of-Work-Benefits was 4.9% compared to the national average of 6.5%. Note: % is the number of claimants as a proportion of resident population of the area aged 16 – 64.

C. Key Facts about Daventry District Council

Daventry District Council provides essential local services that support the day-to-day quality of life needs for most people. Services range from waste and recycling collections, electoral registration and development control to providing leisure facilities and economic regeneration.

The main services relate to:

- Enhancing the heart of Daventry.
- Improving commerce, employment and educational opportunities.
- Waste and recycling.
- Cleaner streets and open spaces.
- Greener living.
- Better, affordable homes.
- Encouraging active, fitter lives.
- Engaging our young people.
- Cohesive communities.
- Raising the profile of Daventry District.

Local Government Reorganisation

At the time of writing Daventry District Council (DDC) has merged into the new West Northamptonshire unitary authority, covering the previous districts of South Northamptonshire and Daventry and the borough of Northampton. The impact of the Covid-19 restrictions hampered the original proposed transformation programme with a position of safe and legal being established for day one of the new West Northants Council. During the first several years, the services provided by the ex-sovereign councils will be reviewed and transformed and the new working arrangements will present opportunities for sharing good practice, innovation and improving services for all stakeholders.

Economic Context – COVID-19

The impact of the Covid-19 pandemic began to be felt in March 2020 and whilst the Government has produced a roadmap to enable the country to exit the restrictions, the economic impact has been substantial. Businesses in the district have been continually supported through the provision of business rate reliefs and grants, funded by central government. There has also been significant impact across a wide range of services, all of which have adapted to new ways of working to minimise any impact on users.

Political Structure

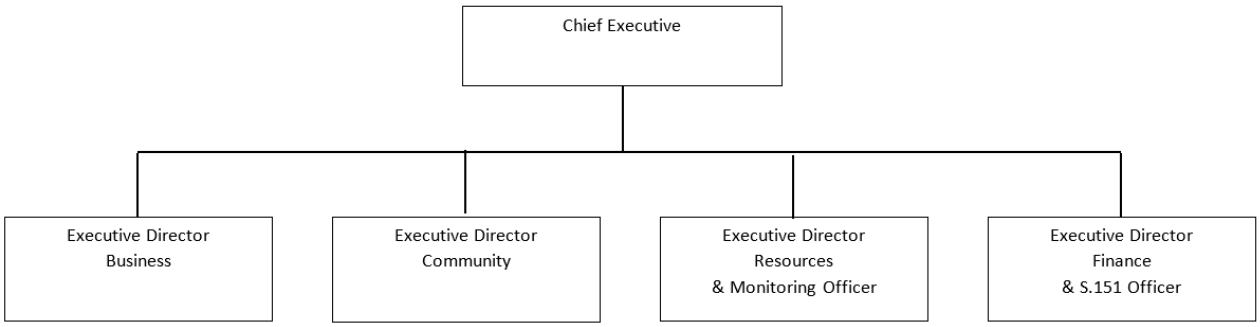
Daventry has 16 wards represented by 36 Councillors, made up of 29 Conservatives, 4 Labour, 2 Liberal Democrat and 1 Independent.

The Council has adopted the Committee Style model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of Members to the various committees, the allocation of Portfolios and the delegation of Executive Functions. Committee Members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny of Executive decisions for 2020/21, including the setting of a balanced budget for 2020/21, has been undertaken by Strategy Group Committee and Council.

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Senior Management Team, led by the Chief Executive Ian Vincent.

SMT Management Structure



During 2020/21 the Senior Management Team was comprised of the Chief Executive (Head of Paid Service), Deputy Chief Executive (Monitoring Officer), Executive Director (Resources & Monitoring Officer), Executive Director (Community), Executive Director (Finance) and Executive Director (Business).

Each team covers the following main areas:-

Finance
- Council Tax/Business Rates Collection
- Housing Benefits service
- Office Support Services (Accountancy, Audit)

Resources Team
- Elections and Governance
- Office Support Services (Human Resources, IT)
- Development Control

Community Team
- Environmental Health
- Housing Options
- Customer Services

Business Team
- Leisure Services
- Waste/Recycling/Grounds Maintenance
- Construction and Development Services

Council Employees

The Council recognises the value and importance of Council employees in every aspect of the Council's work. The Council has retained accreditation as an Investors in People organisation at the Silver award level, having continued to demonstrate the requirements of the Investors in People framework following annual reviews against a continuous improvement action plan, since the 2017 award.

The Council's Corporate Strategic Plan

One of the key strategic documents that frame the actions of the Council is the Council's Corporate Strategic Plan. The plan, covering the period 2017 – 2020, sets out how the Council was working with its partners to develop a vibrant, sustainable district with a better quality of life for everyone living here.

The Council's Vision to '*Develop a Better District*' is supported by four particular objectives. Under each objective, the Council has identified the District's priorities, more specific areas of work that contribute to achieving the Vision from the wider work of the Council and the local services it provides.

- **Improve our Business Economy, Learning and Skills.**
    - Develop Daventry Town.
    - Maximise economic opportunities in the rural areas.
    - Facilitate and develop opportunities for employment and learning.
    - The District is recognized as being open for business.

- **Protect and Enhance our Environment.**
    - Reduce adverse environmental impact.
    - Reduce the amount of waste generated.
    - Deliver attractive public spaces.
    - Preserve the Districts heritage.

- **Promote Healthy, Safe and Strong Communities and Individuals.**
    - Improved access to services.
    - Encourage a safe and healthy lifestyle.
    - People have the housing they need.
    - Support the community and voluntary sector.

- **Be an Efficient and Effective Council.**
    - Maximising income generation.
    - Effective resource and risk management.
    - Value and develop an effective workforce.
    - Manage performance and customer perception.

It is not possible to fully document the specifics of how the Council will deliver each target area in a Corporate Strategic Plan. The detail is stated in Service Plans, which bring together actions for each service from Council strategies and Improvement Plans. Overall the Council has achieved 83% of its active measures being within 5% or better of the target.

The Plan is prepared on a three-year plan cycle, refreshed annually and renewed at the end of each three-year cycle.

Our Corporate Values guide the way the Council work. In everything we do, we do our best to:

- Place the customer at the heart of everything we do.
- Communicate honestly and openly with customers and colleagues at all times.
- Strive for continuous improvement and excellence in all we do.
- Achieve positive outcomes for the community through delivery of high quality services and community empowerment.
- Demonstrate good leadership, respect and effective team working.
- Promote and value diversity of our district.

D. The 2020/21 Revenue Budget Process

The annual Revenue Budget process is an on-going cycle that looks back at historical data, identifies trends and looks at issues going forward. The predominant issue for 2020/21, and future years, was the expected cut in Government funding. The Council followed a tried and tested methodology, with the Senior Management Team and officers reviewing base budgets to identify budget reductions and efficiencies, which developed into proposals for Strategy Group and Full Council to consider. This review process included identifying any proposals for growth that fulfilled the following criteria:

- 'Invest-to-save' proposals which will result in a net revenue budget saving (via reduced expenditure or increased income) and with anticipated financial payback in a reasonable time period or, proposals which would result in a net capital gain (via development to sell) also with financial payback in a reasonable time period;
- Health and Safety required items to meet mandatory obligations;
- A statutory requirement or compliance with an existing legal obligation, or;

- Schemes where external funding has been secured;
- Schemes that enable the authority to meet its objectives are affordable and which do not generate on-going revenue cost.

Updates to the budget proposals were presented to Strategy Group committee during 2019/20 before Council approved the final net revenue budget of £17.531m (£18.122m including Special Expenses) on 20 February 2020. Council also approved the Treasury Management and Investment Strategy and the Capital Programme. The Council policy on Council Tax was for the increase to be set within Government guidelines and was increased by £5 (3.11%).

In preparing the Medium Term Financial Plan (MTFP) for 2020/21 to 2024/25, the aim was to align to the objectives set out in the Corporate Plan. The MTFP was also approved at the Council meeting on 20 February 2020 and it set the framework to enable the Council to determine an appropriate course of action to address any financial issues not only for 2020/21 but for future financial years. The MTFP highlighted that the Council was in a sound financial position with sufficient reserves to plan, in a timely manner, actions required to close the significant deficits projected for 2021/22 onwards. The major cause of the planned deficits are the assumed continued cuts in Government Funding and the reset of retained Business Rates. In addition to that, the authority will be subject to Local Government Reorganisation and this authority will be amalgamated with others to become an unitary authority from the 1st April 2021

E. Financial Performance of the Council 2020/21

The Council incurs revenue and capital expenditure during the course of any given year. The Local Government and Housing Act 1989 requires all expenditure incurred by the Council to be charged to a revenue account of the authority unless it can be legitimately classified as capital spending in accordance with the definitions contained within the relevant legislation. For most operational and accounting purposes, the definitions of revenue and capital expenditure are summarised as:

Revenue Expenditure covers most day-to-day, on-going spending on goods and services that are provided and consumed within the financial year. Revenue spending is financed from council tax income; rents; fees and charges; interest income, government grants and other miscellaneous income.

Capital Expenditure relates to spending providing benefits of a more lasting nature, such as the purchase of an asset, which has a useful life beyond one year. Capital spending is financed mainly from useable capital receipts generated from the sale of Council assets; government grants, external funding contributions from other agencies and revenue contributions.

A summary of the Council's financial performance during 2020/21, showing actual spending for the year compared to the approved budget, together with an overview of the resultant year-end balance sheet position, is presented below for the following main accounts:

Revenue Outturn 2020/21
Capital Outturn 2020/21
Capital Receipts
Treasury Management
Reserves and Balances

Revenue Outturn 2020/21

The revenue outturn covers all net spending by the Council on services. For the avoidance of doubt it excludes receipts and payments incurred in respect of parish councils and capital expenditure on projects.

The approved 'Net Operational Costs' budget for 2020/21 was £14.016m. This budget covers the net cost of providing services. After allowing for planned contributions to non-earmarked general reserves of 2.289m and a planned contribution to earmarked reserves of £2.011m, the total 'Net General Fund Budget Requirement' for 2020/21 was £18.316m.

Team Expenditure	Revised Budget £'000	Outturn £'000	Variance £'000
Chief Executives	(1,128)	(6,718)	(5,590)
Business	4,367	3,694	(673)
Community	3,260	3,227	(33)
Finance	1,343	(2,023)	(3,366)
Resources	3,792	4,102	310
Total Cost of Services	**11,634**	**2,282**	**(9,352)**
Less			
Interest and Investment Income	(659)	(625)	34
Direct Revenue Financing	2,738	2,576	(162)
Central Contingencies	303	0	(303)
Net Operational Expenditure	**14,016**	**4,233**	**(9,783)**
Contribution to G.F. Earmarked Reserves	2,011	9,125	7,114
Net Operational Costs	**16,027**	**13,358**	**(2,669)**
Contribution to (+) / drawing from (-) General Reserves	2,289	4,049	1,760
Net Budget Requirement	**18,316**	**17,407**	**(909)**

Funded by:	
General Government Grant	4,156
Income from Non-Domestic Rates	8,452
Council Tax Surplus	124
Precept demanded from the Council Taxpayer	5,584
Total Funding	**18,316**

Actual 'Net Operational Costs' of services for the financial year 2020/21 were £17.407m, compared to the approved budget of £18.316m, as shown in the table below, representing an operational variance of £0.909m. As part of the comprehensive budget monitoring cycle, this position was reported throughout the year to enable £9.125m to be transferred to earmarked reserves and £4.049m transferred to non-earmarked general reserves.

The favourable variances in the Chief Executives and Finance lines relate to the receipt of the extended retail relief and specific covid grant funding and any unutilised monies have been contributed to earmarked reserves.

The operational variance of £0.909m reflects these unplanned expenditure and income factors:

Significant Revenue Budget Variations (A) = Adverse, (F) = Favourable	Variance £'000
Unused contingencies (F)	(261)
Net Housing Benefit/Council Tax Benefit (F)	(188)
Staff vacancies (F)	(207)
Elections (F)	(47)
Miscellaneous (F)	(78)
Planning fees (A)	224
Collection Fund Court costs (A)	91

Capital Outturn 2020/21

The original 'Capital Spending Programme' budget for the 2020/21 financial year was £16.562m. Following a detailed review of planned schemes during the year, the 2020/21 budget was increased to £21.195m. Actual total capital spending in 2020/21 amounted to £13.425m, which represents a variance of £7.770m. The capital spending and funding position for the year is summarised below:

Capital Spending Outturn Team	Original Approved Budget £'000	Revised Budget £'000	Actual Outturn £'000	Variance (Actual – Revised) £'000
Resources	57	57	65	8
Finance	410	0	0	0
Business	14,494	14,734	9,644	(5,090)
Community	1,407	6,210	3,543	(2,667)
Chief Executive (including capital salaries allocated against schemes in the Revised Budget)	194	194	173	(21)
Capital Spending	**16,562**	**21,195**	**13,425**	**(7,770)**
Funded by:				
Use of Capital Receipts	(9,388)	(14,857)	(9,655)	5,202
Use of External Contributions	(6,755)	(6,329)	(1,142)	5,187
External Borrowing*	(410)	0	0	0
Contribution from Revenue (including SIF)	**(9)**	**(9)**	**(2,628)**	**(2,619)**

The major spending on schemes included within this programme related to:

Town Centre Vision (TCV) Site 1 and Cinema	£5.824m
Leisure Centre East	£2.586m
Homelessness Temporary Accommodation	£1.981m
New Rehabilitation Building	£0.784m
Disabled Facilities Grant (DFG)	£0.761m
Daventry Country Park (3 projects)	£0.355m
Improvements to Athletics Facilities at Stefan Hill	£0.246m
Town Centre Vision Burgage Wall	£0.158m
New Foot and Cycle Bridge – Crick	£0.113m
Community and District Initiatives	£0.108m

The aggregate year-end "Capital Spending" variance of £7.770m largely represents programme slippage in respect of which the associated committed project costs and unspent approved budget will slip into the 2021/22 programme to allow completion of the projects.

The capital programme was funded from usable capital receipts, external contributions, revenue funding, and internal borrowing (for forward funding against future CIL and s.106 income).

Capital Receipts

The budget for capital receipts income for 2020/21 was £1.286m, made up of £0.250m for DDC's share of right to buys sales, and £1.036m from the sale of assets during the year.

The actual income from receipts totalled £1.808m a variance of £0.522m. This increased income was mainly due to higher right to buy receipts of £0.641m against the budget of £0.250m. Right to buy receipts is a particularly difficult area to budget for, given the demand-led nature of sales. The VAT shelter arrangement delivered an extra £0.077m, which further benefitted the outturn position. In addition a shared ownership tenant purchased the remaining share of their property for £0.035m. Small capital receipts for minor disposals totalled £0.019m contribution to the variance as well.

Treasury Management

Treasury management is defined as the management of the authority's investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those transactions; and the pursuit of optimum performance consistent with those risks.

For the Council this involves managing cash flow on a daily basis and placing investments with approved counterparties that optimise security, liquidity (funds available when needed) and yield (interest earned).

As at 31st March 2021, a total of £49.5m was invested. For treasury management interest earnings there was an unfavourable variance of £0.034m. This variance relates to the lower level of returns available for investments due to the covid 19 economic situation.

Reserves and Balances

The Balance Sheet at 31st March 2021 incorporates revenue reserves and capital balances available to this Council:

Reserves and Balances	£'000	£'000
Revenue Reserves:		
Non-earmarked general reserves	**22,345**	
Earmarked reserves (not including Daventry Special Expenses)	**27,170**	
Total Daventry DC Revenue Reserves		**49,515**
Capital Balances:		
Capital Receipts Reserve		**5,567**

General Fund revenue reserves amounted to £49.515m, comprising £27.170m earmarked reserves (to cover identified specific, potential financial risks and liabilities and the statutory timing of the nndr accounting regime) and £22.345m non-earmarked general reserves. The non-earmarked general fund reserves represent an adequate level of reserves to cover unforeseen financial risks. The adequacy of this current level of revenue reserves will depend on the Council successfully delivering a challenging and ambitious capital programme and addressing the medium-term financial challenges.

Pension Fund Liability

The Balance Sheet presents an increase in the estimated Pension Fund Reserve net liability over the 2020/21 year of £7.562m, up from £27.252m at 1st April 2020 to £34.814m at 31st March 2021. The statutory arrangements for funding the remaining liability means that this deficit will be made good by the increased level of annual employer contributions payable to the Pension Fund over the remaining estimated average work life of employees in the Pension Scheme. The most recent triennial review of the Pension Fund was undertaken on 31st March 2019 and future revisions to annual contributions were effective from 1st April 2020.

In monetary terms, the IAS19 deficit is slightly higher (worse), and the funding level (the ratio of assets to liabilities) is at a similar level proportionally for the employer's share of the pension scheme compared to a year ago. The changes to the assumptions have impacted the assets and liabilities by a similar proportion, meaning the ratio between the two is virtually unchanged. However, there has been an increase in the value of the gap between assets and liabilities, resulting in an increase in the IAS19 deficit.

Financial Assumptions

- The discount rate is broadly equivalent to the yield available on a basket of high quality corporate bonds with consistent with the currency and term of the liabilities.
- The Retail Price Index (RPI) is typically derived from yields available on fixed interest and index linked government bonds. The recommended RPI for each discount rate category (see note 38) has been identified at appropriate durations from the Bank of England implied inflation curve.
- The pension increase will be in line with the Consumer Price Index (CPI). The CPI assumption is calculated as RPI (see above) less 1.0% p.a.
- The salary growth is set relative to the derived RPI/CPI assumption at the reporting date using the same methodology as for the most recent actuarial valuation of the Northamptonshire Pension Fund.

- Demographic assumptions – These assumptions are in line with analysis based on data provided for the latest triennial valuation and cover longevity, commutation, withdrawal, ill health early retirements, etc).

F. Non-Financial Performance of the Council 2020/21

Daventry District Council worked toward four key objectives to help achieve its vision to 'Develop a Better District'. These are:

- To Improve our Business Economy, Learning and Skills
- To Protect and Enhance our Environment
- To Promote Healthy, Safe and Strong Communities and Individuals
- To be an Effective and Efficient Council.

The Council's key achievements in the 2020/21 financial year towards achieving those objectives included:

To Improve our Business Economy, Learning and Skills

- Work to deliver a new four-screen cinema in Daventry town centre continued, with the formal handover of the building to its operator. The Arc Cinema took possession of the new cinema building from Daventry District Council's main contractor Willmott Dixon in March 2021 so they can complete the internal fit-out ahead of a anticipated summer opening. Willmott Dixon, meanwhile, will continue work on the rest of the £12.5 million Mulberry Place development, which will feature restaurants, a public square, and decorative fountains.
- Millions of pounds in grants were handed out to businesses across the District under a range of Government schemes to ease the impact of Covid-19.
- The Council worked with a range of businesses to enable to them to reopen safely following the easing of lockdown restrictions, offering support and advice to help them keep staff and customers safe and ensure they complied with the law.
- A large site at Eastern Way in Daventry was disposed of to the Department for Education to help enable a new secondary school to help young people in the area meet their potential and reduce numbers travelling out of the area for their education.
- Progress on the £12 million Catesby Aerodynamic Research Facility (CARF) continued at the disused railway tunnel near Charwelton. The ambitious scheme attracted a £6.2 million investment from the Government's Local Growth Fund, secured through the South East Midlands Local Enterprise Partnership (SEMLEP). A new £4 million Research and Innovation Centre is also being built on the site, with the aim of enabling high-performance technology start-ups and early growth businesses to locate next to the testing facility. The

Council helped enable development by acquiring the disused tunnel from the Secretary of State for Transport so it could be leased to ARP.

- A series of Article 4 Directions were placed on a number of ‘Strategic Employment Areas’ around the District, protecting sites where it is felt industrial and commercial space should be protected and encouraged.

To Protect and Enhance our Environment

- The Council declared a Climate Emergency and agreed a raft of measures to tackle the issues locally. This included an Action on Climate Change promotional campaign, the creation of a new grant scheme to help communities get green schemes off the ground, and a pledge to double tree cover across the District over the next ten years.
- Daventry Country Park achieved the prestigious Green Flag Award for the 21st time in recognition of its excellent facilities and high maintenance standards. The Green Health at Daventry project, which the Council supports, was also recognised by the Green Flag Awards, receiving a Community Award from the national scheme’s judges, as was long-serving Country Park Ranger Tony Newby, who scooped the 'Employee of the Year' award for England in 2020.
- Pathways around Daventry Country Park were resurfaced, improving accessibility, and the Park’s popular Café, Visitor Centre and toilets reopened following extensive renovation.
- Residents were consulted on plans to install three new electric vehicle chargepoints in Daventry District, with the aim of improving infrastructure and encouraging take-up of electric vehicles.

To Promote Healthy, Safe and Strong Communities and Individuals

- A new Town Centre Vision 2035 was adopted for Daventry following extensive public consultation. Adopted in March 2021, the Vision sets out a series of proposals for protecting and enhancing the town centre over the next 14 years.

- Work to widen a busway on Daventry's Middlemore estate to create a general purpose road was completed. The busway was narrow because it was originally designed for buses and construction vehicles only. However many motorists used the route for general access in and out of the estate, and the Council supported calls by residents to widen and convert it into a general purpose road.

- The Reach for Health charity, which helps transform the lives of people with serious health conditions, moved into its new premises in November 2020 following a £1.48 million project funded by the Council. The new Reach for Health Centre is more than twice the size of the charity's former home, allowing it to increase the range of services it offers and help even more people.

- The new Moulton Leisure Centre was completed in March 2021, allowing it to open in time for the lifting of Covid-19 restrictions later in the spring. The centre boasts a range of facilities to benefit people in Moulton and the surrounding area.

- The council worked with a range of partners and volunteer agencies to meet the challenges posed by the Covid-19 pandemic, getting grants to those that needed them, delivering food parcels, helping those in isolation access services, and securing accommodation and furniture for those who were homeless.

To be an Effective and Efficient Council

- We worked with other Councils across Northamptonshire on the Future Northants programme, which saw the successful creation of two new councils – West Northamptonshire Council and North Northamptonshire – on 1 April 2021.
- We facilitated the creation of a new parish council for Harlestone Manor, which held its first meeting remotely with support from our Council in June 2020.
- A range of public assets - including parks and open spaces and the cemetery - were transferred to Daventry Town Council ahead of the reorganisation of local government, to ensure they would continue to be managed by those who are directly responsible to the people of the Town once the District Council was abolished.

G. 2020/21 Council Budget, Medium Term Financial Plan and Capital Programme

The approved General Fund revenue budget for 2020/21 represents a planned budget surplus of £2.288m, reducing to a deficit position of £5.145m at the end of the period of the Medium Term Plan 2024/25. The major cause of the planned deficits are the assumed continued cuts in Government Funding, the reduced allowance of New Homes Bonus and the re-set of non-domestic rates.

The Medium-Term Financial Plan approved by Council in February 2020 included the projected levels of General Fund revenue reserves available to the Council. These have now been updated to reflect the latest information contained in the 2020/21 Statement of Accounts.

G.F. Revenue Reserves	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Revised projections per Statement of Accounts 2020/21						
G.F. General Reserves						
Opening Balances @ 1st April	18,299	22,345	24,633	24,300	23,806	18,850
add						
Budget Surplus/(Deficit) for the year	4,046	2,288	(333)	(494)	(4,956)	(5,145)
G.F. General Reserves	**22,345**	**24,633**	**24,300**	**23,806**	**18,850**	**13,705**
Earmarked Reserves	**27,170**	**25,677**	**24,664**	**22,416**	**23,374**	**24,771**
Total G.F. Reserves c/fwd	**49,515**	**50,310**	**48,964**	**46,222**	**42,224**	**38,476**

Capital Investment Plans

The Council's approved capital spending programme for the five-year period 2021-2026 represents planned investment in service assets and infrastructure of £7.616m, of which £2.772m is anticipated to be met by external funding from government agencies and private sector developers, leaving £4.844m to be funded from the Council's own resources. These legacy plans have been built into the opening Capital Programme of West Northamptonshire Council.

A Summary of the capital programme and its proposed funding is summarised in the table below:

Future Approved Capital Spending and Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Approved Programme Spending	**2,241**	**1,477**	**1,311**	**1,298**	**1,289**	**7,616**
funded by:						
Capital Receipts	306	451	563	550	450	2,320
Government Grants	400	400	400	400	400	2,000
Direct Revenue Funding	0	0	0	0	0	0
Borrowing*	1,182	507	248	248	339	2,524
Other External Contributions	353	119	100	100	100	772
Total Funding	**2,241**	**1,477**	**1,311**	**1,298**	**1,289**	**7,616**

Of the total planned spend of £7.616m, approximately £2.703m is for the asset management rolling programme, required to replace existing assets or invest in assets to maintain the current range and level of services; £3.565m relates to Disabled Facilities Grants, £0.524m relates to infrastructure improvements, and £0.824m relates to other schemes.

The projected levels of capital receipts and contributions, available to the Council, based on the Capital Programme approved by Council in February 2020 and updated to reflect the latest information contained in this 2020/21 Statement of Accounts, are as follows:

Capital Receipts and Contributions	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Reserves balances b/f :-	9,067	9,211	9,210	9,210	9,210
Land and Asset Sales	0	0	0	0	0
RTB	250	250	250	250	250
External Funding & CIL	200	200	313	300	450
Use of capital resources	(306)	(451)	(563)	(550)	(450)
Capital Reserves balances c/f :-	**9,211**	**9,210**	**9,210**	**9,210**	**9,460**

H. Corporate Risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Strategic Risk Register (and accompanying Mitigation Plan) plays an integral role to support production of the Corporate Strategic Plan and Medium-term Financial Plan and is subject to annual review by Corporate Governance and Strategy Group committee.
Key corporate risks include the following:

- Continued uncertainty in Government grant/and or other funding and its impact on the Medium Term Financial Plan.
- Inability to manage expectations in response to significant external policy and governance changes (including uncertain Brexit and NCC impacts).
- Increase in service demand as a result of growth or demographic change.
- Increase in service demand as a result of changes in the economy (including Brexit).
- Major investment projects not being delivered.
- Supply chain failure.
- Inadequate capacity to deliver and take advantage of opportunities.
- Damage to reputation.
- Increased litigation, legal challenge and appeals.
- Failure of business resilience.
- Local Government Reform in Northamptonshire.

The reorganisation of local government in Northamptonshire creates a number of risks in terms of potential service disruption during the transition and in terms of the financial challenges that will pass from the County Council to the new unitary authorities. It also creates opportunities to enhance performance and customer service and release efficiencies through the integration of services that are currently provided by different authorities, as well as potential integration with other parts of the public and voluntary sectors. The LGR Programme Team is designed to have the capacity to manage and mitigate the risks as well as seek to transform services in order to realise the opportunities. Expertise from within Daventry Council as well as other Councils are helping to shape this work.

Government funding continues to be a significant risk for all Councils. After ten years of austerity we were beginning to see some signs that the decline in funding for Council services was coming to an end. However, the economic shock that will follow the Covid-19 pandemic is likely to lead to a period of further austerity, although the importance of services provided by local government has been emphasised during the pandemic. Two government reviews were expected to be completed and implemented in 2021/22, but have now been deferred due to the focus on the current crisis:

Fair Funding Review – this will set new baseline funding allocations for local authorities by delivering an up to date assessment of their relative needs and resources, using the best available evidence. Authorities in Northamptonshire were hopeful that this would be of benefit to the two new unitaries.

Business Rates Review – this increases the local share of retained business rates to 75% and reassesses the basis of calculation. However, it will also reset the business rates baseline and is expected to negate the accumulated growth that has benefitted authorities in Northamptonshire over the last 6 or 7 years.

I. Order and Explanation of the Financial Statements

The Code designates certain core financial statements that must be accompanied by a set of notes. Supplementary statements then follow with their own notes, as appropriate. In addition, the Statement of Accounts includes 'The Statement of Responsibilities for the Statement of Accounts' and 'The Statement of Accounting Policies' which provide the context and main principles within which the core financial statement has been prepared. The order in which each element of the statement is presented is:

- The Statement of Responsibilities for the Statement of Accounts;
- Expenditure and Funding Analysis (EFA);
- Comprehensive Income and Expenditure Statement (CIES);
- Movement in Reserves Statement (MIRS);
- Balance Sheet
- Cash Flow Statement
- The Statement of Accounting Policies
- The Collection Fund
- Group Accounts

A brief description of each of the above elements is provided below.

The Statement of Responsibilities for the Statement of Accounts
This identifies the officer who is responsible for the proper administration of the Council's financial affairs.

The Expenditure and Funding Analysis (EFA)
This shows how annual expenditure is used and funded from resources in comparison with the accounting basis for those items. It also shows how the expenditure is allocated for decision making purposes between teams. The EFA will take the net expenditure that is chargeable to taxation and reconcile it to the CIES Surplus or Deficit on the Provision of Services.

The Comprehensive Income and Expenditure Statement (CIES)
This statement shows the in year accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations but this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement (MIRS)
This shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The Balance Sheet
This presents the overall financial position of the organisation as a single entity, showing the balances, reserves, any long-term indebtedness (if appropriate), the fixed and net currents assets employed in our operations and summarised information on the fixed assets held.

The Cash Flow Statement
This summarises the inflows and outflows of revenue and capital cash arising from Council transactions with third parties during the financial year.

The Statement of Accounting Policies
This explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

The Collection Fund
This accounts for the council tax and business rates collected from local residents and businesses in the district. It shows how this money is then allocated between the relevant precepting authorities delivering services within the district.

Group Accounts
Subject to materiality and qualitative issues, the Code requires the Council to produce Group Accounts where it has a controlling interest and/or significant influence in entities.

The Council has a 20% interest in Daventry Norse Ltd. Consideration has been given to qualitative and quantitative issues. The only area that has been identified is that the Council does rely on Daventry Norse in relation to its statutory environmental services such as waste collection, and this is adequately covered in the disclosures relating to service concession arrangements, so the group accounts do not include the Council's relationship with Norse Daventry.

The Council has a controlling interest in The Daventry Estate Company Ltd and accordingly, Group Accounts have been prepared. They comprise the same statements as above with the exception of the Collection Fund.

J. Going Concern

Basis of Preparation
The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions of the Code in respect of going concern reporting requirements reflect the economic and statutory environment within which authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

The functions and services of Daventry District Council transferred to West Northamptonshire Council on 1st April 2021 in accordance with The Northamptonshire Structural Changes Order 2020 (Statutory Instrument 2020 No.156).

Establishing the Financial Baseline for West Northamptonshire

The approach to establishing West Northamptonshire Council's budget and financial position has been to create the baseline budget and balance sheet by disaggregating the County Council and aggregating with the District and Borough Councils. This covered the following areas:

- 2020-21 Budget
- Balance sheet (including reserves and balances)
- Capital Programme
- Dedicated Schools Grant
- Public Health Grant

The disaggregation work was overseen by a member led task and finish group which was supported by relevant senior officers including the Chief Financial Officer.

The budget formulation work was overseen by a separate member led task and finish group, as well as the shadow executive, which again were supported by senior officers.

A critical piece of work was to disaggregate the County Council budget and balance sheet to provide an indicative baseline of what the costs, assets and liabilities are of providing County Council services in 2020/21 had there been a split between the West and the North. The disaggregation was based on a number of agreed principles and provides for what the cost of services should be as a starting position for the West and North. A summary of these key principles is set out in the table below.

Revenue and Capital Disaggregation	**Balance Sheet Disaggregation**
Place of ordinary residence Geographical location Cost drivers Population Funding formulae Staff numbers	Geographical location Link to capital programme/capital financing requirement Link to service disaggregation Caretaker authority District/Borough areas

Added to the disaggregated County Council position were the budgets for the District and Borough Councils and when brought together provides for a starting baseline budget for the total estimated cost of services, as well as the assets and liabilities, to be delivered by the new authority.

West Northamptonshire Budget 2021/22 and Medium Term Financial Plans

The focus for establishing financial budgets and plans for the new council has been for a 'safe and legal' provision of services. A key requirement in formulating the 2021/22 budget has been to develop a process for allocating the existing Medium Term Financial Plans to the new organisation. The existing sovereign council plans were carefully scrutinised and updated to reflect a West Northamptonshire perspective to identify and budget for changes related to:

- COVID-19pressures
- Contract and other inflation
- Demographic and service demand
- Full year impacts of previous decisions
- Technical and legislative changes
- The implementation of the service Blueprint for West Northamptonshire and the Council's drive for further transformation and improvement.

In addition, the actual liquidity position the new council inherit was positive, on the 31st March 2021 it had cash and investment held by sovereign councils totalling £158.9m. This excludes an estimated contribution of £10.3m from the legacy council Northampton County Council for the cash and investment held as at end of March 2021.

Key assumptions included in the 2021/22 budget for West Northamptonshire are:

- safe and legal service provision,
- a balanced net revenue budget (excluding DSG) of £327m,
- Covid-19 pressures of £12.5m,
- a contingency of £10.1m,
- A 4-year capital investment programme (including HRA) of £340m (funded by up to £94.5m of borrowing),
- an Authorised Borrowing Limit of £850m for 2021/22,
- general fund reserves of £40m and earmarked reserves of £55m, including £5m of HRA reserves, at 1st April 2021.

In addition, the actual liquidity position the new council on the 31st March 2021, that included cash and investment held by sovereign councils, that was transferred to West Northamptonshire was £164.9m.

In November 2020 the Northamptonshire Children's Trust was established. This follows Northamptonshire County Council being issued statutory directions from the Department for Education which required the Council to voluntarily establish a Children's Trust. The Children's Trust is a wholly owned and 'Teckal' compliant company to perform specified children's social care functions on behalf of the Council in Northamptonshire with the statutory responsibility for children's services retained by the Council. The Trust was established as a company limited by guarantee on 1st November 2020 and is a wholly owned subsidiary of the Northamptonshire County Council, who are responsible for its underwriting liabilities. From 1st April the ownership and responsibilities of the Trust transferred to North and West Northamptonshire Council's. The Trust operates as a separate entity in its own right and within the terms of the contractual agreement.

West Northamptonshire Council Finance Resilience

The Professional Finance Team

Ensuring a suitably qualified and resourced Finance Team was an important priority for WNC. Prior to vesting day, an interim finance structure was created for the new Strategic Finance and Accountancy divisions within Finance. This structure was informally consulted on with staff throughout March 2021 and was subsequently refined, and finalised based on the feedback received before 1st April 2021.

The S151 Officer has ensured there is robust financial governance and control throughout the organisation. There are two Deputy S151 Officers who each lead the following teams.

The Strategic Fiancé Team operates a Business Partnering Service to ensure services have access to timely and accurate financial information to support decision making, provide support on financial training, and in year and future years reporting requirements and support the discharge of s151 responsibilities throughout the organisation.

The Accountancy Team provides the Treasury Management function and technical financial advice, while also being responsible for the Collection Fund, the preparation of the Statement of Accounts and the implementation of new and updated International Financial Reporting Standards and supporting the execution of s.151 responsibilities.

The Procurement Service, Revenue and Benefits and Pension Team also form part of the wider Finance Directorate, reporting to the S151 officer, which supports a joined up and collaborative approach to financial management.

Robustness Review of 2021-22 Revenue Budget

Each budget group has a dedicated budget manager, responsible for the probity and financial management for their respective service.

A 'zero-based budgeting' (ZBB) costing exercise was undertaken by Finance and Service Managers to review and validate staffing budgets against staffing establishments, test disaggregated and aggregated budget envelopes, review demand led budget allocations and ensure legacy decisions are fully funded, to ensure 2021-22 budget is still at an appropriate level.

Quarter 1 Review of 2021-22 Revenue Budget Outturn

Following on from the first quarter review of revenue outturn, WNC is reporting a forecast balanced budget position to its September 14th 2021 Cabinet. The summary forecast outturn position is reported in the table below.

Directorate	Net Budget £'000	Forecast Net Spend at 31/03/22 £'000	Forecast Variance at 31/03/22 £'000	% Forecast Variance against budget
Corporate Services	20,837	21,407	570	3%
Chief Executive Office	1,757	2,090	333	19%
Children's Services	73,701	73,701	0	0%
Adults, Communities & Wellbeing	108,862	109,466	604	1%
Place, Economy and Environment	80,060	80,316	256	0.3%
Finance Directorate	10,359	10,220	(139)	-1%
Technical / Centrally Controlled Budgets	30,994	30,994	0	0%
Total budgeted expenditure	**326,570**	**328,194**	**1,624**	**0.5%**
Less funding	(326,570)	(326,570)	0	0%
Net Position 2021-22	**0**	**1,624**	**1,624**	
Less budget contingency		(1,624)	(1,624)	
Overall Net Position 2021-22		**0**	**0**	

The Council has also provisionally finalised NCC's brought forward reserve position, including which is set out below as well as the disaggregated balances for WNC;

	Total NCC £'000	NCC West £'000	NBC £'000	DDC £'000	SNC £'000	Grand Total £'000
General Fund Balance	**26,889**	**14,227**	**4,000**	**21,900**	**2,212**	**42,339**
Earmarked Reserves:						
Budget Delivery Reserve	7,478	3,957				3,957
Public Health Reserve	17,383	8,935				8,935
Insurance reserve	2,830	1,415	803	171	158	2,547
LGSS reserves	692	366				366
Business Rates Reserve	14,045	770	6,098	9,031	1,335	17,234
Business Rates S31 grant		7,709	19,793	7,808	4,056	39,366
Service specific reserves	809	439	2,202	674		3,315
MTFP cash flow reserve	2,874	1,520	2,899			4,419
Environmental Services capital financing reserve			4700			4,700
Sixfields recovery reserve			270			270
Enterprise zone reserve			3549			3,549
Council tax income guarantee reserve			200		79	279
Other Earmarked reserves	3,279	1059		8311	8144	17,514
Total Earmarked Reserves	**49,391**	**26,171**	**40,514**	**25,995**	**13,772**	**106,452**
COVID-19 Funding Unringfenced general covid grant	22,061	11,137	936	1,227	0	13,300
COMF and Test & Trace	13,186	6,656	323	0	0	6,979
Other covid funding	1,814	916	120	0	201	1,237
Total Covid-19 Funding	**37,061**	**18,709**	**1,379**	**1,227**	**201**	**21,516**
Grand Total	**113,341**	**59,107**	**45,893**	**49,122**	**16,185**	**170,307**

Robustness Review of Capital Programme

WNC has undertaken a detailed review of its Capital Programme and updated it to account for the following;

- changes identified while finalising 2020-21 provisional outturn
- scheme expenditure re-phasing
- new scheme approvals

The revised Capital programme is set out below and has been reported to WNC 14th September 2021 Cabinet.

West Northants GF Capital Budget	2021-22	2022-23	2023-24	2024-25	Total
	£k	£k	£k	£k	£k
Approved Budget 2021-22	52,256	21,815	6,630	3,522	84,223
New scheme approvals	23,659	27,659	2,262	3,865	57,445
Changes to existing scheme budgets approved by legacy councils	526	-333	-170	246	269
Scheme rephasing	25,483	0	0	0	25,483
Total	**101,924**	**49,141**	**8,722**	**7,633**	**167,420**
Movement from February 2021 capital programme	*49,668*	*27,326*	*2,092*	*4,111*	*83,197*

The Capital approval governance process is set out below;

Executive Leadership Board (ELT)

- ELT will have first sight of all budget proposals / capital bids and will undertake an initial scrutiny and challenge process before any schemes are submitted to the Capital and Assets Board for approval (see below). There is an expectation that before any proposal is considered by ELT that is has already received the relevant portfolio holder's support.

Capital and Assets Board (CAB)

- This is an officer and councillor group, chaired by the S151 Officer. The purpose of this Board is to review and challenge capital schemes prior to their submission to Cabinet / Full Council for final approval, in line with the limits outlined in the Capital Strategy. The group will also monitor and challenge active projects, holding project managers to account for specific project performance.

Individual Project Board Groups

- Specific Project Board Groups must be set up for high risk / high value projects which should meet regularly. CAB will identify the need for a specific Project Board as part of its approval process for each scheme. These groups will be concerned with the management of a specific project, including contract details, contractor performance, value for money and publication / communication of progress.

2022-23 Budget Setting and Medium Term Financial Planning Process

The development of the 2022-23 revenue budget and refinement of the medium term financial plan will be informed through a 'Star Chambers' process for WNC.

The budget review process for each directorate which Service Directors and respective Portfolio Holders will set out key service financial information to the Chief Executive, S151 Officer, Portfolio Holder for Finance, focusing on the robustness of the current year's budget and existing MTFP, while identifying new opportunities for transformation and efficiency and outlining any risks and financial issues. The outcome of these sessions will inform the detailed budget setting process led by the S151 Officer in October 2021.

The development of the Capital Strategy and Capital Programme will be through the guidance and steer of the S151 Officer, ELT and the Capital Assets Board. Services have been invited to refresh and review the existing Capital Programme and set out the rationale for any new capital schemes which they wish to progress, these new schemes will be subject to review by S151 Officer, ELT and Capital Assets Board in October 2021.

Key Risks and Uncertainties

The financial position of the new council includes a number of risks and uncertainties. These include the impact of Covid-19 on services provision and the economy, potential changes to government funding arising from the Fair Funding, Business Rates Retention and New Homes Bonus reviews from 2022/23, agreement between North and West on the areas of disaggregation outstanding in relation to the balance sheet, the completion of the predecessor

council's 2020/21 external audit process and the inherent risks of establishing a new organisation. These risks are actively being monitored, managed and mitigated.

Conclusion
Having regard to the Code and its reporting requirements the Council concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of approval of the financial statements. This is based on the financial position of West Northamptonshire Council, taking into account the balanced budget, positive assurance by West Northamptonshire Council's Chief Finance Officer on the robustness of budget estimates and adequacy of reserves of the new council.

West Northamptonshire Council cannot be dissolved without statutory prescription and therefore the functions of Daventry District Council have continued in the new council. It is therefore appropriate for the Accounts to be prepared on a going concern basis for the period of 12 months from the date of approval of the financial statements.

K. Audit
Following the Section 151 Officer's signing and dating of this Statement of Accounts, the Council's appointed external auditor Ernst & Young LLP (EY) will be carrying out their statutory audit. EY will then issue an opinion as to whether the statement gives a true and fair view of the financial position of the Authority as at 31st March 2021 and of the Authority's expenditure and income for the year then ended; and whether the statement has been prepared properly in accordance with the CIPFA/LASAAC Code of Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

The Council's governance arrangements require the Audit and Governance Committee to receive and approve the Statement of Accounts, following the completion of the external audit by 31st July each year. Due to the Covid-19 pandemic this has now been extended to the 30th September 2021

L. Summary Position
The narrative report gives readers a brief overview of the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position. It is based on the key principles identified in the Code of Practice on Local Authority Accounting 2020/21 (the Code). The Council's financial statements are prepared on a going concern basis, which is on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Code stipulates that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern, and so this position is unaffected by the implications of the planned reorganisation of local government in Northamptonshire.

This Council continues to engage with partners, other local authorities and stakeholders as well as responding to consultations to ensure the best outcomes for its residents, businesses and visitors alike.

It is clear that the Council's financial and non-financial performance in 2020/21 continues to be good. The revenue outturn with a £0.466m underspend is in line with expectations, capital outturn has been managed to minimise the level of re-profiling required at the year-end where possible and the Council has sufficient reserves and balances to provide financial resilience for 2021/22 and future years (subject to local government re-organisation).

M. Receipt of Further Information
If you require further information concerning the Statement of Accounts, please contact:

Martin Henry CPFA
Executive Director of Finance (Chief Finance Officer)
West Northamptonshire Council,
Lodge Road,
Daventry,
Northamptonshire
NN11 4FP

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. For this Authority that officer is Martin Henry (Section 151 Chief Finance Officer).
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

Martin Henry (Section 151 Chief Finance 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).

In preparing this statement of accounts, the Section 151 Chief Financial 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 Chief Financial 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 the Statement of Accounts present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2021.

These Statement of Account are unaudited and that as published, including the narrative statement and Annual Governance Statement, may be subject to change following the conclusion of the external audit.

Martin Henry CPFA.
Executive Director of Finance (Chief Finance Officer)

Date:

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's teams. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure Funding Analysis	Net Expenditure chargeable to the General Fund 2020/21 £'000	Adjustment between Funding and Accounting Basis 2020/21 £'000	Net Expenditure to CIES 2020/21 £'000	Net Expenditure chargeable to the General Fund 2019/20 £'000	Adjustment between Funding and Accounting Basis 2019/20 £'000	Net Expenditure to CIES 2019/20 £'000
Chief Executives	2,114	(286)	1,828	62	(157)	(95)
Business	6,245	1,462	7,707	5,874	2,615	8,489
Community	3,163	1,325	4,488	3,202	1,763	4,965
Resources	3,139	0	3,139	1,788	179	1,967
Finance	1,668	50	1,718	1,649	421	2,070
Net Cost of Services	**16,329**	**2,551**	**18,880**	**12,575**	**4,821**	**17,396**
Other Income	(29,479)	2,558	(26,921)	(18,164)	(3,340)	(21,504)
(Surplus)/Deficit	**(13,150)**	**5,109**	**(8,041)**	**(5,589)**	**1,481**	**(4,108)**

General Fund Balances	2020/21 £'000	2019/20 £'000
Opening General Fund Balance	36,417	30,828
Surplus/(Deficit) for year	13,150	5,589
Closing General Fund Balances	**49,567**	**36,417**
Represented by		
Unallocated General Fund Balances	22,345	18,299
Earmarked Reserves (including Special Expenses)	27,222	18,118
Total Revenue Reserves	**49,567**	**36,417**

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

DDC CIES	Note	2020/21 Gross Exp'ture £'000	2020/21 Income £'000	2020/21 Net Exp'ture £'000	2019/20 Gross Exp'ture £'000	2019/20 Income £'000	2019/20 Net Exp'ture £'000
Continuing Services							
Chief Executives	EFA	1,917	(89)	1,828	646	(741)	(95)
Business	EFA	11,256	(3,549)	7,707	11,473	(2,984)	8,489
Community	EFA	5,198	(710)	4,488	5,740	(776)	4,964
Resources	EFA	6,067	(2,928)	3,139	6,495	(4,527)	1,968
Finance	EFA	10,486	(8,768)	1,718	11,892	(9,822)	2,070
Net Cost of Services		34,924	(16,044)	18,880	36,246	(18,850)	17,396
Other operating expenditure	8	5,253	(1,779)	3,474	1,970	(1,032)	938
Financing and investment income & expenditure	9	2,319	(4,021)	(1,702)	2,565	(2,859)	(294)
Taxation and Non-Specific Grant Income	10	0	(28,693)	(28,693)	0	(22,148)	(22,148)
(Surplus) or Deficit on Provision of Services	MIRS	**42,496**	**(50,537)**	**(8,041)**	**40,781**	**(44,889)**	**(4,108)**
(Surplus)/Deficit arising on revaluation of fixed assets	23 (RR)			(4,035)			885
(Surplus)/Deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial Losses/(Gains) on pension fund asset and liabilities	23 (PR)			7,303			(6,372)
Any other gains and losses required in the CIES				0			0
Other Comprehensive Income & Expenditure	MIRS			**3,268**			**(5,487)**
Total Comprehensive Income & Expenditure	MIRS			**(4,773)**			**(9,595)**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Daventry District Council
Movement in Reserves Statement
For the years ended 31 March 2020 & 2021

Movement in Reserves Statement 2019/20 & 2020/21	General Fund Revenue Balance £'000	Earmarked Revenue Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Total Usable Reserves £'000	Total Unusable Reserve £'000	Total Authority Reserves £'000
Balance at 31 March 2019 carried forward	15,795	15,033	17,728	3,277	51,833	50,176	102,009
Movement in reserves during 2019/20							
Surplus or (deficit) on provision of services (see CIES)	4,108	0	0	0	4,108	0	4,108
Other Comprehensive Expenditure and Income (see CIES)	0	0	0	0	0	5,487	5,487
Total Comprehensive Expenditure and Income	4,108	0	0	0	4,108	5,487	9,595
Adjustments between accounting basis & funding basis under regulations (see note 6)	1,481		(4,300)	402	(2,417)	2,417	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,589	0	(4,300)	402	1,691	7,904	9,595
Transfers (to)/from Earmarked Reserves (see note 7)	(3,085)	3,085	0	0	0	0	0
Increase/(Decrease) movement in Year	2,504	3,085	(4,300)	402	1,691	7,904	9,595
Balance at 31 March 2020 carried forward	18,299	18,118	13,428	3,679	53,524	58,080	111,604
Movement in reserves during 2020/21							
Surplus or (deficit) on provision of services (see CIES)	8,041	0	0	0	8,041	0	8,041
Other Comprehensive Expenditure and Income (see CIES)	0	0	0	0	0	(3,268)	(3,268)
Total Comprehensive Expenditure and Income	8,041	0	0	0	8,041	(3,268)	4,773
Adjustments between accounting basis & funding basis under regulations (see note 6)	5,109		(7,861)	(179)	(2,931)	2,931	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	13,150	0	(7,861)	(179)	5,110	(337)	4,773
Transfers (to)/from Earmarked Reserves (see note 7)	(9,104)	9,104			0		0
Increase/(Decrease) in Year	4,046	9,104	(7,861)	(179)	5,110	(337)	4,773
Balance at 31 March 2021 carried forward	22,345	27,222	5,567	3,500	58,634	57,743	116,377

The Balance Sheet

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

DDC BALANCE SHEET	Note	As at 31/03/21 £'000	As at 31/03/20 £'000
Property, Plant & Equipment	11	67,642	54,910
Investment Property	12	28,806	29,589
Intangible Assets	14	90	168
Long Term Investments	15	3,510	3,510
Investments in Associates and Joint Ventures	15	1	1
Long Term Debtors	16	6,711	5,969
Long Term Assets		**106,760**	**94,147**
Short Term Investments	15	43,045	46,735
Short Term Debtors	17	7,285	7,071
Cash and Cash Equivalents	18	5,404	11,162
Assets held for sale	19	0	0
Current Assets		**55,734**	**64,968**
Bank Overdraft			
Short Term Borrowing	15	0	0
Short Term Creditors	20	(7,049)	(16,083)
Short term Provision	21	(133)	(104)
Current Liabilities		**(7,182)**	**(16,187)**
Long Term Creditors	37	(1,786)	(2,068)
Provisions	21	(2,335)	(2,004)
Long Term Borrowing	15	0	0
Government Grant In Advance	41	0	0
Pension liability	38	(34,814)	(27,252)
Long Term Liabilities		**(38,935)**	**(31,324)**
Net Assets		**116,377**	**111,604**
Usable reserves	MIRS	58,634	53,524
Unusable Reserves	23	57,743	58,080
Total Reserves		**116,377**	**111,604**

Cash Flow Statement

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

Cash Flow Statement (Indirect Method) As at 31st March	Note	31 March 2021 £'000	31 March 2020 £'000
Net surplus or (deficit) on the provision of services		8,041	4,108
Adjust net surplus or deficit on the provision of services for noncash movements		4,003	6,037
Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities		(3,394)	(4,740)
Operating Activities		**8,650**	**5,405**
Net cash flows from Operating Activities			
Investing Activities	A	(7,337)	(2,392)
Financing Activities	B	(7,071)	780
Net increase or (decrease) in cash and cash equivalents		**(5,758)**	**3,793**
Cash and cash equivalents at the beginning of the reporting period		11,162	7,369
Cash and cash equivalents at the end of the reporting period		5,404	11,162
In year movement		**(5,758)**	**3,793**

The cashflow adjustments from the net surplus or (deficit) on the provision of services to the net cash flows from operating activities are shown below:

Cashflow adjustments from surplus or (deficit) on the provision of services to net cash flows from operating activities	2020/21 £'000	2019/20 £'000
Adjust net surplus or deficit on the provision of services for non-cash movements		
Depreciation and amortisation of non-current assets	1,489	1,528
Impairment and downward valuations	144	3,089
Increase/(Decrease) in creditors	(2,826)	1,236
Increase/(Decrease) in interest and dividend debtors	197	(16)
(Increase)/Decrease in debtors	1,054	(1,771)
Pension Liability	259	1,388
Contribution to/(from) provisions	332	(254)
Carrying amount of non-current assets sold	2,334	1,364
Carrying amount of short and long term investments sold	1,020	(527)
	4,003	**6,037**
Adjust net surplus or deficit on the provision of services for items that are investing and financing activities		
Capital grant credited to surplus or deficit on the provision of services	(977)	(2,908)
Service Concession Leases	296	303
Proceeds from the sale of property, plant and equipment	(2,713)	(2,135)
	(3,394)	**(4,740)**

Cash Flow Notes

Note A

Investing Activities	2020/21 £'000	2019/20 £'000
Investing Activities		
Purchase of property, plant and equipment, investment property and intangible assets	(13,778)	(12,572)
Purchase of short-term and long-term investments	3,493	5,121
Other payments for investing activities	(748)	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,713	2,137
Capital grants	983	2,922
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities		0
	(7,337)	**(2,392)**

Note B

Financing Activities	2020/21 £'000	2019/20 £'000
Financing Activities		
Cash receipts of short- and long-term borrowing	0	0
Other receipts to/(from) financing activities	(6,904)	961
Other payments for financing activities	(167)	(181)
	(7,071)	**780**

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Explanatory Notes to the Statement of Accounts

1. Statement of Accounting Policies

1.1 General Principles

The Statement of Accounts (SOA) summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. We are required to prepare an annual SOA by the Accounts and Audit Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS). This means that the relevant accounting policies adopted have been reviewed to ensure that the SOA can be relied upon to give a true and fair view of the Council's financial performance and position. It also ensures that all legislative requirements have been correctly applied and that finally, the accounts have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The SOA also comply with guidance notes issued by CIPFA on the application of accounting standards (International Financial Reporting Standards and International Public Sector Financial Standards and Financial Reporting Standard 30) to local authority accounts.

The accounting conventions adopted are historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The SOA are presented in Sterling (£), as this is the most representative currency of the Council's operations, and rounded to the nearest thousand.

The preparation of Accounts in accordance with the Code requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 1.3.

1.2 Main Changes to Accounting Policies

There have been no significant changes to the accounting policies this year.

1.3 Critical Accounting Estimate and Judgements

In applying the accounting policies set out, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements are shown in note 2.

1.4 Interest in Companies and Other Entities

The Authority has a material interest in one company; The Daventry Estate Trading Company Ltd (TDECL). The company has the nature of a subsidiary. In the Authority's own accounts, the interest in the company is recorded as a finance lease asset, with a corresponding deferred capital receipt. Also see note 34.

In addition the Authority has a 20% interest in West Northamptonshire Norse. The company has the nature of a Joint Venture. In the Authority's accounts this is recognised as a Service Concession Arrangement. (See note 35.)

1.5 Accruals of Expenditure and Income

With the exception of utility bills, where a full four quarters are accounted for, and a number of annual charges, where a full year is charged, activity is accounted for in the year it takes place, not simply when cash payments are made or received. 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;
- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Supplies are recorded as expenditure when they are consumed;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- 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.

1.6 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. There are no strict criteria to follow relating to the nature and maturity of items treated as cash equivalents and as such an authority shall disclose the policy that it adopts in determining the composition of cash equivalents.

In most cases, the consideration receivable for goods or services is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable. However, if payment is on deferred terms (i.e. beyond normal credit terms), the consideration receivable is recognised initially at the cash price equivalent (that is, the discounted amount). The difference between this amount and the total payments received is recognised as interest revenue in Surplus or Deficit on the Provision of Services.

There is no difference between the delivery and payment dates for non-contractual, on-exchange transactions, i.e. revenue relating to council tax and general rates and therefore these transactions shall be measured at their full amount receivable.

Our definition of cash and cash equivalents is:-

- Petty cash;
- Cash in hand or transit;
- Monies in the call accounts;
- Any bank overdraft;
- Any deposits with fixed notice periods less than 100 days; and
- Any other deposits, with an ‘acquisition date to maturity date’ of less than 100 days.

1.7 Contingent Assets

A contingent asset is: **-**

- A possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events, not wholly within the entity’s control. They are only disclosed where they are considered ‘probable’. These are also not recognised within the accounts but disclosed as a note to the Accounts.

1.8 Contingent Liabilities

A contingent liability is: -

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or
- A present obligation that arises from past events but is not recognised because it is not probable that a transfer of economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.
- A contingent liability is not recognised within the accounts but disclosed as a note to the Accounts.

1.9 Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the Authority are members of The Local Government Pensions Scheme, administered by Northamptonshire County Council.

The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Northamptonshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on a "Hymans Robertson" corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index).

The assets of Northamptonshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising: current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority 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.

1.10 Events after the reporting period (the Balance Sheet date)

Where an event after the Balance Sheet date, favourable or unfavourable, that occurs between the end of the reporting period and the date when the financial statements are authorised for issue, provides evidence of conditions that existed at the Balance Sheet date, this is an adjusting event.

The amounts recognised in the SOA are adjusted, e.g. the settlement of a court case that confirms the entity had a present obligation at the Balance Sheet date. Any disclosures affected by the new information about the adjusting event are updated in the light of the new information.

Where an event that occurs after the Balance Sheet date, i.e. between the end of the reporting period and the date when the financial statements are authorised for issue, and the event is indicative of conditions that arose after the Balance Sheet date the amounts recognised in the SOA are not adjusted (non-adjusting event), e.g. a decline in market value of investments after the Balance Sheet date.

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. The date the financial statements are authorised for issue is defined in the Code, based on legislative requirements.

1.11 Exceptional Items and Prior Period Adjustments

Prior Period Adjustments are made when there are material prior period errors or changes in accounting policy.

Prior period errors are material omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: a) was available when financial statements for those periods were authorised for issue, and b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Where an authority changes an accounting policy, it shall apply the changes retrospectively unless the Code specifies transitional provisions that shall be followed. A change in accounting policy shall be applied retrospectively by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the change.

The Code, in line with IAS 8 and IPSAS 3, requires restatement for material errors, which may lead to restatements being required more frequently. The Code requires disclosure of future changes to accounting policies.

Exceptional items are included within the cost of the service to which they relate, on the face of the Comprehensive Income and Expenditure Statement, if that degree of prominence is necessary to give a fair presentation of the accounts.

1.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Statutory debtors and creditors are not included.

Financial Asset	A right to future economic benefits controlled by the authority that is represented by: • Cash. • An equity instrument of another entity. • A contractual right to receive cash (or another financial asset) from another entity. • A contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority. For example: bank deposits, trade debtors, loans receivable, investments, other debtors and advances.
Financial Liability	An obligation to transfer economic benefits controlled by the authority that is represented by: • A contractual obligation to deliver cash (or another financial asset) to another entity. • A contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority. • For example: trade and other creditors, borrowings, financial guarantees.
Equity Instrument	A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – will only apply to investments in other entities held by the authority. For example: Embedded derivatives.

Financial Liabilities are initially measured at amortised cost, fair value through profit and loss, or fair value through comprehensive income and expenditure, as appropriate and are carried in the Balance Sheet at that value. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the Balance Sheet value of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets are classified into:

- Financial Assets held at Amortised Cost – contractual terms of the asset give rise on specified dates to cash flows that are solely for the payment of principal and interest on the principal outstanding and the business model for managing the asset is to achieve objectives only by collecting contractual cash flows. They are initially recognised at fair value and subsequently at amortised cost. Interest receivable is received into the Comprehensive Income and Expenditure line-based on the effective interest rate multiplied by the carrying amount;
- Financial Assets held at Fair Value through Other Comprehensive Income – contractual terms of the asset give rise on specified dates to cash flows that are solely for the payment of principal and interest on the principal outstanding and the business model for managing the asset is to achieve objectives by collecting contractual cash flows and selling assets;
- Financial Assets held at Fair Value through Profit and Loss – contractual terms of the asset give rise on specified dates to cash flows that are solely for the payment of principal and interest on the principal outstanding and the business model for managing the asset is to achieve objectives by other means than by collecting contractual cash flows.

Fair value measurement is based on either the market price (for instruments with quoted prices) or discounted cashflow analysis (for instruments with fixed and determinable payments).

The inputs used for the measurement are categorised at levels 1 to 3 as follows (only one level will apply to each financial instrument):
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – unobservable inputs for the asset or liability.

Loans and Receivables

Loans and receivables are initially measured and carried at fair value. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Financial Instruments – Risks

The Council's activities expose it to a number of risks the main ones being:

- Credit Risk – the possibility that other parties may fail to pay the amounts due;
- Liquidity Risk – the possibility that the Council cannot pay its commitments;
- Market Risk – that changes in areas such as interest rates will affect the Council's revenue resources;
- Foreign Exchange Risk – The possibility that the Council may incur losses on any exchange rates.

The Council's investment priorities (in order of priority) are:-

1) The security of capital;
2) The liquidity of its investments
3) The yield from the investment.

The Council reviews and agrees policies for managing each of these risks on a regular basis and they are summarised below:

Credit Risk: to mitigate this risk in respect of debtors the parties that owe money are sent timely reminders, defaulters are given reminders, warnings and ultimately legal action is taken where necessary. Details of credit risk management in respect of investments is set out in note 40 to these accounts.

Liquidity risk: to mitigate this risk the Council ensures that current working capital requirements are immediately available. At the period end, the longest dated deposit matures in March 2023.

Market Risk: to mitigate this risk the Council monitors the available rates, and also consults with the treasury advisors (Capita Asset Services) and maintains fixed deposits when good rates are available. Fixed rate deposits are maintained to maximise interest receivable; variable rate deposits are maximised for working capital requirements.

Exchange Rate Risk: As a rule the Council does not deal in any foreign exchange. However, until April 2019, the Council held funds in Icelandic Kroner in escrow accounts. Under the applicable currency controls operating in Iceland, the permission of the Central Bank of Iceland was required to release the Icelandic kroner being held in the banking system. This control has recently (March 2019) been lifted and has allowed the council to recover all the money that was in the escrow accounts, with the final payment being received by DDC on 5 April 2019.

In addition the Council has adopted the CIPFA Prudential Code and reviews and monitors the level of exposure to investments, which mature beyond one year, and the use of specified and non-specified investments. However, the overall risk relating to financial instruments is very low for the Council because it is debt free.

Interest Income

Interest payable and interest income is accrued and accounted for in the accounts in the period to which they relate, on a basis which reflects the overall economic benefits. The figure quoted in the Comprehensive Income and Expenditure Statement is principally due to the investment of capital receipts and revenue balances.

1.13 Government Grants and Other Contributions

Specific Government grants are credited to the service where the related expenditure is charged, whatever their basis of payment. They are accounted for on an accruals basis and recognised in the accounts once the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

General grants and contributions, e.g. Revenue Support Grant, NNDR income, are required to be disclosed as one or more items on the face of the Comprehensive Income and Expenditure Statement after Net Cost of Services.

Under the IFRS Code the treatment changes so that once the grants terms and conditions have been met, the grant is recognised in full in the service revenue account at the point in time that the asset becomes in use.

Grants and contributions for capital purposes shall be recognised immediately, unless any conditions have not been met; an authority shall not include grants and contributions deferred in the Balance Sheet. The IAS 20 option of deducting the grant from the carrying amount of the asset(s) is not permitted - International Public Sector Accounting Standard 23 – revenue from non-exchange transactions (taxes and transfers).

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent, except where specific defined exemptions apply. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, waterways and education) to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, it may be used to fund revenue expenditure.

Donated Assets

If the authority receives a donated asset, the circumstances will be reviewed to ascertain whether there are any conditions attached to the donated asset. Where there is no such condition, the donated asset shall be recognised in the Comprehensive Income and Expenditure Statement and transferred to the Capital Adjustment Account. Where there is an unsatisfied condition, the creditor shall be transferred to the Donated Assets Account.

1.14 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £0.010m) the Capital Receipts Reserve.

1.15 Inventories

The inventories held by the Council are now immaterial and are charged directly to the Comprehensive Income and Expenditure Statement as consumable items.

1.16 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £0.010m) the Capital Receipts Reserve.

1.17 Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Authority in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Authority has one joint operation, the Rainsbrook Crematorium. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

1.18 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Service Concession Leases

Where a service concession has been identified that contains finance leases, these are accounted for as if the authority is the lessee. The assets are incorporated into the fixed assets on the Balance Sheet (and which are depreciated annually over the lease term), and a corresponding liability is created for the finance lease payments, for which interest is addressed annually through the Comprehensive Income and Expenditure Statement. MRP is recognised through the CIES and passed through the MIRS to the Capital Adjustment Account.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as if it were a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been

received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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

The allocation of support services is used purely to ensure costs are borne fairly by the various funds and for government statistical returns.

1.20 Property, Plant and Equipment (PP&E)
Recognition
All expenditure of £0.001m or over on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts, provided that:

a) The asset yields benefits to the Authority and service users for a period of more than one year from the date of the expenditure incurred, and
b) The expenditure secures and extends the previously assessed standards of performance of the asset.

Exceptions to the above policy will only be allowed in the case where expenditure incurred on individual assets is less than £0.001m but where all of the following conditions are met:

a) The individual assets have a useful life of more than one year.
b) The expenditure incurred is in respect of periodical, recurring spending on the acquisition, replacement or enhancement of assets necessary to maintain or improve on going delivery of services, and
c) The aggregate expenditure incurred on the acquisition, replacement or enhancement of all such assets is in excess of £0.001m within the financial year.

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.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Assets Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). The balances have been restated on the following basis: -

a) Land, operational properties and other operational assets are included in the balance sheet on the basis of fair value on existing use value;
b) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet on the basis of fair value on market value;
c) Infrastructure assets are included in the balance sheet at depreciated historical cost. Heritage assets and community assets are included in the balance sheet at historical cost.

Fair value measurement
The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

In the unlikely event that there is a transfer between the levels of the fair value hierarchy, transfers will normally take place when investment property under construction is valued for the first time following completion of the asset. Such transfers will be actioned as at the end of the reporting period.

Revaluations and Impairment

Where an asset is included in the balance sheet at current value it is formally revalued at intervals not exceeding five years and the revised amount included in the balance sheet.

Where there is an increase in the value of an asset, the increase is credited to the Revaluation Reserve, except where the increase reverses a revaluation decrease on the same asset that was charged to the surplus and deficit of Provision of Service.

Where an impairment loss on a fixed asset occurs, the loss is recognised in the service account if the loss is caused by clear consumption of economic benefit (e.g. physical damage or deterioration in the quality of the service provided by the asset). Other down*w*ards revaluations (e.g. reflecting a general reduction in value) are recognised first in the Revaluation Reserve, but only if there is a balance there for the asset concerned, and then only up to the that balance. Any remaining loss is debited to the Surplus and Deficit of Provision of Service.

The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards.

Factors that are considered important and which could trigger an impairment review include the following:

- obsolescence or physical damage;
- significant changes in technology and regulatory environments;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the use of its assets or the strategy of the overall business;
- significant negative industry or economic trends; and
- significant decline in the market capitalisation relative to net book value for a sustained period.

The identification of impairment indicators, the estimation of future cash flows, and the determination of the recoverable amount for assets or cash generating units, requires significant judgement which is determined by our qualified internal valuers.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through completion of a sale transaction within 12 months of the financial year end, rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also 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 accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £0.010m are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 General Fund Balance in the Movement in Reserves Statement.

Receipts from the sale of capital assets that are less than £0.010m are not recognised as capital receipts, they are taken to the Comprehensive Income and Expenditure Statement instead.

Depreciation

Excluding investment properties, depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

a) Under International Accounting Standard 16 (IAS 16) the authority is now required to depreciate operational buildings over an estimated useful life;
b) Newly acquired assets are depreciated from the year following acquisition, although assets in the course of construction are not depreciated until they are brought into use;
c) A full year's depreciation is charged in the year of disposal;
d) Depreciation is calculated using the straight-line method on the opening balance;
e) Depreciation is based upon the following asset lives:
    - Council dwellings — 100 years
    - Infrastructure — 50 years
    - Operational buildings — 20 – 60 years
    - Vehicles and plant — 5 – 10 years
    - Other equipment — 3 – 10 years
    - Finance Leases — Over the lease term

The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's Accounts when the change in estimate is determined.

Revaluation gains are also depreciated. An amount equal to the Revaluation Reserve balance for each asset divided by that assets life is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Component Accounting

Subject to the rules listed below, the carrying amount of a replaced or restored part of an asset is derecognised, with the carrying amount of the new component being recognised subject to the recognition principles as set out above. This recognition and de-recognition takes place regardless of whether the replaced part had been depreciated separately.

1) Assets valued below £0.500m will not be componentised.
2) Individual assets that are above the de-minimis level require consideration of whether they contain significant components that have different useful lives and/or methods of depreciation to the overall asset.
3) A component will be deemed to be significant if its cost is 20% or more than the cost of the total asset, or £0.100m, whichever is greater.
4) Where there is more than one significant part of the same asset that have the same useful life and depreciation method, such parts will be grouped in determining the depreciation charge.

5) Where it is not possible to determine the carrying amount of the replaced part of an item of PP&E, the cost of the new part will be used to estimate what the cost of the replaced part was at the time it was acquired or constructed.
6) Land and buildings are separate assets and will always be accounted for separately, even when they are acquired together.
7) If the difference between the sum of depreciation post componentization and depreciation without componentization will be less than twenty percent of the latter, then there is no need to componentise.
8) Valuers, or other professionals, will assess the individual useful lives of the significant components in each asset or asset group within PP&E in line with the agreed de-minimis thresholds.
9) The method of depreciation that best suits the significant component will be consistently applied.
10) Where a new component is added to an item of PP&E and it qualifies for separate recognition, the cost will be added to the carrying value of the existing asset. The component will then be depreciated over its useful life.
11) When an asset has been revalued, the revalued amount will be apportioned over the significant components already recognised for separate depreciation.

1.21 Provisions

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

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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 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.

1.22 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 Movement in Reserves Statement. 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits, and that do not represent usable resources for the council – these reserves are explained in the relevant polices.

1.23 Revenue Expenditure Funded from Capital under Statute (REFCUS)

This is expenditure incurred during the year that may be capitalised under statutory provisions, but does not result in the creation of non-current asset and has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax. As Revenue Expenditure Funded from Capital under Statute is included in the Comprehensive Income and Expenditure Statement it will now be included in the revenue activities section of the Cash Flow statement.

1.24 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 it.

1.25 Charges to Revenue for Non-current Assets

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

- Depreciation attributable to the assets used by the relevant service;
- Valuation and 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 against which they can be written off;
- Amortisation of intangible non-current assets attributable to the service.
- REFCUS (see 1.23 above)

The council is not required to raise council tax to cover depreciation, impairment losses or amortisations. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

1.26 Accounting Standards that have been issued but have not yet been adopted

The code of Practice on Local Authority Accounting in the United Kingdom 2020/21 has introduced some changes to the accounting policies which will be required from 1st April 2021, the changes are not considered to have a significant impact on the SOA. Work has already been started for the introduction of IFRS 16 Leases, which has been deferred and will now be introduced for the 2022/23 SOA and continued by West Northamptonshire Council.

1.27 Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.28 Service Concession Arrangements

Service Concession contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The authority is deemed to control the services that are provided under such schemes, and where the plant and equipment involved will be used for the whole of its useful economic life in delivering services for the council, the authority carries the assets used under the contract on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets that are leased on finance leases are recognised on the Balance Sheet and treated as a finance lease of the authority.

The amounts payable to the contractor each year are analysed into four elements:

- **value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost of leased assets** – an interest charge on the outstanding Balance Sheet finance lease liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **lease principal** – debited against the finance lease liability in the balance sheet.

2. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect If Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is decreased, depreciation increase and the carrying amount of the assets reduce. For example, if an asset with a GBV of £5m with a life of 50 years, was re-lifed to 45 years in total at year 11, the annual depreciation charge would increase by 11%.
Property, Plant and Equipment	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £0.484m
Investment Properties	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £0.288m
NNDR Appeals	The Council has estimated the likely provision based upon known appeals and past settlement history from the Valuation Office.	The Collection Fund would have a greater provision/lower yield and our share of the income would be lower.

Item	Uncertainties	Effect If Actual Results Differ from Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	See note 38 for the details of the impact of changes upon the pension liability.
Arrears	At 31 March 2021, the Authority had a balance of sundry debtors of £1.452m (excluding statutory debt). A review of significant balances suggested that an impairment of doubtful debts of 24.1% (£0.349m) was appropriate.	If collection rates were to deteriorate, an increase in the amount of the impairment of doubtful debts would be required and every 5% increase would require an additional £0.072m to set aside as an allowance.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for *similar* assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.	The presence of comparable land transactions and detailed evidence of comparable properties will ensure that investment properties will be located in a higher tier of the IFRS hierarchy. The council's certificates of deposit are valued as fair value through profit and loss; and these valuations are undertaken by appropriate experts based on relevant factors.
	Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.	The significant unobservable inputs used in the fair value measurement include passing rents, investment yields, acreage rates, repairing liabilities, and covenant strength(for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).
	Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in the individual valuation reports.	Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets such as industrial units and certificates of deposit.

3. Events after balance sheet date

The Statement of Accounts were authorised for issue by Martin Henry CPFA, Executive Director and Section 151 Officer on the 29th July 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Housing for Temporary Accommodation
Between 1st April 2021 and 30th September 2021 the Council purchased 5 houses with an aggregate value of £0.655m. If these properties had been purchased prior to the balance sheet date, the fixed assets value would have been £0.655m higher overall and within the dwellings category specifically.

4. Note to the Expenditure and Funding Analysis

Expenditure Funding Analysis	Adjustment for Capital Purposes 2019/20 £'000	Net Charge for Pension Adjustment 2019/20 £'000	Total Adjustments 2019/20 £'000	Adjustment for Capital Purposes 2018/19 £'000	Net Charge for Pension Adjustment 2018/19 £'000	Total Adjustments 2018/19 £'000
Chief Executives	0	(286)	(286)	0	(157)	(157)
Business	1,475	(13)	1,462	2,517	98	2,615
Community	1,352	(27)	1,325	1,494	268	1,762
Resources	22	(22)	0	(67)	246	179
Finance	64	(14)	50	271	150	421
Net Cost of Services	**2,913**	**(362)**	**2,551**	4,215	605	4,820
Other Income	2,196	362	2,558	(2,738)	(605)	(3,343)
(Surplus)/Deficit	**5,109**	**0**	**5,109**	**1,477**	**0**	**1,477**

Adjustments for Capital Purposes

1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
   - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
   - **Financing and investment income and expenditure** – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
   - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
   - **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
   - **For Financing and investment income and expenditure** –- the net interest on the defined benefit liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
   - **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
   - **The charge under Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-statutory Adjustments

4) Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:
   - For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for interest income and expenditure and changes in the fair values of investment properties.
   - For **taxation & non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for unringfenced government grants.

5. Expenditure and Income analysed by Nature

Expenditure and Income by Nature	2020/21 £'000	2019/20 £'000
Expenditure		
Employee Benefit Expenses	11,131	13,069
Other Services expenses	16,418	16,090
Support Services Recharges	8,971	10,082
Depreciation, Impairment, Amortisation	2,530	2,764
Interest Payments	0	0
Precepts and Levies	2,906	2,724
Payments to Housing Capital Receipts Pool	0	0
Gain/(loss) on the disposal of assets	540	(3,948)
Total Expenditure	**42,496**	40,781
Income		
Fees, charges and other service income	(21,220)	(21,874)
Interest and Investment Income	(625)	(867)
Income from Ctax/NNDR/Donations	(18,080)	(15,874)
Government grants and contributions	(10,612)	(6,274)
Total Income	**(50,537)**	(44,889)
(Surplus)/Deficit on the Provision of services	**(8,041)**	**(4,108)**

6. Adjustments between Accounting Basis and Funding Basis under regulation

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2020/21 MIRS RECONCILIATION	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Receipts In Advance £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of Items debited or credited to the CIES:-					
Charges for depreciation and impairment of non-current assets	1,391	0	0	0	1,391
Revaluation losses on Property, Plant and Equipment	141	0	0	0	141
Movement in the market value of Investment Properties and disposals	274	0	0	0	274
Amortisation of intangible assets	98	0	0	0	98
Capital grants and contributions applied	0	0	0	0	0
Statutory mitigation re finance leases	0	0	0	0	0
Revenue expenditure funded from capital under statute	1,351	0	0	0	1,351
Income in relation to Donated assets	0	0	0	0	0
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	2,348	0	0	0	2,348
Insertion of items not debited or credited to the CIES	0	0	0	0	0
Statutory provision for the financing of capital investment	(295)	0	0	0	(295)
Capital expenditure charged against the General Fund balance	(2,618)	0	0	0	(2,618)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	(977)	0	0	790	(187)
Transfer in respect of Community Infrastructure Levy	0	0	0	187	187
Reimbursement of forward funding of capital schemes	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(1,156)	(1,156)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,808)	1,808	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	(9,655)	0	0	(9,655)
Prior year reversal of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
Contribution from the Capital Receipt Reserve towards the administration costs of non-current asset disposals	0	0	0	0	0
Contribution from the Capital Receipt Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0
Transfer of funds following transfer of services to another organisation	0	(14)	0	0	(14)
Adjustments primarily involving the Deferred Capital Receipts Reserve					
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Financial Instrument Adjustment Account					
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES (See Note 37)	2,701	0	0	0	2,701
Employer's Pension contributions and direct payments to pensioners in the year	(2,442)	0	0	0	(2,442)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	4,916	0	0	0	4,916
Adjustments primarily involving the Accumulated Absence Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	29	0	0	0	29
Total Adjustments	**5,109**	**(7,861)**	**0**	**(179)**	**(2,931)**

2019/20 MIRS RECONCILIATION	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Receipts In Advance £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of Items debited or credited to the CIES:-					
Charges for depreciation and impairment of non-current assets	1,212	0	0	0	1,212
Revaluation losses on Property, Plant and Equipment	1,432	0	0	0	1,432
Movement in the market value of Investment Properties and disposals	2,695	0	0	0	2,695
Amortisation of intangible assets	213	0	0	0	213
Capital grants and contributions applied	0	0	0	0	0
Statutory mitigation re finance leases	0	0	0	0	0
Revenue expenditure funded from capital under statute	1,545	0	0	0	1,545
Income in relation to Donated assets	0	0	0	0	0
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	450	0	0	0	450
Insertion of items not debited or credited to the CIES	0				0
Statutory provision for the financing of capital investment	(327)	0	0	0	(327)
Capital expenditure charged against the General Fund balance	(1,099)	0	0	0	(1,099)
Adjustments primarily involving the Capital Grants Unapplied Account					0
Capital grants and contributions unapplied credited to the CIES	(2,908)	0	0	1,266	(1,642)
Transfer in respect of Community Infrastructure Levy	0	0	0	1,642	1,642
Reimbursement of forward funding of capital schemes	0	0	0	(1,200)	(1,200)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(1,306)	(1,306)
Adjustments primarily involving the Capital Receipts Reserve					0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(3,194)	3,194	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	(8,022)	0	0	(8,022)
Prior year reversal of Capital Receipts Reserve to finance new capital expenditure	0	528	0	0	528
Contribution from the Capital Receipt Reserve towards the administration costs of non-current asset disposals	0	0	0	0	0
Contribution from the Capital Receipt Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0
Transfer of funds following transfer of services to another organisation	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve					0
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Financial Instrument Adjustment Account					0
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Pension Reserve					0
Reversal of items relating to retirement benefits debited or credited to the CIES (See Note 37)	3,645	0	0	0	3,645
Employer's Pension contributions and direct payments to pensioners in the year	(2,257)	0	0	0	(2,257)
Adjustments primarily involving the Collection Fund Adjustment Account					0
Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	47	0	0	0	47
Adjustments primarily involving the Accumulated Absence Account					0
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27	0	0	0	27
Total Adjustments	**1,481**	**(4,300)**	**0**	**402**	**(2,417)**

7. Movement in Earmarked Reserves

Earmarked Reserves	Balance 31/03/19 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/03/20 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/03/21 £'000
Motor & Public Liability Access Insurance	150	27	(12)	165	10	(4)	171
Legal Fees and Redress	451	0	(51)	400	0	0	400
Business Re-engineering	787	451	(154)	1,084	0	(110)	974
Planning Delivery Grant/Sustainable Communities	74	0	(8)	66	40	0	106
Town Centre Implementation	0	0	0	0	0	0	0
Northamptonshire Waste Partnership	284	0	(119)	165	0	(153)	12
Housing Benefit Administration	376	49	(34)	391	0	(26)	365
FN Sustainability Fund	0	675	0	675	0	(675)	0
DDC Future Northants	0	1,121	0	1,121	900	0	2,021
Grounds Maintenance and Landscaping	113	0	(113)	0	0	1	1
Public Offices Rent	318	0	(20)	298	0	0	298
Leisure Centre	158	0	(48)	110	0	0	110
Planning Development Control	1,126	30	(458)	698	10	0	708
Local Government Reorganisation	267	(43)	(132)	92	0	(91)	1
Second Homes	106	0	(39)	67	0	(11)	56
Section 106's	549	0	(123)	426	0	(5)	421
NNDR Pooling & Appeals	6,035	3,077	(1,829)	7,283	4,041	(2,293)	9,031
Strategic Infrastructure Fund	3,170	1,831	(1,084)	3,917	963	(2,821)	2,059
Abortive Capital Projects (non TCV)	350	0	0	350	0	(20)	330
Covid Monies	0	23	0	23	1,204	0	1,227
Other Covid grants/funding	0	0	0	0	7,808	0	7,808
Other	520	241	(85)	676	511	(113)	1,074
Sub-Total GF Earmarked Reserves	**14,834**	**7,481**	**(4,310)**	**18,005**	**15,486**	**(6,322)**	**27,170**
Daventry Special Expenses	200	(87)	0	113	(61)	0	52
Total Earmarked Reserves	**15,034**	**7,394**	**(4,310)**	**18,118**	**15,425**	**(6,322)**	**27,222**

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20 and 2020/21. The information regarding them is detailed below:

a) The Motor Insurance & Public Liability Access Earmarked Reserve - used to self-fund motor insurance claims and insurance excesses. This has been reviewed and any excess monies have been transferred back to revenue;
b) Legal Fees and Redress - This earmarked reserve has been created to cover any future legal cases that the Council may have to withstand;
c) Business Re-Engineering Reserve - This earmarked reserve has been created to cover the cost of council restructuring and process re-engineering;
d) Planning Delivery Grant (PDG)/Sustainable Communities Earmarked Reserves - This earmarked reserve represents the PDG that has been specified to be spent, but has not yet been commissioned;
e) Town Centre Implementation Reserve - This earmarked reserve has been created to cover any cost of de-capitalisation of projects previously classified as capital spend;
f) Northamptonshire Waste Partnership – This earmarked reserve represents monies held on behalf of the partnership to pursue its aims and objectives;
g) Housing Benefit Administration Earmarked Reserve – This earmarked reserve represents grant that is to be spent in future years;
h) Future Northants Sustainability Fund –This earmarked reserve represents the additional monies from being in a 75% business rates pool pilot, compared to normal 50% pool;

i) DDC Future Northants – This earmarked reserve represents the balance of the currently agreed contribution from DDC towards the setting up of the two new unitary councils within Northamptonshire. This has ben utilised in 2020/21
j) Grounds Maintenance and Landscaping Earmarked Reserve – represents monies received to cover the current growth of Daventry;
k) Public Offices Rent Earmarked Reserve – represents monies received in advance to provide accommodation to NCC in the public offices;
l) Leisure Centre Earmarked Reserve – represents monies to cover potential increases in energy costs;
m) Planning development control – represents monies set aside to cover the cost of additional resources from increased planning applications;
n) Local Government Reorganisation (LGR) – DDC is acting as host body for the finances of LGR and these funds represent monies received to fund future works;
o) Second Homes – represents monies set aside to cover the cost of initiatives within the district in line with Council's corporate objectives;
p) S106's - This earmarked reserve represents monies that is to be spent in future years;
q) NNDR Pooling and Appeals – This earmarked reserve represents the known impact of the new accounting regime for NNDR;
r) Strategic Infrastructure Fund – This earmarked reserve will be used to forward fund investment within the district by advancing funds to organisations to build infrastructure early and will be reimbursed from trigger events from S106's and CIL monies;
s) Abortive Capital Projects (non TCV) - This earmarked reserve has been created to cover any cost of de-capitalisation of projects previously classified as capital spend;
t) Covid Monies – This earmarked reserve represents the monies that we hold to support services we provide through the current situation
u) Oher Covid Monies - This earmarked reserve represents the monies to provide support to businesses and reductions made to NNDR bills;
v) Other Earmarked Reserve - The Council has set aside reserves for a variety of reasons involving anticipated one-off costs in future, which cannot ordinarily be funded from annual base budgets;
w) The Daventry Special Expenses – balances held on behalf of the Special Expenses area of Daventry Town Council Tax levied on that area only (also see Note 42). As service are no longer provided by ourselves, these funds will be paid across to Daventry Town Council.

8. Other Operating Expenditure

Other Operating expenditure	2020/21 £'000	2019/20 £'000
Net Loss/(Gain) on the disposal of fixed assets	2,347	(754)
Unattached capital receipts	(1,808)	(1,059)
Capital Receipts	0	0
Holiday pay	29	27
Parish Council Precept	2,906	2,724
Total	**3,474**	**938**

9. Financing and Investment Income and Expenditure

Interest and Investment Income and Expenses	2020/21 £'000	2019/20 £'000
Interest and Investment Income	(625)	(867)
Interest on obligations under finance leases	32	0
Foreign Exchange (gains)/losses	0	3
Pensions interest cost and expected return from pension assets	621	783
Income and expenditure in relation to Investment Properties and changes in their fair value	(1,730)	(213)
Total	**(1,702)**	**(294)**

10. Taxation and Non-specific grant income

Taxation and Non-specific grant income	Awarding Body	2020/21 £'000	2019/20 £'000
Non-domestic rate income	MHCLG	9,925	7,934
Council Tax Surplus upon the Collection Fund	MHCLG	(142)	123
Council Tax Demand on the Collection Fund	MHCLG	8,296	7,817
Donated Assets		0	0
Revenue Support Grant	MHCLG	0	0
Housing Benefit Administration	DWP	133	132
New Homes Bonus	MHCLG	3,695	3,063
Disabled Facility Grants		742	919
Sport England		0	0
Rural Services Delivery Grant	MHCLG	186	0
Neighbourhood Planning Grants	MHCLG	20	20
Council Tax Support Admin	MHCLG	56	57
S106's		40	337
Community Infrastructure Levy (CIL)		187	1,646
Covid	MHCLG/BEIS	5,551	0
Others		4	99
Total		**28,693**	**22,147**

11. Property, Plant and Equipment

Contractual Commitments

At 31st March 2021 the Authority has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years. The major commitments are:

Scheme	£'000
Mulberry Place Construction	10,033
Leisure Centre East building works	1,561
St Johns and Chapel Lane car park extensions	58
Daventry to Braunston Cycle Track	408

Movement in fixed assets during the year were as follows:

Movement on Balances 2020/21	Property, Plant & Equipment (PP&E)									
	Council Dwellings	Assets Under Construct-ion	Other Land & Buildings	Vehicles, Plant & Equipment	Infrast-ructure Assets	Comm-unity Assets	Service Conces-sion ROU Assets*	Surplus Assets	Heritage Assets	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2020	2,022	5,269	37,534	4,381	1,877	4,417	2,474	0	18	**57,992**
Adjustments between cost/value & depn/impairment										**0**
Adjusted 1 April 2020 balance	2,022	5,269	37,534	4,381	1,877	4,417	2,474	0	18	**57,992**
Additions	1,974	6,807	2,746	156	97	206	0	0	0	**11,986**
Revaluation Increases/(decreases) to RR	4	0	0	0	0	0	0	3,985	0	**3,989**
Revaluation Increases /(decreases) to SDPS	(74)	0	(69)	0	0	0	0	0	0	**(143)**
Derecognition-Disposals	(45)	0	0	(14)	0	(1,727)	0	0	0	**(1,786)**
Derecognitions-Other	0	0	(217)	0	0	0	0	0	0	**(217)**
Reclassified to/from Held for Sale	0	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	(1,489)	1,489	0	0	(215)	0	215	0	**0**
At 31 March 2021	**3,881**	**10,587**	**41,483**	**4,523**	**1,974**	**2,681**	**2,474**	**4,200**	**18**	**71,821**
Depreciation and Impairment										
At 1 April 2020	(13)	0	(740)	(1,556)	(248)	0	(525)	0	0	**(3,082)**
Adjustments between cost/value & depn/impairment				(1)						**(1)**
Adjusted 1 April 2020 balance	(13)	0	(740)	(1,557)	(248)	0	(525)	0	0	**(3,083)**
Depreciation Charge	(13)	0	(722)	(307)	(38)	0	(309)		0	**(1,389)**
Depreciation written out to RR	24	0	37	0	0	0	0		0	**61**
Depreciation written out to SDPS	2	0	0	0	0	0	0		0	**2**
Impairment losses/(reversals) to RR	0	0	0	0	0	0	0		0	**0**
Impairment losses/(reversals) to SDPS	0	0	0	0	0	0	0		0	**0**
Derecognition-Disposals	0	0	0	13	0	0	0		0	**13**
Derecognitions-Other	0	0	217	0	0	0	0		0	**217**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0		0	**0**
Reclassifications	0	0	0	0	0	0	0		0	**0**
At 31 March 2021	**0**	**0**	**(1,208)**	**(1,851)**	**(286)**	**0**	**(834)**	**0**	**0**	**(4,179)**
Net Book Value										
At 31 March 2021	**3,881**	**10,587**	**40,275**	**2,672**	**1,688**	**2,681**	**1,640**	**4,200**	**18**	**67,642**
At 31 March 2020	**2,009**	**5,269**	**36,794**	**2,825**	**1,629**	**4,417**	**1,949**	**0**	**18**	**54,910**

*ROU = Right of Use Assets (i.e. assets on finance leases to the service concession provider)

Movement on Balances 2019/20	Property, Plant & Equipment (PP&E)								
	Council Dwellings	Assets Under Construct-ion	Other Land & Buildings	Vehicles, Plant & Equipment	Infrast-ructure Assets	Comm-unity Assets	Service Conces-sion ROU Assets*	Heritage Assets	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2019	2,020	2,748	32,779	4,024	1,651	4,338	2,474	18	**50,052**
Adjustments between cost/value & depn/impairment									**0**
Adjusted 1 April 2019 balance	2,020	2,748	32,779	4,024	1,651	4,338	2,474	18	**50,052**
Additions	49	5,357	4,801	363	226	137	0	0	**10,933**
Revaluation Increases/(decreases) to RR	0	0	(849)	(6)	0	0	0	0	**(855)**
Revaluation Increases /(decreases) to SDPS	0	0	(1,511)	0	0	0	0	0	**(1,511)**
Derecognition-Disposals	(47)	0	(347)	0	0	(58)	0	0	**(452)**
Derecognitions-Other	0	0	0	0	0	0	0	0	**0**
Reclassified to/from Held for Sale	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	(2,836)	2,661	0	0	0	0	0	**(175)**
At 31 March 2020	**2,022**	**5,269**	**37,534**	**4,381**	**1,877**	**4,417**	**2,474**	**18**	**57,992**
Depreciation and Impairment									
At 1 April 2019	0	0	(291)	(1,275)	(209)	0	(216)	0	**(1,991)**
Adjustments between cost/value & depn/impairment									**0**
Adjusted 1 April 2019 balance	0	0	(291)	(1,275)	(209)	0	(216)	0	**(1,991)**
Depreciation Charge	(13)	0	(671)	(283)	(39)	0	(309)	0	**(1,315)**
Depreciation written out to RR	0	0	67	2	0	0	0	0	**69**
Depreciation written out to SDPS	0	0	80	0	0	0	0	0	**80**
Impairment losses/(reversals) to RR	0	0	(29)	0	0	0	0	0	**(29)**
Impairment losses/(reversals) to SDPS	0	0	103	0	0	0	0	0	**103**
Derecognition-Disposals	0	0	1	0	0	0	0	0	**1**
Derecognitions-Other	0	0	0	0	0	0	0	0	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
At 31 March 2020	**(13)**	**0**	**(740)**	**(1,556)**	**(248)**	**0**	**(525)**	**0**	**(3,082)**
Net Book Value									
At 31 March 2020	**2,009**	**5,269**	**36,794**	**2,825**	**1,629**	**4,417**	**1,949**	**18**	**54,910**
At 31 March 2019	**2,020**	**2,748**	**32,488**	**2,749**	**1,442**	**4,338**	**2,258**	**18**	**48,061**

*ROU = Right of Use Assets (i.e. assets on finance leases to the service concession provider)

Assets are included on the basis of valuations and assessed useful lives determined by the Council's valuer on the basis of standards of professional practice set out by the Royal Institute of Chartered Surveyors (RICS). The assumptions underlying such valuations (such as market conditions) and the assessment of useful lives are subject to revision and therefore the valuations would also change.

Ownership of Assets
All assets held by the authority are owned by it, except for the service concession right of use assets, which are vehicles on finance leases to the Council's Environmental Services Delivery Partner, West Northamptonshire Norse. There has been no impairment of assets during the year.

Heritage Assets
Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for their contribution to knowledge and culture. The authority owns a painting currently on display in the Council Offices, with an insurance value of £0.018m. The authority also maintains a climate controlled archaeological store containing boxes of artefacts (pottery, bones, coins, etc), documents, and photographic material belonging to a number of nearby local authorities. Daventry has 758 boxes of these items. There is a list of the boxes and their contents in the store. These assets have not been valued.

Valuation of Assets
A valuation exercise was carried out by J Ring MRICS and J Low MRICS, the council's own internal valuation officers, to revalue the council's freehold and leasehold properties as at 31st March 2021. These valuations were carried out in accordance with the RICS guidance.

Properties regarded by the Authority as operational were valued on the basis of fair value or where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

The valuations for 2020/21 were prepared during the Covid-19 pandemic in the UK and the valuer has issued a caveat that the valuations are subject to a material uncertainty in respect of that crisis. The Council considers that the valuations are appropriate at the year-end date but acknowledges that these values may subsequently change. The valuations will be reviewed during 2021/22.

Uncertainty
The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

Effect
If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £0.484m.

The following table shows the progress of the Council's rolling programme for the valuation of fixed assets.

Method and year of Asset valuations	Council Dwellings £'000	Other Land & Bldgs including surplus assets £'000	Vehicle Plant & Equipment £'000	Infrastructure £'000	Community £'000	Assets under construction £'000	Service Cocnession ROU Assets £,000	Heritage £'000	Total £'000
Valued at Historic Cost	0	0	2,559	1,975	2,681	10,587	0	0	**17,802**
Valued at fair value as at:									
2020/2021	3,881	13,419	156	0	0	0	0	0	**17,456**
2019/2020	0	8,516	349	0	0	0	0	0	**8,865**
2018/2019	0	23,747	770	0	0	0	2,474	18	**27,009**
2017/2018	0	0	676	0	0	0	0	0	**676**
2016/2017	0	0	4	0	0	0	0	0	**4**
2015/2016	0	0	0	0	0	0	0	0	**0**
2014/2015	0	0	9	0	0	0	0	0	**9**
Total	**3,881**	**45,682**	**4,523**	**1,975**	**2,681**	**10,587**	**2,474**	**18**	**71,821**

The basis for valuations is set out in the statement of accounting policies, number 1.20.

12. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Direct operating expenditure and income	2020/21 £'000	2019/20 £'000
Rental income from investment property	(2,498)	(2,395)
Direct operating expenditure arising from investment property	245	180
Net (gain)/loss	**(2,253)**	**(2,215)**

Direct operating expenses arising from properties that did not generate rental income was £0.092m in 2020/21 (£0.069m in 2019/20).
The following table summarises the movement in the fair value of investment properties over the year.

Investment Properties	2020/21 £'000	2019/20 £'000
Balance at start of the year	**29,589**	**30,603**
Additions :		
Purchases	0	0
Construction	0	29
Subsequent expenditure	67	1,474
Disposals	(576)	(930)
Net gains/(losses) from fair value adjustments	(274)	(1,762)
Transfers:		
(To)/from Property, Plant and Equipment	0	175
Other changes	0	0
Balance at the end of the year	**28,806**	**29,589**

Uncertainty

The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

Effect

If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £0.288m

13. IFRS 13 Fair Value

Fair Value Hierarchy

Details of the authority's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2021 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2021 £'000
Industrial	0	0	23,727	23,727
Other	0	0	962	962
Development Land	0	0	4,520	4,520
Offices	0	0	1,462	1,462
Retail	0	0	2,260	2,260
Community	0	0	80	80
Total	**0**	**0**	**33,011**	**33,011**

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2020 £'000
Industrial	0	0	23,767	23,767
Other	0	0	959	959
Development Land	0	0	909	909
Offices	0	0	1,451	1,451
Retail	0	0	2,426	2,426
Community	0	0	82	82
Total	**0**	**0**	**29,594**	**29,594**

Valuation Techniques used to Determine Level 3 Fair Values for Investment Properties Significant Unobservable Inputs – Level 3

The industrial, Development Land, Offices, Retail, Community and Other Assets locality area are measured using the income or (in the case of the Development Land) the comparable land value approach. The valuations have been developed using the authority's own data from comparable lettings and land sales requiring it to factor in assumptions such rental rates and yields as well as evidence and imperfect knowledge available from third parties. Furthermore, allowances have been made to reflect professional representation where parties are not represented.

The investments are assessed at Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine fair value measurements, which rely on the professional expertise of the Officer undertaking the valuation.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Reconciliation of Fair Value Measurement (including surplus assets) (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

	2020/21 £'000	2019/20 £'000
Opening balance	**29,593**	**28,192**
Adjustment: Level 2 item removed from opening balance	0	**0**
Transfers into Level 3	4,200	2,590
Transfers out of Level 3	0	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(274)	(1,762)
Additions	67	1,503
Disposals	(575)	(930)
Closing Balance	**33,011**	**29,593**

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31/03/2020 £'000	Valuation technique used to measure fair value	Unobservable Inputs	Range	Sensitivity
Industrial	23,727	Income	Yield% Rental £/PSF	7.5% - 12% £3.80 - £6.50	Significant changes will result in significantly higher or lower fair value
Other	962	Income & Comparable	Yield% Rental £/PSF Land Values	7% - 11% £0.10 - £25 £7,500-£255,000	Significant changes will result in significantly higher or lower fair value
Development Land	4,520	Comparable	Land Value (£acre)	£200,000+ depending on use	Significant changes will result in significantly higher or lower fair value
Offices	1,463	Income	Yield% Rental £/PSF	8% - 9% £3.00 - £11.00	Significant changes will result in significantly higher or lower fair value
Retail	2,260	Income	Yield% Rental ITZA	6.5% - 10% £6.50-£25	Significant changes will result in significantly higher or lower fair value
Community	80	Income	Yield% Rental £/PSF	11% £12.00	Significant changes will result in significantly higher or lower fair value

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.
The authority's valuation experts work closely with finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

14. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

Intangible Assets	2020/21 Software £'000	2020/21 Licences £'000	2020/21 Total £'000	2019/20 Software £'000	2019/20 Licences £'000	2019/20 Total £'000
Cost						
Balance at 1st April	**2,412**	**632**	**3,044**	**2,396**	**538**	**2,934**
Adjustment	0	0	0	0	0	0
Adjusted Balance at 1st April	**2,412**	**632**	**3,044**	**2,396**	**538**	**2,934**
Additions	0	20	20	16	94	110
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Balance at 31st March	**2,412**	**652**	**3,064**	**2,412**	**632**	**3,044**
Depreciation & Impairment						
Balance at 1st April	**(2,323)**	**(553)**	**(2,876)**	**(2,247)**	**(417)**	**(2,664)**
Adjustment	0	0	0	0	0	0
Adjusted Balance at 1st April	**(2,323)**	**(553)**	**(2,876)**	**(2,247)**	**(417)**	**(2,664)**
Amortisation for the Year	(56)	(42)	(98)	(76)	(136)	(212)
Impairment Charge	0	0	0	0	0	0
Impairment Losses	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposal	0	0	0	0	0	0
Balance at 31st March	**(2,379)**	**(595)**	**(2,974)**	**(2,323)**	**(553)**	**(2,876)**
Net Value	**33**	**57**	**90**	**89**	**79**	**168**

15. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

The Council recognises an asset or liability on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. The Council has identified that its Financial Instruments of a material nature comprise trade receivables, trade payables, cash and investments.

Investments shown in the Balance Sheet relate to cash deposits. The value of cash deposits is the principal amount invested.

Asset Classification

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

Financial Assets	Non-Current		Current			Non-Current		Current		
	Investments	Debtors	Investments	Debtors	Total	Investments	Debtors	Investments	Debtors	Total
	31/03/2021		31/03/2021		2020/21	31/03/2020		31/03/2020		2019/20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	3,510	5,962	46,045	4,594	60,111	3,510	5,968	47,703	4,009	61,190
Fair Value through Profit or Loss	0	0	0	0	0	0	0	9,037	0	9,037
Fair Value through Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	**3,510**	**5,962**	**46,045**	**4,594**	**60,111**	**3,510**	**5,968**	**56,740**	**4,009**	**70,227**

Financial Liabilities	Non-Current	Current	Total	Non-Current	Current	Total
	31/03/2021		2020/21	31/03/2020		2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	(1,786)	(2,347)	**(4,133)**	(2,068)	(5,621)	**(7,689)**
Total Financial Liabilities	**(1,786)**	**(2,347)**	**(4,133)**	**(2,068)**	**(5,621)**	**(7,689)**

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost, with the exception of those investments for which the term is only specified in house and not with the institution, which are valued at fair value through profit and loss. Their fair value can be assessed by calculating the present value of cash flows that are expected to take place over the remaining life of the instruments, using the following assumptions:

- For loans and receivables prevailing benchmark rates have been used to provide the fair value.
- The fair value of both financial liabilities and receivables exclude statutory creditors and debtors such as NNDR, Council Tax, Income Tax, CIL and VAT.

Gains or Losses on Financial Instruments
There were no gains or losses on financial instruments other than interest earnings, which are set out in the table below.

	Surplus or Deficit on provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Net gains/(losses) on:				
Financial Assets measured at fair value through profit and loss	0	0	0	0
Financial Assets measured at amortised cost	0	0	0	0
Financial Assets measured at fair value through other comprehensive income	0	0	0	0
Financial Liabilities measured at fair value through profit and loss	0	0	0	0
Financial Liabilities measured at amortised cost	0	0	0	0
Net Gains/(Losses)	**0**	**0**	**0**	**0**
Financial Assets measured at fair value through profit and loss	25	0	108	0
Financial Assets measured at amortised cost	583	0	758	0
Net Interest Income	**608**	**0**	**866**	**0**
Fee Income - Financial Assets or Financial Liabilities not at Fair Value through Profit and Loss	**0**	**0**	**0**	**0**
Fee Expense - Financial Assets or Financial Liabilities not at Fair Value through Profit and Loss	**0**	**0**	**0**	**0**

Fair Values of Assets and Liabilities
The basis for recurring fair value measurements is defines as follows:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 Inputs - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 Inputs - Unobservable inputs for the asset or liability

Financial Assets Measured at Fair Value Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation Techniques used to measure fair value	31st March 2021 £'000	31st March 2020 £'000
Fair Value through Profit or Loss:	Level 1	Unadjusted quoted prices in active markets	0	9,037
Total Financial Assets	**0**	**0**	**0**	**0**

There are no Fair Value Level 3 Financial Assets or Liabilities. Financial assets and liabilities other than those included in the table above are carried on the balance sheet at amortised cost (where appropriate).

Fair Values of Assets & Liabilities	31st March 2021		31st March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
Short Term Creditors	(2,347)	(2,347)	(5,621)	(5,621)
Long Term Creditors (see note 37)	(1,786)	(1,786)	(2,068)	(2,068)
Total Financial Liabilities	**(4,133)**	**(4,133)**	**(7,689)**	**(7,689)**
Financial Assets				
Short Term Investments	46,045	46,045	56,740	56,740
Long Term Investments	3,510	3,510	3,510	3,510
Short Term Debtors	4,594	4,594	4,009	4,009
Long Term Debtors (see note 16)	5,962	5,962	5,968	5,968
Total Financial Assets	**60,111**	**60,111**	**70,227**	**70,227**

Short term debtors and creditors are carried at cost as a reasonable approximation of their fair value.

In addition to the above, as part of the transfer of the Council's housing stock, two environmental warranties have been given to Daventry and District Housing (now Futures Housing Group). The fair value of both these warranties has been assessed at nil.

The Council approved treasury and investment strategies address the risks within the approved parameters.

The maturity analysis of the financial assets are as follows:

Maturity profile of Investments	2020/21 £'000	2019/20 £'000
Less than one year	46,045	56,740
More than one year	3,510	3,510
Total	**49,555**	**60,250**

Investments in Associates and Joint Ventures

The Authority created a company called 'The Daventry Estate Company Ltd (TDECL)' to manage houses for rent. The £0.001m invested by the Authority in the company is the sum of the company's share capital, and as such it is a wholly owned subsidiary.

The Authority has a 20% share in West Northamptonshire Norse, a joint venture between Daventry District Council and Norse Commercial Services Limited (and its ultimate parent of Norfolk County Council) to run the Council's environmental services contract.

16. Long Term Debtors

These are debts that have a repayment period of greater than 1 year.

Long term Debtors	2020/21 £'000	2019/20 £'000
Finance lease receivable (see note 34)	5,923	5,923
Deferred Repayment from Parish Councils	40	45
Collection Fund council tax debtors	748	0
Others	0	1
Total	**6,711**	**5,969**

17. Short Term Debtors

Gross Debtors	31st March 2021 £'000	31st March 2020 £'000
Central Government bodies	703	2,345
Other Local Authorities	3,804	1,295
NHS Bodies	0	0
Public corporations and trading funds	0	0
Other entities and individuals	5,584	5,338
Total	**10,091**	**8,978**

The impairment allowance for doubtful debt reflects the Council's estimates of losses arising from the failure or inability of the Council's customers to make required payments. The general allowance is based IFRS9 and the calculations of all the bad debt impairments take into account the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience. Changes to the allowance may be required if the financial condition of the Council's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

Bad Debts Impairment	31st March 2021 £'000	31st March 2020 £'000
General	(1,188)	(1,095)
Council Tax (including court costs)	(495)	(627)
NNDR (including court costs)	(1,123)	(185)
Total	**(2,806)**	**(1,907)**

Net Debtors after Bad Debt Impairment	31st March 2021 £'000	31st March 2020 £'000
Total	**7,285**	**7,071**

18. Cash and Cash equivalents

The Council's definition of cash and cash equivalents can be found in accounting policy number 1.6.

Cash and Cash Equivalent	2020/21 £'000	2019/20 £'000
Cash equivalent	3,000	10,005
Cash	2,404	1,157
Cash and Cash Equivalents	**5,404**	**11,162**

19. Assets Held for Sale

The council had no assets held for sale in 2019/20 or 2020/21.

20. Short Term Creditors

Creditors	31st March 2021 £'000	31st March 2020 £'000
Central Government bodies	(128)	(3,373)
Other Local Authorities	(4,440)	(9,263)
Other entities and individuals	(2,481)	(3,447)
Total	**(7,049)**	**(16,083)**

21. Provisions

The authority has made the following provisions and the information regarding them is detailed below.

Provisions	Holiday Pay £'000	NNDR Appeals £'000	Other £'000	Total £'000
At 1 April 2019	78	1,845	413	2,336
Arising during the year	104	1,484	9	1,597
Used during the year	0	(1,268)	(57)	(1,325)
Reversed unused	(78)	(129)	(293)	(500)
Unwinding of discount	0	0	0	0
At 31 March 2020	**104**	**1,932**	**72**	**2,108**
Current Provision	104	0	0	104
Non - current Provision	0	1,932	72	2,004
Total Provision	**104**	**1,932**	**72**	**2,108**
At 1 April 2020	104	1,932	72	2,108
Arising during the year	133	1,000	0	1,133
Used during the year	0	(150)	(9)	(159)
Reversed unused	(104)	(510)	0	(614)
Unwinding of discount	0	0	0	0
At 31 March 2021	**133**	**2,272**	**63**	**2,468**
Current Provision	133	0	0	133
Non - current Provision	0	2,272	63	2,335
Total Provision	**133**	**2,272**	**63**	**2,468**

Expected timing of cash flows:	2020/21 £'000	2019/20 £'000
In the remainder of the spending review period to 31 March 2020 (2019)	2,468	2,108
Between 1 April 2020 (2019) and 31 March 2024 (2023)	0	0
Total	**2,468**	**2,108**

The holiday pay provision made is our best estimate of the unavoidable costs with untaken holidays. The provision is expected to be used by the end of the next period as no holiday pay can be carried forward for more than 1 year. This is explained in note 23 'Accumulated Absences Account' and is shown as a short-term provision.

As part of the changes for the localisation of business rates (NNDR), local authorities are now required to make provision for known appeals made by business to the Valuation Office on their rateable value. The authority has analysed past appeal settlement history and exercised judgement as to the likely settlement and calculated a provision for NNDR Appeals. The new 2017 rating list has resulted in the provision increasing for the current financial year as businesses can lodge new appeals under the new list.

The others contained numerous provisions, which are individually insignificant.

22. Usable Reserves

The Movement in Reserves Statement (MIRS) shows the summary of Usable Reserves.

23. Unusable Reserves

The table below shows the summary of the Unusable Reserves that are then further described and analysed in detail.

Unusable Reserves	31st March 2021 £'000	31st March 2020 £'000
Revaluation Reserve (RR)	18,812	15,111
Capital Adjustment Account (CAA)	73,392	64,925
Financial Instruments Adjustment Account (FIAA)	0	0
Pensions Reserve (PR)	(34,814)	(27,252)
Deferred Capital Receipts Reserve (DCRR)	5,923	5,923
Collection Fund Adjustment Account (CFAA)	(5,437)	(521)
Accumulated Absences Account (AAA)	(133)	(104)
Total Unusable Reserves	**57,743**	**58,080**

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or;
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	15,111	16,190
Upward revaluation of assets	4,052	276
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2)	(1,093)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	4,050	(817)
Difference between fair value depreciation and historical cost depreciation	(335)	(246)
Accumulated gains on assets sold or scrapped	(14)	(16)
Amount written off to the Capital Adjustment Account	(349)	(262)
Balance carried forward	**18,812**	**15,111**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	64,925	60,849
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	(1,391)	(1,212)
Revaluation losses on Property, Plant and Equipment	(141)	(1,432)
Amortisation of intangible assets	(98)	(212)
Revenue expenditure funded from capital under statute	(1,351)	(1,546)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(2,334)	(1,380)
	(5,315)	(5,782)
Adjusting amounts written out of the Revaluation Reserves	335	262
Net written out amount of the cost of non-current assets consumed in the year	(4,980)	(5,520)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	9,655	8,022
Capital grants and contributions credited to the CIES that have been applied to capital financing	660	1,306
Application of grants to capital financing from the Capital Grants Unapplied Account	492	628
Statutory provision for the financing of capital investment charged against the General Fund Balance	296	303
Capital expenditure charged against the General Fund Balance	2,618	1,099
	13,721	11,358
Movements in the market value of Investment Properties debited/credited to the CIES	(274)	(1,762)
Movement in the Donated Assets Account credited to the CIES	0	0
Balance carried forward	**73,392**	**64,925**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pension Reserve	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	(27,252)	(32,236)
Adjustment to Opening Balance re McCloud	132	0
Amended Balance Brought Forward	(27,120)	(32,236)
Re-measurements of the net defined benefit liability/(asset)	(7,303)	6,372
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,833)	(3,645)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,442	2,257
Balance carried forward	**(34,814)**	**(27,252)**

Deferred Capital Receipts Reserve (England and Wales)

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Deferred Capital Receipts	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	5,923	5,924
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to Usable Capital Receipts Reserve on Receipt of Cash	0	(1)
Transfer of deferred sale proceeds debited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement due to finance lease disposal	0	0
Balance carried forward	**5,923**	**5,923**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	(521)	(474)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(4,916)	(47)
Balance carried forward	**(5,437)**	**(521)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. This account is reviewed on a triennial basis.

Accumulated Absences Account	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	(104)	(77)
Settlement or cancellation of accrual made at the end of the preceding year	104	77
Amounts accrued at the end of the current year	(133)	(104)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(29)	(27)
Balance carried forward	**(133)**	**(104)**

24. Acquired and discontinued operations

There were none in 2019/20 or 2020/21.

25. Trading Operations

There are no significant trading undertakings operated by the Council.

26. Agency Services

The Council undertook no significant agency work for the financial years 2019/20 and 2020/21.

27. Pooled Budgets

The Council had no significant pooled budgets for the financial years 2019/20 and 2020/21.

28. Members' Allowances

The amount paid out in Members' Allowances is summarised below and the full breakdown can be found on our website at Daventry District Council - Members allowances (daventrydc.gov.uk)

Member Allowances	2020/21 £	2019/20 £
Chairman's Allowance	4,000	4,000
Basic Allowances	184,399	174,890
Special Responsibility & Attendance Allowances	98,481	102,707
Subsistence Expenses	683	11,267
Total	**287,563**	**292,864**

29. Officers' Remuneration

The remuneration paid to the Authority's senior employees was as follows:

Post Holder Information 2020/21	Salary (Including Fees & Allowances) £	Bonus £	Compensation for loss of office £	Expenses Allowances £	Benefit in Kind £	Total Remuneration (Excluding Pension Contributions) £	Pension Contributions £	Total Remuneration (Including Pension Contributions) £
Chief Executive (Head of Paid Service)	133,921	0	0	1,009	10,049	144,979	21,841	166,820
Executive Director (Business)	95,608	0	0	166	3,529	99,303	15,680	114,983
Executive Director (Community)	93,196	0	0	18	3,744	96,958	15,179	112,137
Executive Director (Resources)*	93,301	0	0	48	5,419	98,768	15,179	113,947
Executive Director (Finance)**	95,114	0	0	416	9,035	104,565	15,535	120,100
	511,140	**0**	**0**	**1,657**	**31,776**	**544,573**	**83,414**	**627,987**

Post Holder Information 2019/20	Salary (Including Fees & Allowances) £	Bonus £	Compensation for loss of office £	Expenses Allowances £	Benefit in Kind £	Total Remuneration (Excluding Pension Contributions) £	Pension Contributions £	Total Remuneration (Including Pension Contributions) £
Chief Executive (Head of Paid Service)	135,144	0	0	1,204	10,101	146,449	21,977	168,426
Deputy Chief Executive*	97,925	0	0	1,042	4,184	103,151	15,851	119,002
Executive Director (Business)	81,601	0	0	0	4,494	86,095	13,314	99,409
Executive Director (Community)	76,875	0	0	237	5,339	82,451	12,495	94,946
Executive Director (Resources)***	77,472	0	0	195	5,292	82,958	12,495	95,453
Executive Director (Finance)**	76,593	0	0	368	6,744	83,705	12,561	96,266
	545,610	**0**	**0**	**3,046**	**36,154**	**584,809**	**88,693**	**673,502**

* The role of Deputy Chief Executive was deleted as part of the Senior Management Restructure in March 2020
** Finance, Internal Audit and Revenues and Benefits services were split out into a new Finance directorate under the new Executive Director (Finance) from March 2020
*** Finance, Internal Audit and Revenues and Benefits services were split out from the old Resources Team, and the Executive Director (Resources) is now the Council's Monitoring Officer.
The number of employees whose remuneration, including employer's pension contributions, was £50,000 or more in bands of £5,000 was:

Salary Band £	Number 2020/21	Number 2019/20
50,000 - 54,999	8	5
55,000 - 59,999	9	13
60,000 - 64,999	6	5
65,000 - 69,999	6	5
70,000 - 74,999	3	4
75,000 - 79,999	2	1
80,000 - 84,999	2	3
85,000 - 89,999	0	1
90,000 - 99,999	0	0
100,000 - 149,999	4	2

150,000 - 199,999	1	0

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package cost band	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21 £	2019/20 £
0 -20,000	0	0	0	1	0	1	0	5,133
20,001 - 40,000	0	0	0	1	0	1	0	26,134
100,000 - 200,000	0	0	0	1	0	1	0	175,726
Total	**0**	**0**	**0**	**3**	**0**	**3**	**0**	**206,993**

30. External Audit Costs

Daventry District Council has incurred the following costs in relation to the audit of the Statement of Accounts.

Audit Costs	2020/21 £'000	2019/20 £'000
Fees payable to our external auditors with regard to external audit services carried out by the appointed auditor for the year	65	38
Fees payable in respect of other services provided by the auditor during the year	23	(10)
Total	**88**	**28**

31. Grant Income

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

Grant Income credited to services	2020/21 £'000	2019/20 £'000
Credited to Taxation and Non Specific Grant Income (see note 10)	28,693	22,148
Credited to Services as part of the Net Cost of Continuing Operations		
Council Tax / Housing Benefit Reform	181	165
Housing Benefit Subsidy	8,399	9,253
Other	35	35
Total	**8,615**	**9,453**

Please refer to note 41 for any Government Grants received in advance.

32. Related Parties

The Authority 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 Authority.

Central UK Government

The Central UK Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 31 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2021 are shown in Note 31.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 28.

During 2020/21:

- Several members were members of the town or parish councils, which receive funding from the authority relating chiefly to Community Infrastructure Levy Parish Share and community grants.
- Six members were also members of Northamptonshire County Council (NCC), as was the spouse of another member. Significant transactions with NCC are detailed below under 'Other Public Bodies subject to common control by central government'.
- One member is on the Board of Directors of West Northamptonshire Norse* to which £0.034m was paid in respect of tree works and other minor works, £0.009m in respect of trade waste collection, £3.895m was paid in respect of the waste contract, and from which £0.847m was received for Garden Waste subscriptions, and £0.163m was received for profit share. In addition £0.357m was paid for recyclates, £0.073m for bins, £0.061m for the Waste Education officer, and £0.097m for the pensions pass through.
- Three members were directors of The Daventry Estate Company Ltd**, to which the Authority has leased 32 houses with £5.923m of the lease principal outstanding. The Authority received £0.036m for services provided, and £0.159m of lease interest from the company.
- Two members were on the board of the Citizens Advice charity, one of whom resigned from that role in March 2021. The charity received a contract payment of £0.085m for provision of Welfare Advice Services, grants of £0.012m for the Daventry Voluntary Sector Joint Funding Project, and paid the Authority £0.028m for the use of accommodation.
- One member was the DDC representative on the Futures Housing Group Insight Committee. Futures Housing Group is a person with significant influence in respect of Futures Homeway Ltd. DC paid Futures Homeway Ltd £0.017m from DDC in relation to homelessness rents and deposits, and received £0.009m for contributions towards DFG works. DDC also received £0.009m for Choice Based Lettings adverts and £0.014m from Futures Housing Group for contributions to DFG works.
- Two councillors were company directors of a company in receipt of Covid-19 grant payments. M & R Services Ltd, and McGowan Investments each received £0.010m.
- One councillor was a volunteer on the Board of Trustees of Daventry Volunteer Centre. The Council paid the Centre £0.020m for the third year of its commissioning contract along with grants of £0.006m for Wellbeing Resilience, and £0.008m for the Breast Feeding Support project.

Officers

- One senior officer is married to a contractor who was paid £0.033m for building work. Contracts are awarded in line with the Council's procurement rules.
- One senior officer was a director of West Northamptonshire Norse (see ** in members section above and note 34 below).
- Exit payments were accrued for 2 senior officers (see Exit Packages in Note 29).

Other Public Bodies subject to common control by central government

The Authority had agreements with other local authorities for the following:

- Recycling Credits - £1.220m of recycling credits were received from Northamptonshire County Council.
- Local Government Re-organisation (LGR) – The authority received £0.129m each from East Northamptonshire Council, Northampton Borough Council (NBC), South Northamptonshire Council (SNDC), Wellingborough Council (WBC), Corby Borough Council (CBC), Kettering Borough Council, and Northamptonshire County Council towards the costs of the Local Government Re-organisation and setting up the 2 new unitary authorities. In addition the following payments were made for LGR staffing and back fill ENC £0.221m, KBC £0.287m, CBC £0.257m, SNC £0.445m, NBC £0.129m, WBC £0.068m and NCC £1.197m (which includes the accrual from 2019/20 of £1.140m). LGR re-branding and communications costs were reimbursed to ENC £0.009m, KBC £0.026m, SNC £0.002m, NBC £0.027m, WBC £0.001m, and NCC £0.009m. Software licence costs arising form LGR were reimbursed to ENC £0.110m and KBC £0.020m. Other miscellaneous LGR costs were reimbursed to NCC of £0.041m in respect of the 2019/20 accrual.
- District Law – The Authority paid KBC £0.194m for legal services
- Building Control Service Provision – The Authority paid £0.085m to Warwick District Council for providing the service.
- Highways – This authority paid Northamptonshire County Council £0.017m for Highways searches.
- Abbey Library Relocation - £0.005m was paid to NCC for work undertaken as part of the Abbey Library relocation project.
- Warm Homes Fund – £0.013m was received from CBC.
- Strategic Infrastructure Plan – NCC paid the authority £0.034m for a part time secondment to work on the Strategic Infrastructure Plan.
- Joint Planning Unit – the Authority paid a £0.125m contribution to South Northamptonshire District Council.

- Room Hire –This Authority received £0.019m from Northamptonshire County Council for renting a room at the Abbey and £0.037m for renting the Children and Young Peoples suite along with £0.115m for back dated service charges relating to previous years for the CYP space . It also received £0.020m from the Department for Works and Pensions for rental of the Job Centre as well as £0.022m in service charges for that office space. In addition £0.006m each was received for rental of Artefact Storage space from South Northamptonshire Council, Wellingborough Council and East Northamptonshire Council.
- Capital Grants – Grants totalling £0.047m were paid to several Parish Councils relating to the upgrading of play equipment, fitness equipment or traffic calming measures with the parishes.
- Electoral Registration – The Council received £0.063m from South Northamptonshire Council for provision of service in respect of the SNC Register of Electors.
- Archaeology – £0.008m was paid to Northamptonshire County Council for archaeology work.
- NNDR Pooling – The council paid £0.005m to Kettering Borough Council for administration of the business rates pool.
- Occupational Therapist costs in respect of Disabled Facilities Grants (DFGs) – DDC paid £0.007m to Northamptonshire County Council for occupational therapist costs in respect of DFGs.
- Planning Fees - £0.016m was paid to Northamptonshire County Council for s.278 inspection fees in respect of development at North Street, Daventry.
- Training – The council paid £0.006m to the Open University for training.
- Moulton Library Funding - £0.184m of forward funding was paid to Moulton Parish Council for the development and continuation of its library services.
- Daventry Town Council - £0.462m was paid to Daventry Town Council for provision of services transferred to it by DDC including maintenance of open spaces, cemeteries, etc.
- EMS Contract Agreement – The Council received £0.042m from Northampton Borough Council in respect of the EMS agreement and paid Northampton Borough Council £0.005m for its share of the legal fees in respect of the contract dispute.
- Healthy Young Daventry – Of the £0.088m was received from Northamptonshire County Council in respect of the Healthy Young Daventry Breastfeeding Programme.
- Capital contributions – DDC paid NCC £0.113m towards the canal footbridge project, and £0.029m to Rugby Borough Council for its contribution to the cost of the memorial project at the crematorium.
- Subscriptions and revenue contributions – DDC paid £0.005m subscription to East Midlands Councils (hosted by Nottinghamshire County Council), £0.006m to Bedford Borough Council for its contribution to the Oxford-Cambridge Arc, £0.005m contribution for the Armed Forces Covenant to NCC, £0.007m to NCC as a contribution to the work of the County Travellers Unit, £0.006m to NCC contribution for England's Economic Heartland, and £0.010m subscription to South East Midlands Enterprise Partnership (SEMLEP).

Entities Controlled or Significantly Influenced by the Authority

- *The Council has two £1 shares in West Northamptonshire Norse Limited (DN), which is a joint venture with Norse Commercial Services Limited, which is itself ultimately owned by Norfolk County Council. From 4th June 2018 DN has provided environmental services including waste collection and grounds maintenance for the Council. The Chief Executive and the Environment Portfolio Holder were Directors of West Northamptonshire Norse, which became West Northamptonshire Norse on 5 February 2021.
- **The Daventry Estate Company Ltd is a wholly owned subsidiary of the Authority.
- The Rainsbrook Crematorium Joint Committee is a joint operation in collaboration with Rugby Borough Council. The crematorium is located in Rugby. Each council has a 50% share. Two elected members were members of the joint committee. The Council received £0.627m from Rugby Borough Council.

33. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Financing Requirement	2020/21 £'000	2019/20 £'000
Opening Capital Financing Requirement	**4,913**	**2,178**
Capital Expenditure		
Plant, property & equipment (see note 11)	11,987	10,933
Investment Properties (see note 12)	67	1,503
Revenue Funded by Capital Under Statute (see note 23 CAA)	1,351	1,546
Service Concession Assets (see notes 11 and 35)	0	0
Intangible Assets (see note 14)	20	110
Sources of Finance		
Capital Receipts (see note 23 CAA)	(9,655)	(8,022)
Government Grants and Other Contributions (see note 23 CAA)	(1,152)	(1,933)
Minimum Revenue Provision (MRP) on Service Concession Lease	(296)	(303)
Revenue (see note 23 CAA)	(2,618)	(1,099)
Closing Capital Financing Requirement	**4,617**	**4,913**
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (unsupported by Government Financial Assistance)	(296)	2,735
Total	**(296)**	**2,735**

The CFR position reflects the service concession leased assets (£1.646m), and historic internal borrowing to forward fund schemes pending receipt of relevant CIL and s.106 receipts (£3.038m).

34. Leases

Finance Leases

The authority does not have any assets where it is the lessee. However, the Council does have a service concession arrangement with its Environmental Services provide, West Northamptonshire Norse, which contains a number of finance leases in respect of vehicles. Details are set out in notes 11 and 35.

With regard to the authority as lessor, the authority has granted a long-term lease to the Daventry Scout Troop for the use of the new Scout Building. Rent receivable is £1 per annum.

The authority leased 32 houses to its wholly owned subsidiary, The Daventry Estate Company Ltd, on a 250 year finance lease. The value of the houses was £5.925m; the residual value was £0.850m. The present value of the minimum lease payments are such that the value of the assets is recovered in full. See note 16 for the finance lease receivable, and note 23 for the deferred capital receipt.

Operating Leases

The Council operates leasing arrangements for the provision of assets. It acquires vehicles financed under the terms of an operating lease/contract hire and acquired land at Daventry Country Park on an operating lease. The total costs are set out in the table below:

Leasing Rentals Paid	2020/21 £'000	2019/20 £'000
Operational Leasing / Contract Hire for leased cars	102	146
Operating lease for Daventry Country Park	33	19
Homelessness Accommodation	28	24
Total	**163**	**189**

The Authority was committed at 31st March 2021 to make payments of £0.242m (£0.289m in 2019/20) under operating leases, comprising the following elements:

Commitments under Operating Leases 2020/21	Other Land & Buildings £'000	Vehicles, plant and Equipment £'000
Leases expiring in 2021/22	3	40
Leases expiring between 2022/23 and 2025/26	11	188
Leases expiring after 2025/26	0	0
Total	**14**	**228**

Commitments under Operating Leases 2019/20	Other Land & Buildings £'000	Vehicles, plant and Equipment £'000
Leases expiring in 2020/21	14	15
Leases expiring between 2021/22 and 2024/25	10	250
Leases expiring after 2024/25	0	0
Total	**24**	**265**

Authority as Lessor:

- The authority holds a portfolio of investment properties comprising industrial units, shops, and land accounted for as operating leases. The rental income for the year from the portfolio is £2.366m.
- With regard to the authority's activity as a lessor, the gross value of other land and buildings assets held for operating leases was £27.277m (valued at 31st March 2020). As these assets are investment properties they are not depreciated. Most of the industrial tenancies granted are for durations ranging from 1 to 5 years. However, the Authority has a small number of industrial properties let on 10 and 15 year leases, and one new purchase with sitting tenants with on-going leases to 2025. For retail properties, a small number were let on three and five year leases whilst the remainder were on long leases of 20 and 25 years. The rent is reviewed every five years.

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

Future minimum lease payments under non-cancellable leases	31/03/2021 £'000	31/03/2020 £'000
Not later than one year	1,928	2,090
Later than one year and not later than five years	4,511	5,489
Later than five years	7,965	8,755
Total	**14,404**	**16,334**

35. Service Concession Arrangements

4th June 2018 marked the start of a 10-year (extendable) service concession contract with West Northamptonshire Norse Limited, a joint venture with Norfolk County Council for the delivery of waste, grounds maintenance, and other environmental services. The appointment of West Northamptonshire Norse has been made under the exemption in the Public Contracts Regulations formerly known as a Teckal exemption. The services are of two types: (a) Resource driven, where the Council pays for a level of resource and directs where and how this is to be applied, and (b) non-resource driven, where the standards to be met are specified and the price is determined according to formulae in the contract. The Council determines the charges for chargeable services such as green waste. The contractor took on the obligation to maintain the Depot (Contracts House and (once open) the new Materials Recycling Facility and to procure and maintain any vehicles and equipment required to operate the contracted services. Each party only has rights to terminate the contract on giving two years notice after the initial five years, although the five year limitation does not apply should a dispute be resolved against a party.

Property, Plant and Equipment

DDC recognises the assets used to deliver the services under this contract in its Balance Sheet, both where its own assets are used such as Contracts House and the new Materials Recycling Facility (Depot), and where West Northamptonshire Norse has finance leased assets (see note 11).

Payments

DDC makes an agreed payment each year, which can be reduced if the contractor fails to deliver services or performance standards.

Payments yet to be made under the contact as at 31 March 2021 are as follows:

Service Concession Contract Payments	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2021/22	3,580	300	27	**3,907**
Payable within 2 to 5 years	15,558	1,250	59	**16,867**
Payable within 6 to 10 years	9,114	96	2	**9,211**
Total	**28,251**	**1,646**	**88**	**29,985**

The capital expenditure referred to in the table relates to the principal element of the finance lease payments made by the contractor in respect of relevant vehicles used in the provision of the contracted services. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

Long Term Creditors	2020/21 £'000	2019/20 £'000
Balance Outstanding at start of year	1,942	2,245
Capital Expenditure Incurred During the Year	0	0
Payments during the year	(296)	(303)
Balance Outstanding at Year End	**1,646**	**1,942**

36. Impairment Losses

DDC assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards.

Two assets, North Lodge on North Street, and Former Mind Building on North Street were impaired in 2019/20 due to being demolished to make way for the new Mulberry Place cinema development. These sites now form part of the assets under construction at Mulberry Place and have been derecognised.

37. Long Term Creditors

Long Term Creditors	2020/21 £'000	2019/20 £'000
Creditors due in more than 1 year:		
- Collection Fund Surpluses	0	0
- Other Long Term Creditors	(440)	(421)
- Service Concession Obligations (see Note 35)	(1,346)	(1,647)
Total	**(1,786)**	**(2,068)**

38. Defined Benefit Pension Schemes

Discounting of the scheme liabilities

In assessing liabilities for retirement at 31st March 2020 for the 2019/20 Statement of Accounts, the actuary assumed a discount rate of 2.3%, a rate based on the current rate of return on high quality corporate bond of equivalent currency and term to scheme liabilities is to be used. For the 2020/21 statement of accounts the actuary has advised that the rate of 2.0% actual is appropriate.

Participation in Pension Scheme

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

The authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Northamptonshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.
- The Northamptonshire County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Northamptonshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and consist of seven members of Northamptonshire County Council, three members from the Borough/District Councils, one Universities and Colleges representative, one other employer's representative and two employees' representatives.
- The principal risk to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting practices note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these liabilities.

Transactions relating to post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

Pension Liability: Comprehensive Income and Expenditure Statement	2020/21 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services		
current service costs	2,212	2,862
past service costs	(132)	0
curtailments	0	0
settlements	0	0
Financing and Investment Income and Expenditure		
net interest expense	621	783
Total Post-employment benefit charged to the surplus or deficit on the provision of services	**2,701**	**3,645**
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement: Re-measurement of the net defined benefit liability comprising:-		
- return on plan assets (excluding the amount included in the net interest expenses	14,308	(5,542)
- actuarial gains and losses arising on changes in demographic assumptions	(1,150)	3,099
- actuarial gains and losses arising on changes in financial assumptions	(21,307)	7,997
- other	846	818
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**10,004**	**(2,727)**

Pension Liability: Movement in Reserves	2020/21 £'000	2019/20 £'000
Movement in Reserves		
Reversal of net charges made for retirement benefits in accordance with the Code	**(2,701)**	**(3,645)**
Actual amount charged against General Fund Balance for pensions in year		
Employers contributions paid to the pension scheme	**2,442**	**2,257**
Discretionary Benefit Arrangements: retirement benefits payable to pensioners	**154**	**157**

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

Local Government Pension Scheme	2020/21 £'000	2019/20 £'000
Present Value of Liabilities:		
Local Government Pension Scheme	**(107,710)**	**(84,434)**
Discretionary Benefits	**(2,626)**	**(2,494)**
Fair Value of Assets in the Local Government Pension Scheme	75,522	59,676
Surplus/(Deficit) in the Scheme:		
Local Government Pension Scheme	(32,188)	(24,758)
Discretionary Benefits (Unfunded)	(2,626)	(2,494)
Total	**(34,814)**	**(27,252)**

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

Local Government Pension Scheme	2020/21 £'000	2019/20 £'000
Opening Defined Benefit Obligation as at 1st April	**86,928**	**96,232**
McCloud Adjustment to Opening Balance	(132)	0
Revised Opening Defined Benefit Obligation as at 1st April	**86,796**	**96,232**
Current Service Cost	2,212	2,862
Interest Cost	1,994	2,318
Contributions by Scheme Participants	451	434
Re-measurement gain/(loss) on actuarial gains/losses arising from changes in demographic assumptions	1,150	(3,099)
Re-measurement gain/(loss) on actuarial gains/losses arising from changes in financial assumptions	21,307	(7,997)
Re-measurement gain/(loss) on other	(846)	(818)
Benefits Paid	(2,574)	(2,847)
Past Service Costs/(Gains)	0	0
Losses/(Gains) on Curtailment	0	0
Liabilities extinguished on settlement	0	0
Unfunded Benefits Paid	(154)	(157)
Closing Defined Benefit Obligation as at 31st March	**110,336**	**86,928**

Included within the above figures are the unfunded pension benefits that this authority reimburses the pension fund. In 2020/21 we paid NCC £0.154m (2019/20 £0.157m).

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

Local Government Pension Scheme	2020/21 £'000	2019/20 £'000
Opening Fair Value of Employer Assets as at 1st April	**59,676**	**63,996**
Expected Rate of Return	1,373	1,535
Re-measurement gain/(loss) on the return on plan assets, excluding the amount in the net interest expense	14,308	(5,542)
Employer Contributions	2,288	2,100
Contributions by Scheme Participants	451	434
Benefits Paid	(2,574)	(2,847)
Assets distributed on settlements	0	0
Closing Fair Value of Employer Assets as at 31st March	**75,522**	**59,676**

Local Government Pension Scheme assets comprised

Asset values are at bid values as required under IAS19 as supplied by Hymans Robertson LLP, pension fund actuary of the Northamptonshire Local Government Pension Scheme.

Asset Category	Period Ended 31st March 2021				Period Ended 31st March 2020			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
Equity Securities:								
Consumer	1	0	1	0%	1,481	0	1,481	2%
Manufacturing	0	0	0	0%	644	0	644	1%
Energy and Utilities	0	0	0	0%	404	0	404	1%
Financial Institutions	0	0	0	0%	591	0	591	1%
Health and Care	0	0	0	0%	407	0	407	1%
Information Technology	0	0	0	0%	447	0	447	1%
Other	0	0	0	0%	0	0	0	0%
Debt Securities:								
Corporate Bonds (investment grade)	0	0	0	0%	0	0	0	0%
Corporate Bonds (non-investment grade)	0	0	0	0%	0	0	0	0%
UK Government	0	7,666	7,666	10%	0	6,439	6,439	11%
Other	0	0	0	0%	0	0	0	0%
Private Equity:								
All	0	2,246	2,246	3%	0	1,306	1,306	2%
Real Estate:								
UK Property	0	4,378	4,378	6%	0	4,489	4,489	7%
Overseas Property	0	565	565	1%	0	309	309	1%
Investment Funds and Unit Trusts:								
Equities	0	47,726	47,726	63%	0	34,255	34,255	57%
Bonds	0	7,011	7,011	9%	0	4,411	4,411	7%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	4,734	4,734	6%	0	3,585	3,585	6%
Other	0	0	0	0%	0	0	0	0%
Derivatives:								
Inflation	0	0	0	0%	0	0	0	0%
Interest Rate	0	0	0	0%	0	0	0	0%
Foreign Exchange	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Cash and Cash Equivalents:								
All	1,195	0	1,195	2%	909	0	909	2%
Totals	**1,196**	**74,326**	**75,522**	**100%**	**4,883**	**54,793**	**59,676**	**100%**

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. Both the Local Government Pension Scheme and the discretionary benefit liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	2020/21	2019/20
Long-Term Expected Rate of Return on the Assets in the Scheme:		
Equity Investments	2.00	2.30
Bonds	2.00	2.30
Property	2.00	2.30
Cash/Liquidity	2.00	2.30
Mortality Assumptions:		
Longevity at 65 for Current Pensioners:		
Men	21.7 years	21.5 years
Women	24.1 years	23.7 years
Longevity at 65 for Future Pensioners:		
Men	22.8 years	22.3 years
Women	25.8 years	25.1 years
Rate of Inflation	3.30	2.80
Rate of Increase in Salaries	3.35	2.40
Rate of Increase in Pensions	2.85	1.90
Rate for Discounting Scheme Liabilities	2.00	2.30
Take-Up of option to convert Annual Pension into Retirement Lump Sum	50% pre 2008 75% post 2008	50% pre 2008 75% post 2008

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

Change in assumption at 31st March 2019: Impact on the Defined Benefit Obligation in the scheme	Approximate % change in Employer Liability	Approximate monetary value £000's
0.5% decrease in Real Discount Rate (for scheme liabilities)	9	10,304
0.5% increase in the Salary Increase Rate	1	916
0.5% increase in the Pension Increase Rate	8	9,177

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuaries estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3% to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger and older ages).

Impact on the Authority's Cash Flows

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial is due to be completed on 31st March 2022.

It is estimated that the employer's contributions for the year ended 31st March 2021 will be £2.112m in the Local Government Pension Scheme and approximately £0.159m into the discretionary benefit scheme.
The weighted average duration of the defined benefit obligation for the scheme members are:

Information about the defined benefit obligation	Liability Split %	Duration of Employer Funded Liabilities
Active Members	42.7	
Deferred Members	24.4	
Pensioner Members	32.9	
Total	**100.0**	**19 years**

39. Contingent Liabilities and Assets

The following is a list of contingencies that may have a potential impact upon the authority:

a) The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts;
b) The Council has instigated a high court claim against the Royal Mail for VAT embedded in historic postal charges. This claim is subject to future high court action;

40. Disclosure of 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 to the authority.
- Market risk – the possibility that financial loss might arise for the authority as result of changes in such measures as interest rates and stock market movement.
- Liquidity risk – the possibility that the authority might not have funds readily available to meet its commitments to make payments.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the *Local Government Act 2003* and associated regulations. These require the Council to have regard to the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 20th February 2020 and is available on the Council website.

The key issues within the strategy were:

- The Authorised Limit for 2020/21 was set at £5m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £3m. This is the expected level of debt and other long term liabilities during the year.

- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 30% based on the Council's net debt.

These policies are implemented by a central treasury team. The Council maintains written policies and practices (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Credit Ratings Services.

The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria are applied.

This Council uses the creditworthiness service provided by Link Asset Services (formerly part of Capita Asset Services). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2020/21 was approved by Full Council on 20th February 2020 and is available on the Council's website.

The credit criteria in respect of financial investment assets held by the authority are as detailed below:

Financial Asset Category	Criteria			
	Specified Investment (up to one year)		Non-Specified Investment (over one year)	
Deposits with Banks	Short Term Long Term Sovereignty	F1 A AA	Short Term Long Term Sovereignty	F1+ AA- AA
Deposits with Building Societies	Short Term Long Term Sovereignty	F1 A AA	Short Term Long Term Sovereignty	F1+ AA- AA
Deposits with Money Market Funds		AA		AA

Counterparties are assessed, taking into account their financial position, past experience and other factors such as the credit default swap along with the individual credit ratings from the relevant credit rating agency. This information is then used to create a list of counterparties that would meet the criteria set by the Council. The authority has taken the decision during the current financial climate to invest any available funds with the Debt Management Account Deposit Fund (DMADF), which is a central government account, other local authorities and Banks and Building Societies, which meet the authority's criteria.

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions:

Deposits with Banks and Financial Institutions

	Credit Risk Rating	Gross Carrying Amount £'000
12-month expected credit losses	- A rated Counterparties	8,500
	- AA rated Counterparties	0
	- Nationalised Banks	15,000
	- Local Authorities	20,036
	- Escrow Accounts	0
Significant increase in credit risk since initial recognition		0
Credit Impaired at 31 March		0
Simplified Approach		0

Sundry Debtors and DHP Loans

	Credit Risk Rating	Gross Carrying Amount £'000
12-month expected credit losses		
	100% Very High	58
	75% High	3
	50% Medium	0
	25% Low	5
Significant increase in credit risk since initial recognition		0
Credit Impaired at 31 March		0
Simplified Approach		0
	100% Very High	206
	75% High	74
	50% Medium	31
	25% Low	53

Credit Management Practices

How increases in risk have been determined

For investments, the Link Asset Services colour ratings are used, which take account of credit ratings by the main agencies, modified by overlays. Details are set out in the Council's Treasury Management Strategy approved by Council in February. Counterparties, Money Market Funds and banks are monitored on a daily basis and no new treasury investments will be entered into with counterparties whose credit rating abuts the threshold for not being permissible. Increases in risk ratings are identified through this monitoring and, as well as being appropriately acted on operationally, they are taken into account when assessing the position reported in the Statement of Accounts. In respect of debtors, individual debts are assessed taking into account the nature of the debt and debtor and current information available in respect of both. Where there has been an increase in risk, an assessment is made to determine whether the increase is significant and the asset needs to be impaired.

Definitions of Default

Default is defined as failure or inability to pay a debt or repay an investment within 90 days after the due date with two exceptions. Where a payment plan is in place that is being adhered to for a debt, then there is no default. Where there is evidence to suggest that the debt will eventually be paid despite an institution's difficulties, the 90 days will not apply.

Collective Assessment

No instruments have been grouped for collective assessment.

Determining that Credit Impairment has Occurred
Credit impairment is determined by using available data to assess whether there are any events that have an adverse impact on the future cash flows relating to that asset.

Write Off Policy
Where recovery action is not possible or all recovery action has been exhausted the decision to write-off the debt will be made in accordance with the Council's write off procedures and the Authority's financial regulations as set out in the Constitution (Part 6E paragraph 10.9).

The Council's indicators that there is no reasonable expectation of recovery include:

- Insolvency, bankruptcy, or liquidation
- Statute of limitations (i.e. debt is over 6 years old)
- Debt collection/ tracing agency and bailiff action has been unsuccessful
- Deceased with no estate or executors
- Vacated with no forwarding address where uneconomic to pursue
- Vacated more than 3-months ago with no forwarding address
- Former tenant arrears and debtors bills unpaid after 3 months where the balance is uneconomic to pursue
- Customer has relocated abroad (uneconomic to pursue).

The Council does not usually continue with enforcement action once debts have been written off, but will write a debt back onto its books where there is a subsequent change of circumstances.

Modification of Contractual Cash Flows
Where there has been a modification of contractual cash flows (for example by means of a payment plan) the council will have assessed the risk when agreeing the modification, taking into account the nature of the debt and debtor, including ability to pay and the size of the debt.

Loss Allowance by Asset Class - Amortised Cost	12-month Expected Credit Losses £'000	Lifetime Expected Credit Losses - not credit impaired £'000	Lifetime Expected Credit Losses - credit impaired £'000	Lifetime Expected Credit Losses - Simplified approach £'000	Purchased or Originated Credit Impaired Financial Assets £'000	Total £'000
Closing Balance at 31 March 2020	8	0	0	186	0	194
Transfers:						
Individual financial assets transferred to 12 month expected credit losses	0	0	0	0	0	0
Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
New Financial Assets originated or purchased	62	0	0	167	0	229
Amounts written off	0	0	0	(1)	0	(1)
Financial Assets that have been derecognised	(5)	0	0	(66)	0	(71)
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other Changes	0	0	0	0	(1)	(1)
Closing Balance at 31 March 2021	**65**	**0**	**0**	**286**	**(1)**	**350**

Market Risk
The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

The authority has no borrowing that would be affected by changes in interest rates at this particular moment.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into setting of the annual budget and which is used to update the budget quarterly during the year. Any significant fluctuation in interest rates or levels of available monies for depositing with counterparties is built into the medium term financial strategy and the amount of likely interest for each year built into the budgetary process. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds, although the Council does not currently have any borrowings. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments

41. Government Grants in Advance

The Council (like all NNDR billing authorities), received it S31 grants for NNDR reliefs on the 30th March 2020, instead of monthly instalments during 2020/21. This amounted to £1.306m and has been accounted for via the collection fund and shown on the balance sheet as a creditor. Please see note 31 for Government Grants received in year.

42. Daventry Special Expenses

The table below shows the cost of services for the benefit of residents of Daventry provided by the Council in respect of Daventry Special Expenses. During the course of 2020/21, the service managed by DDC were transferred to Daventry Town Centre (DTC) and DDC passported over the precept to them to manage and run those services.

Daventry Special Expenses	2020/21 Net Expenditure £'000	2019/20 Net Expenditure £'000
Public Conveniences	0	0
Open Spaces and Recreation Grounds	633	626
Cemetery	14	7
Corporate and Democratic Core	6	37
Interest on Balances	(1)	(2)
Reversal of Capital Charges	(29)	(30)
Total	**623**	**638**

Collection Fund for the District of Daventry

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

Collection Fund			2020/21			2019/20
	NNDR £'000	Council Tax £'000	Total £'000	NNDR £'000	Council Tax £'000	Total £'000
INCOME FOR THE YEAR						
Council Tax Payers	-	(60,739)	(60,739)	-	(58,004)	(58,004)
Council Tax Benefit contribution	-	-	0	-	9	9
Non Domestic Rate Payers (Note 2)	(42,808)	-	(42,808)	(47,779)	-	(47,779)
Transitional Protection/Relief	318	-	318	352	-	352
Total Income for the year	**(42,490)**	**(60,739)**	**(103,229)**	**(47,427)**	**(57,995)**	**(105,422)**
EXPENDITURE FOR THE YEAR						
Apportionment of Previous Years Surplus/(Deficit)						
Central Government	205	-	205	(491)	-	(491)
Daventry District Council	485	154	639	(393)	257	(136)
Northamptonshire County Council	506	589	1,095	(98)	983	885
Northamptonshire Commissioner Fire and Rescue	16	30	46	0	52	52
Northamptonshire Police & Crime Commissioner	-	123	123	-	194	194
(Note 4)	**1,212**	**896**	**2,108**	**(982)**	**1,486**	**504**
Precepts, Demands and Shares						
Central Government	23,946	-	23,946	11,707	-	11,707
Daventry District Council	19,157	8,296	27,453	18,731	7,817	26,548
Northamptonshire County Council	4,310	41,706	46,016	15,922	39,073	54,995
Northamptonshire Commissioner Fire and Rescue	479	2,011	2,490	468	1,921	2,389
Northamptonshire Police & Crime Commissioner	-	8,275	8,275	-	7,746	7,746
	47,892	**60,288**	**108,180**	**46,828**	**56,557**	**103,385**
Charges to Collection Fund						
Write off of uncollectable amounts	447	30	477	127	172	299
Inc/(Dec) in Bad Debt Provision	2,425	1,916	4,341	263	380	643
Inc/(Dec) in Provision for Appeals	849	0	849	216	0	216
Cost of Collection Allowance	119	0	119	119	0	119
Disregarded Amounts (Renewable Energy)	1,112	0	1,112	1,101	0	1,101
	4,952	**1,946**	**6,898**	**1,826**	**552**	**2,378**
Total Expenditure for the year	**54,056**	**63,130**	**117,186**	**47,672**	**58,595**	**106,267**
(Surplus)/Deficit for the year	**11,566**	**2,391**	**13,957**	**245**	**600**	**845**
(Surplus)/Deficit b/fwd 1st April	**1,618**	**(897)**	**721**	**1,373**	**(1,497)**	**(124)**
(Surplus)/Deficit c/fwd 31st March	**13,184**	**1,494**	**14,678**	**1,618**	**(897)**	**721**
Apportionment of (Surplus)/Deficit						
Central Government	5,884	-	5,884	502	-	502
Northamptonshire County Council	1,894	1,099	2,993	456	(620)	(164)
Northamptonshire Fire & Rescue Authority	132	142	274	12	(30)	(18)
Daventry District Council	5,274	49	5,323	648	(124)	524
Northamptonshire Police & Crime Commissioner	-	204	204	-	(123)	(123)
(Note 4)	**13,184**	**1,494**	**14,678**	**1,618**	**(897)**	**721**

Explanatory Notes to the Collection Fund

1. Collection Fund accounting policy

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial years. Deficits likewise are proportionately charged to the relevant precepting bodies in the following years. For DDC, the Council Tax precepting bodies are Northamptonshire County Council and the Northamptonshire Police and Crime Commissioner.

In 2014/15, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base. The scheme allows the Council to retain a proportion of the total NNDR received. The Council has entered into a 'Pool' with all councils in Northamptonshire. The DDC share is 40% with the remainder paid to precepting bodies: these being the Central Government (50% share) and Northamptonshire County Council (10% share). For 2019/20 onwards Northamptonshire County Council's share will reduce to 9% and 1% will be paid to the Northamptonshire Commissioner Fire and Rescue Authority. For 2019/20 only, the pool became a 75% pilot instead of a 50% pool, which resulted in Central Governments share reduced from 50% to 25% and Northamptonshire County Council's share increasing from 9% to 34%. In 2020/21, we reverted back to a 50% pool.

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial years in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following years.

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

The Collection Fund transactions are transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors (and in turn credited to their General Funds). The amount credited to the General Fund under statute is an authority's precept or demand for the year plus the authority's share of the surplus on the Collection Fund for the previous year or less its share of the deficit on the Collection Fund for the previous year; and this amount may be more or less than the accrued income for the year in accordance with GAAP, although in practice the difference would usually be small. Council Tax Benefit is no longer received by the council. This has been replaced by a Council Tax Reduction Scheme which is administered in each authority.

2. Income from Business Rates

The Council collects NNDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

In 2014/15, the administration of NNDR changed following the introduction of a business rates retention scheme. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. DDC is a tariff authority. The business rates shares for 2020/21 were estimated before the start of the financial year at a total of £47.893m. These sums have been paid and charged to the collection fund in year.

In addition to the top up and tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2013) not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2020/21.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31st March 2021. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2020/21 has been calculated at £5.680m.

The gross rates payable are based upon the District Valuers NNDR rateable value as at 31st March, but not all properties would be available for occupation from the beginning of the financial year.

Income from Business Rates	2020/21 £'000	2019/20 £'000
Non domestic Rateable Value @ 31st March 21 (£113.537m) Multiplied by Uniform Business Rates (51.2p)	58,131	57,371
Non domestic Rateable Value @ 31st March 20 (£114.285m) Multiplied by Uniform Business Rates (50.4p)		
Less: Allowances and other adjustments	(15,323)	(9,592)
Net Income from Business Ratepayers	**42,808**	**47,779**

The amount for allowances and other adjustments in 2020/21 (2019/20) allows for mandatory reliefs of £4.701m (£4.434m), empty properties of £1.071m (£2.250m), discretionary relief £0.051m (£0.407m), expanded retail and nursey relief £7.893 (£0.000m) with the remainder being properties that were being constructed and completed during the course of the financial year.

3. Council Tax Charge Breakdown

Council Tax derives from charges raised according to the value of residential properties, which have been classified into valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2020/21 was 32,445.91 (31,609.55 in 2019/20). The increase between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax Discounts and Exemptions. The tax base for 2020/21 was calculated as follows:

Council Tax Bands		Multiplier	Band D Equivalent
Band A - Disabled	1.06	5 / 9	0.59
Band A	2,700.63	6 / 9	1,800.42
Band B	6,552.38	7 / 9	5,096.30
Band C	7,611.35	8 / 9	6,765.64
Band D	5,097.45	9 / 9	5,097.45
Band E	4,446.77	11 / 9	5,434.94
Band F	2,919.89	13 / 9	4,217.84
Band G	2,257.05	15 / 9	3,761.75
Band H	135.49	18 / 9	270.98
Total	**31,722.07**		**32,445.91**

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A disabled' has been introduced to give effect to this reduction for those who reside in Band A properties.

4. Contributions to Collection Fund Surpluses and Deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2021 it was estimated that the Collection Fund would have a Council Tax deficit of £0.857m and a NNDR deficit of £10.596m, a combined Collection Fund deficit of £9.832m (£0.477m) deficit and these amounts were charged to the preceptors in 2021/22 to offset their general fund budget requirements.

As at the 31st March 2021, the overall Collection Fund deficit was £14.684m, of which £9.832m will be collected from preceptors during 2021/22 and £4.852m in 2022/23 by West Northamptonshire Council.

Daventry District Council Group Accounts

The Code requires the preparation of group accounts where the Authority has interests in subsidiaries, associates and/or jointly controlled entities, subject to consideration of materiality. The Authority holds 100% of the shares of The Daventry Estate Company Ltd and has members on the board; as such The Daventry Estate Company Ltd is a subsidiary of the Authority. The accounts of both entities are consolidated by adding like items of assets, liabilities, reserves, income and expenses together line by line in the financial statements. Intragroup balances and transactions are eliminated in full. The reporting period end for both entities is the same, 31st March 2021.

Group Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's teams. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Group Expenditure Funding Analysis	Net Expenditure chargeable to the General Fund 2020/21 £'000	Adjustment between Funding and Accounting Basis 2020/21 £'000	Net Expenditure to CIES 2020/21 £'000	Net Expenditure chargeable to the General Fund 2019/20 £'000	Adjustment between Funding and Accounting Basis 2019/20 £'000	Net Expenditure to CIES 2019/20 £'000
Chief Executives	2,114	(286)	1,828	62	(157)	(95)
Business	6,516	1,009	7,525	5,739	2,571	8,310
Community	3,163	1,325	4,488	3,201	1,763	4,964
Resources	3,139	0	3,139	1,789	179	1,968
Finance	1,669	50	1,719	1,649	421	2,070
Net Cost of Services	**16,601**	**2,098**	**18,699**	**12,440**	**4,777**	**17,218**
Other Income	(29,776)	2,558	(27,218)	(18,046)	(3,340)	(21,386)
(Surplus)/Deficit	**(13,175)**	**4,656**	**(8,519)**	**(5,606)**	**1,437**	**(4,168)**

Group General Fund Balances	2020/21 £'000	2019/20 £'000
Opening General Fund Balance	36,576	30,971
Surplus/(Deficit) for year	13,175	5,606
Closing General Fund Balances	**49,751**	**36,577**
Represented by		
Unallocated General Fund Balances	22,451	18,394
Earmarked Reserves (including Special Expenses)	27,300	18,182
Total Revenue Reserves	**49,751**	**36,576**

Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Group Movement in Reserves Statement.

DDC GROUP CIES	Note	2020/21 Gross Exp'ture £'000	2020/21 Income £'000	2020/21 Net Exp'ture £'000	2019/20 Gross Exp'ture £'000	2019/20 Income £'000	2019/20 Net Exp'ture £'000
Continuing Services							
Chief Executives	G.EFA	1,917	(89)	1,828	646	(741)	(95)
Business	G.EFA	11,341	(3,816)	7,525	11,559	(3,249)	8,310
Community	G.EFA	5,198	(710)	4,488	5,740	(776)	4,964
Resources	G.EFA	6,067	(2,928)	3,139	6,495	(4,527)	1,968
Finance	G.EFA	10,486	(8,767)	1,719	11,892	(9,822)	2,070
Net Cost of Services		35,009	(16,310)	18,699	36,332	(19,115)	17,217
Other operating expenditure	G.4	5,253	(1,779)	3,474	1,970	(1,032)	938
Financing and investment income & expenditure		2,319	(4,318)	(1,999)	2,565	(2,741)	(176)
Taxation and Non-Specific Grant Income		0	(28,693)	(28,693)	0	(22,148)	(22,148)
(Surplus) or Deficit on Provision of Services	G.MIRS	**42,581**	**(51,100)**	**(8,519)**	**40,868**	**(45,036)**	**(4,168)**
(Surplus)/Deficit arising on revaluation of fixed assets				(4,035)			885
(Surplus)/Deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial Losses/(Gains) on pension fund asset and liabilities				7,303			(6,372)
Any other gains and losses required in the CIES				0			0
Other Comprehensive Income & Expenditure	G.MIRS			**3,268**			**(5,487)**
Total Comprehensive Income & Expenditure	G.MIRS			**(5,251)**			**(9,655)**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Daventry District Council
Group Movement in Reserves Statement
For the years ended 31 March 2020 & 2021

Movement in Reserves Statement 2019/20 & 2020/21	General Fund Revenue Balance	Earmarked Revenue Reserves	Capital Receipts Reserve	Capital Grants Un-applied	Total Usable Reserves	Total Unusable Reserve	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018 carried forward	15,890	15,081	17,728	3,277	51,976	51,026	103,002
Movement in reserves during 2018/19							
Surplus or (deficit) on provision of services (see G.CIES)	4,168	0	0	0	4,168	0	4,168
Other Comprehensive Expenditure and Income (see G.CIES)	0	0	0	0	0	5,487	5,487
Total Comprehensive Expenditure and Income	4,168	0	0	0	4,168	5,487	9,655
Adjustments between accounting basis & funding basis under regulations (see note G.6)	1,437	0	(4,300)	402	(2,461)	2,461	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,605	0	(4,300)	402	1,707	7,948	9,655
Transfers (to)/from Earmarked Reserves (see note G.12)	(3,101)	3,101	0	0	0	0	0
Increase/(Decrease) movement in Year	2,504	3,101	(4,300)	402	1,707	7,948	9,655
Balance at 31 March 2020 carried forward	18,394	18,182	13,428	3,679	53,683	58,974	112,657
Movement in reserves during 2020/21							
Surplus or (deficit) on provision of services (see G.CIES)	8,519	0	0	0	8,519	0	8,519
Other Comprehensive Expenditure and Income (see G.CIES)	0	0	0	0	0	(3,268)	(3,268)
Total Comprehensive Expenditure and Income	8,519	0	0	0	8,519	(3,268)	5,251
Adjustments between accounting basis & funding basis under regulations (see note G.6)	4,656	0	(7,861)	(179)	(3,384)	3,384	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	13,175	0	(7,861)	(179)	5,135	116	5,251
Transfers (to)/from Earmarked Reserves (see note G.12)	(9,118)	9,118	0	0	0	0	0
Increase/(Decrease) in Year	4,057	9,118	(7,861)	(179)	5,135	116	5,251
Balance at 31 March 2021 carried forward	22,451	27,300	5,567	3,500	58,818	59,090	117,908

Group Balance Sheet

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

GROUP BALANCE SHEET	Note	As at 31/03/21 £'000	As at 31/03/20 £'000
Property, Plant & Equipment		67,642	54,910
Investment Property	G.5	36,251	36,466
Intangible Assets		90	168
Long Term Investments		3,510	3,510
Investments in Associates and Joint Ventures		0	0
Long Term Debtors	G.7	791	49
Long Term Assets		**108,284**	**95,103**
Short Term Investments		43,045	46,735
Short Term Debtors	G.8	7,292	7,072
Cash and Cash Equivalents	G.9	5,608	11,337
Assets held for sale		0	0
Current Assets		**55,945**	**65,144**
Bank Overdraft		0	0
Short Term Borrowing		0	0
Short Term Creditors	G.10	(7,078)	(16,102)
Short term Provision		(133)	(104)
Current Liabilities		**(7,211)**	**(16,206)**
Long Term Creditors		(1,786)	(2,068)
Provisions		(2,510)	(2,064)
Long Term Borrowing		0	0
Government Grant In Advance		0	0
Pension liability	G.13	(34,814)	(27,252)
Long Term Liabilities		**(39,110)**	**(31,384)**
Net Assets		**117,908**	**112,657**
Usable reserves	G.MIRS	58,818	53,683
Unusable Reserves	G.11	59,090	58,974
Total Reserves		**117,908**	**112,657**

Group Cashflow

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

Group Cash Flow Statement (Indirect Method) As at 31st March	Note	31 March 2021 £'000	31 March 2020 £'000
Net surplus or (deficit) on the provision of services		8,519	4,168
Adjust net surplus or deficit on the provision of services for noncash movements		3,555	6,007
Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities		(3,394)	(4,740)
Operating Activities		**8,680**	**5,435**
Net cash flows from Operating Activities			
Investing Activities	A	(7,338)	(2,392)
Financing Activities	B	(7,071)	780
Net increase or (decrease) in cash and cash equivalents		**(5,729)**	**3,823**
Cash and cash equivalents at the beginning of the reporting period		11,337	7,514
Cash and cash equivalents at the end of the reporting period		5,608	11,337
In year movement		**(5,729)**	**3,823**

Cashflow adjustments from surplus or (deficit) on the provision of services to net cash flows from operating activities	2020/21 £'000	2019/20 £'000
Adjust net surplus or deficit on the provision of services for non-cash movements		
Depreciation and amortisation of non-current assets	1,489	1,528
Impairment and downward valuations	(309)	3,045
Increase/(Decrease) in creditors	(2,813)	1,237
Increase/(Decrease) in interest and dividend debtors	191	(10)
(Increase)/Decrease in debtors	1,052	(1,764)
Pension Liability	259	1,388
Contribution to/(from) provisions	332	(254)
Carrying amount of non-current assets sold	2,334	1,364
Carrying amount of short and long term investments sold	1,020	(527)
	3,555	**6,007**
Adjust net surplus or deficit on the provision of services for non-cash movements		
Capital grant credited to surplus or deficit on the provision of services	(977)	(2,908)
Service Concessions	296	303
Proceeds from the sale of property, plant and equipment	(2,713)	(2,135)
	(3,394)	**(4,740)**

Note A

Investing Activities	2020/21 £'000	2019/20 £'000
Investing Activities		
Purchase of property, plant and equipment, investment property and intangible assets	(13,778)	(12,572)
Purchase of short-term and long-term investments	3,493	5,121
Other payments for investing activities	(748)	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,713	2,137
Capital grants	982	2,922
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities	0	0
	(7,338)	**(2,392)**

Note B

Financing Activities	2020/21 £'000	2019/20 £'000
Financing Activities		
Cash receipts of short- and long-term borrowing	0	0
Other receipts to/(from) financing activities	(6,904)	961
Other payments for financing activities	(167)	(181)
	(7,071)	**780**

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Notes to the Group Accounts

1. Note to the Expenditure and Funding Analysis

Group Expenditure Funding Analysis	Adjustment for Capital Purposes 2020/21 £'000	Net Charge for Pension Adjustment 2020/21 £'000	Net Charge for Other 2020/21 £'000	Total Adjustments 2020/21 £'000	Adjustment for Capital Purposes 2019/20 £'000	Net Charge for Pension Adjustment 2019/20 £'000	Net Charge for Other 2019/20 £'000	Total Adjustments 2019/20 £'000
Chief Executives	0	(286)	0	(286)	0	(157)	0	(157)
Business	1,022	(13)	0	1,009	2,473	98	0	2,571
Community	1,352	(27)	0	1,325	1,495	268	0	1,763
Resources	22	(22)	0	0	(67)	246	0	179
Finance	64	(14)	0	50	271	150	0	421
Net Cost of Services	**2,460**	**(362)**	**0**	**2,098**	**4,172**	**605**	**0**	**4,777**
Other Income	2,196	362	0	2,558	(4,170)	783	47	(3,340)
(Surplus)/Deficit	**4,656**	**0**	**0**	**4,656**	**2**	**1,388**	**47**	**1,437**

Adjustments for Capital Purposes

1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
   - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
   - **Financing and investment income and expenditure** – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
   - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
   - **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
   - **For Financing and investment income and expenditure** –- the net interest on the defined benefit liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
   - **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
   - **The charge under Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-statutory Adjustments

4) Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for interest income and expenditure and changes in the fair values of investment properties.
- For **taxation & non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for unringfenced government grants.

2. Expenditure and Income analysed by Nature

Group Expenditure and Income by Nature	2020/21 £'000	2019/20 £'000
Expenditure		
Employee Benefit Expenses	11,131	13,069
Other Services expenses	16,505	16,177
Support Services Recharges	8,971	10,082
Depreciation, Impairment, Amortisation	2,530	2,764
Interest Payments	0	0
Precepts and Levies	2,906	2,724
Payments to Housing Capital Receipts Pool	0	0
Gain/(loss) on the disposal of assets	539	(3,948)
Total Expenditure	**42,582**	**40,868**
Income		
Fees, charges and other service income	(21,330)	(22,183)
Interest and Investment Income	(1,080)	(705)
Income from Ctax/NNDR/Donations	(18,079)	(15,874)
Government grants and contributions	(10,612)	(6,274)
Total Income	**(51,101)**	**(45,036)**
(Surplus)/Deficit on the Provision of services	**(8,519)**	**(4,168)**

3. Adjustments between Accounting Basis and Funding Basis under regulation

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

Group General Fund Balance
The Group General Fund is the statutory fund into which all the receipts of an authority are required to paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Group General Fund Balance, which is not necessarily in accordance with proper accounting practice. The Group General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve
The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied
The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2020/21 GROUP MIRS RECONCILIATION	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Receipts In Advance £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of Items debited or credited to the CIES:-					
Charges for depreciation and impairment of non-current assets	1,391	0	0	0	1,391
Revaluation losses on Property, Plant and Equipment	141	0	0	0	141
Movement in the market value of Investment Properties and disposals	(179)	0	0	0	(179)
Amortisation of intangible assets	98	0	0	0	98
Capital grants and contributions applied	0	0	0	0	0
Statutory mitigation re finance leases	0	0	0	0	0
Revenue expenditure funded from capital under statute	1,351	0	0	0	1,351
Income in relation to Donated assets	0	0	0	0	0
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	2,348	0	0	0	2,348
Insertion of items not debited or credited to the CIES	0	0	0	0	
Statutory provision for the financing of capital investment	(295)	0	0	0	(295)
Capital expenditure charged against the General Fund balance	(2,618)	0	0	0	(2,618)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	(977)	0	0	790	(187)
Transfer in respect of Community Infrastructure Levy	0	0	0	187	187
Reimbursement of forward funding of capital schemes	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(1,156)	(1,156)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,808)	1,808	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	(9,655)	0	0	(9,655)
Prior year reversal of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
Contribution from the Capital Receipt Reserve towards the administration costs of non-current asset disposals	0	0	0	0	0
Contribution from the Capital Receipt Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0
Transfer of funds following transfer of services to another organisation	0	(14)	0	0	(14)
Adjustments primarily involving the Deferred Capital Receipts Reserve					
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Financial Instrument Adjustment Account					
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	2,701	0	0	0	2,701
Employer's Pension contributions and direct payments to pensioners in the year	(2,442)	0	0	0	(2,442)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	4,916	0	0	0	4,916
Adjustments primarily involving the Accumulated Absence Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	29	0	0	0	29
Total Adjustments	**4,656**	**(7,861)**	**0**	**(179)**	**(3,384)**

2019/20 GROUP MIRS RECONCILIATION	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Receipts In Advance £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of Items debited or credited to the CIES:-					
Charges for depreciation and impairment of non-current assets	1,212	0	0	0	1,212
Revaluation losses on Property, Plant and Equipment	1,432	0	0	0	1,432
Movement in the market value of Investment Properties and disposals	2,651	0	0	0	2,651
Amortisation of intangible assets	213	0	0	0	213
Capital grants and contributions applied	0	0	0	0	0
Statutory mitigation re finance leases	0	0	0	0	0
Revenue expenditure funded from capital under statute	1,545	0	0	0	1,545
Income in relation to Donated assets	0	0	0	0	0
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	450	0	0	0	450
Insertion of items not debited or credited to the CIES	0	0	0	0	0
Statutory provision for the financing of capital investment	(327)	0	0	0	(327)
Capital expenditure charged against the General Fund balance	(1,099)	0	0	0	(1,099)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	(2,908)	0	0	1,266	(1,642)
Transfer in respect of Community Infrastructure Levy	0	0	0	1,642	1,642
Reimbursement of forward funding of capital schemes	0	0	0	(1,200)	(1,200)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(1,306)	(1,306)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(3,194)	3,194	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	(8,022)	0	0	(8,022)
Prior year reversal of Capital Receipts Reserve to finance new capital expenditure	0	528	0	0	528
Contribution from the Capital Receipt Reserve towards the administration costs of non-current asset disposals	0	0	0	0	0
Contribution from the Capital Receipt Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0
Transfer of funds following transfer of services to another organisation	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve					
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Financial Instrument Adjustment Account					
Transfer of deferred sale proceeds credited as part of the gain/loss on the disposal to the CIES	0	0	0	0	0
Adjustments primarily involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	3,645	0	0	0	3,645
Employer's Pension contributions and direct payments to pensioners in the year	(2,257)	0	0	0	(2,257)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	47	0	0	0	47
Adjustments primarily involving the Accumulated Absence Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27	0	0	0	27
Total Adjustments	**1,437**	**(4,300)**	**0**	**402**	**(2,461)**

4. Financing and Investment Income and Expenditure

Interest and Investment Income and Expenses	2020/21 £'000	2019/20 £'000
Interest and Investment Income	(466)	(705)
Interest on obligations under finance leases	32	0
Foreign Exchange (gains)/losses	0	3
Pensions interest cost and expected return from pension assets	621	783
Income and expenditure in relation to Investment Properties and changes in their fair value	(2,186)	(192)
Total	**(1,999)**	**(111)**

5. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Direct operating expenditure and income	2020/21 £'000	2019/20 £'000
Rental income from investment property	(2,811)	(2,705)
Direct operating expenditure arising from investment property	356	278
Net (gain)/loss	**(2,455)**	**(2,427)**

The following table summarises the movement in the fair value of investment properties over the year.

Investment Properties	2020/21 £'000	2019/20 £'000
Balance at start of the year	**36,466**	**37,427**
Additions :		
Purchases	0	0
Construction	0	29
Subsequent expenditure	67	1,474
Disposals	(576)	(930)
Net gains/(losses) from fair value adjustments	294	(1,709)
Transfers:		
(To)/from Property, Plant and Equipment	0	175
Other changes	0	0
Balance at the end of the year	**36,251**	**36,466**

6. IFRS 13 Fair Value

Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2021 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2021 £'000
Industrial	0	0	23,727	23,727
Other	0	0	8,407	8,407
Development Land	0	0	4,520	4,520
Offices	0	0	1,462	1,462
Retail	0	0	2,260	2,260
Community	0	0	80	80
Total	**0**	**0**	**40,456**	**40,456**

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2020 £'000
Industrial	0	0	23,767	23,767
Other	0	0	7,836	7,836
Development Land	0	0	909	909
Offices	0	0	1,451	1,451
Retail	0	0	2,426	2,426
Community	0	0	82	82
Total	**0**	**0**	**36,471**	**36,471**

Valuation Techniques used to Determine Level 3 Fair Values for Investment Properties Significant Unobservable Inputs – Level 3

The industrial, Development Land, Offices, Retail, Community and Other Assets locality area are measured using the income or (in the case of the Development Land) the comparable land value approach. The valuations have been developed using the authority's own data from comparable lettings and land sales requiring it to factor in assumptions such rental rates and yields as well as evidence and imperfect knowledge available from third parties. Furthermore, allowances have been made to reflect professional representation where parties are not represented.
The investments are assessed at Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine fair value measurements which rely on the professional expertise of the Officer undertaking the valuation.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Reconciliation of Fair Value Measurement (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

	2020/21 £'000	2019/20 £'000
Opening balance	**36,471**	**35,016**
Adjustment: Level 2 item removed from opening balance	0	**0**
Transfers into Level 3	4,200	**2,411**
Transfers out of Level 3	0	**0**
Total gains [or losses] for the period included in Surplus or Deficit	0	**0**
on the Provision of Services resulting from changes in the fair value	294	**(913)**
Additions	67	**(43)**
Disposals	(576)	**0**
Closing Balance	**40,456**	**36,471**

7. Long Term Debtors

Long term Debtors	2020/21 £'000	2019/20 £'000
Finance lease receivable	0	0
Deferred Repayment from Parish Councils	40	45
Others	748	1
Total	**788**	**46**

8. Short Term Debtors

Gross Debtors	31st March 2021 £'000	31st March 2020 £'000
Central Government bodies	703	2,345
Other Local Authorities	3,804	1,295
NHS Bodies	0	0
Public corporations and trading funds	0	0
Other entities and individuals	5,591	5,339
Total	**10,098**	**8,979**

Bad Debts Impairment	31st March 2021 £'000	31st March 2020 £'000
General	(1,188)	(1,095)
Council Tax (including court costs)	(495)	1,907
NNDR (including court costs)	(1,123)	(185)
Total	**(2,806)**	**(1,907)**

Net Debtors after Bad Debt Impairment	31st March 2021 £'000	31st March 2020 £'000
Total	**7,292**	**7,072**

9. Cash and Cash Equivalents

Cash and Cash Equivalent	2020/21 £'000	2019/20 £'000
Cash equivalent	3,000	10,005
Cash	2,608	1,332
Cash and Cash Equivalents	**5,608**	**11,337**

10. Short Term Creditors

Creditors	31st March 2021 £'000	31st March 2020 £'000
Central Government bodies	(133)	(3,380)
Other Local Authorities	(4,440)	(9,262)
Other entities and individuals	(2,505)	(3,460)
Total	**(7,078)**	**(16,102)**

11. Unusable Reserves

Unusable Reserves	31st March 2021 £'000	31st March 2020 £'000
Revaluation Reserve (RR)	18,812	15,111
Capital Adjustment Account (CAA)	74,739	65,819
Financial Instruments Adjustment Account (FIAA)	0	0
Pensions Reserve (PR)	(34,814)	(27,252)
Deferred Capital Receipts Reserve (DCRR)	5,923	5,923
Collection Fund Adjustment Account (CFAA)	(5,437)	(521)
Accumulated Absences Account (AAA)	(133)	(104)
Total Unusable Reserves	**59,090**	**58,976**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the group. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Group Note 3 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	31st March 2021 £'000	31st March 2020 £'000
Balance brought forward	65,819	61,699
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	(1,391)	(1,212)
Revaluation losses on Property, Plant and Equipment	137	(1,432)
Amortisation of intangible assets	(98)	(212)
Revenue expenditure funded from capital under statute	(1,351)	(1,546)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(2,334)	(1,380)
	(5,037)	(5,782)
Adjusting amounts written out of the Revaluation Reserves	335	262
Net written out amount of the cost of non-current assets consumed in the year	(4,702)	(5,520)
Reinstatement of Capital Funding for Abortive Costs moved to revenue	0	0
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	9,655	8,022
Capital grants and contributions credited to the CIES that have been applied to capital financing	660	1,306
Application of grants to capital financing from the Capital Grants Unapplied Account	492	628
Statutory provision for the financing of capital investment charged against the General Fund Balance	296	303
Capital expenditure charged against the General Fund Balance	2,618	1,099
	13,721	11,358
Movements in the market value of Investment Properties debited/credited to the CIES	(99)	(1,718)
Movement in the Donated Assets Account credited to the CIES	0	0
Balance carried forward	**74,739**	**65,819**

12. Earmarked Reserves

Earmarked Reserves	31st March 2021 £'000	31st March 2020 £'000
DDC Earmarked Reserves	27,222	18,118
TDECL	80	64
Total	**27,302**	**18,182**

The TDECL earmarked reserves relate to the significant repairs reserve.

13. Provisions

The authority has made the following provisions and the information regarding them is detailed below.

Provisions	Holiday Pay £'000	Offices £'000	NNDR Appeals £'000	Other £'000	Total £'000
At 1 April 2019	78	0	1,845	465	2,388
Arising during the year	104	0	1,484	17	1,605
Used during the year	0	0	(1,268)	(57)	(1,325)
Reversed unused	(78)	0	(129)	(293)	(500)
Unwinding of discount	0	0	0	0	0
At 31 March 2020	**104**	**0**	**1,932**	**132**	**2,168**
Current Provision	104	0	0	0	104
Non - current Provision	0	0	1,932	132	2,064
Total Provision	**104**	**0**	**1,932**	**132**	**2,168**
At 1 April 2020	104	0	1,932	132	2,168
Arising during the year	133	0	1,000	114	1,247
Used during the year	0	0	(150)	(9)	(159)
Reversed unused	(104)	0	(510)	0	(614)
Unwinding of discount	0	0	0	0	0
At 31 March 2021	**237**	**0**	**2,272**	**237**	**2,642**
Current Provision	133	0	0	0	133
Non - current Provision	0	0	2,272	237	2,509
Total Provision	**133**	**0**	**2,272**	**237**	**2,642**

ANNUAL GOVERNANCE STATEMENT 2020/21

1. Scope of responsibility

Daventry District Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for and that funding is used economically, efficiently and effectively. Daventry District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility Daventry District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.

Daventry District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government framework. A copy of the code is on the Council website at http://www.daventrydc.gov.uk or can be obtained from Daventry District Council, Lodge Road, Daventry, Northamptonshire NN11 4FP.

This statement explains how Daventry District Council has complied with the code. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations (England) 2015 in relation to consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement.

2. The purpose of the governance framework

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

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

The governance framework has been in place at Daventry District Council for the year ended 31 March 2021 and up to the date of approval of the annual statement of accounts.

3. The governance framework

Some of the key features of the governance framework are set out below.

- **The Corporate Strategic Plan** identifies and communicates the authority's vision, objectives and priorities.

- **The Strategic Risk Register** reflects the objectives of the Corporate Strategic Plan and identifies the implications for the Council's governance arrangements.

- **The Constitution** is the fundamental basis of the authority's arrangements and includes
    - Defining and documenting the roles and responsibilities of Council, Strategy Group, Scrutiny and Improvement, Corporate Governance and Appeals and Standards Committees together with officer functions.
    - Defining and documenting details of delegation arrangements, codes of conduct and protocols for member/officer relations.
    - Procedure rules standing orders and financial regulations that define clearly how decisions are taken and where authority lies for decisions.
    - The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described.

- **Council** is the ultimate decision making body for all matters other than those delegated to the, Planning, Licensing and Appeals and Standards Committees, and operational decision making to specific officers.

- **Strategy Group** made up of the Leader, Deputy Leader, Portfolio Holders and two opposition Members is a non-executive body. Its role is to formulate strategy and policy and make recommendations to Council.

- **Scrutiny and Improvement Committee** monitors the recommendations of Strategy Group and has the ability to "call-in" key decisions prior to implementation to consider the appropriateness of the decision.

- **Corporate Governance Committee** reviews the effectiveness of the internal control environment.

- **Appeals and Standards Committee** promotes the maintenance of high standards of conduct and has responsibility for overseeing investigations of complaints against Members.

- **The Chief Executive** as part of the Senior Management Team has delegated authority to take operational decisions within policies and budgets set by Council. The statutory post of the Head of Paid Service is incorporated in the Chief Executive role.

- **The Monitoring Officer** is responsible for maintaining and advising on the Constitution. This Officer ensures that the Council's decision making is lawful and fair and they support the promotion of high ethical standards and compliance with Codes of Conduct. The statutory post of Monitoring Officer is incorporated in the Executive Director (Resources) role.

- **The Chief Financial Officer –** the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) as set out in the Application Note to Delivering Good Governance in Local Government: Framework sets out the following for the CFO in a public services organisation:
    - is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest
    - must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy
    - must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
    - To deliver these responsibilities the CFO:
        - must lead and direct a finance function that is resourced to be fit for purpose
        - must be professionally qualified and suitably experienced.

  The Council's financial management arrangements conform to these governance requirements. The statutory post of Chief Financial Officer is incorporated in the Executive Director (Finance) role.

- **Senior Management Team** comprises the Chief Executive, Executive Director (Business), Executive Director (Community), Executive Director (Resources) and the Executive Director (Finance). The Senior Management Team is responsible for the day to day management of the Council.

- **Public Sector Internal Audit Standards (PSIAS)** are intended to promote further improvement in the professionalism, quality and effectiveness of internal audit. Compliance with PSIAS is reported within the Annual Audit Review.

4. Review of effectiveness

It is no longer a requirement for the Council to undertake an annual review of the effectiveness of its internal audit function. The Public Sector Internal Audit Standards (PSIAS) which came into effect on 1st April 2013 require an External Quality Assessment to be undertaken at least once every five years, following adoption of the Standards, by a qualified, independent assessor or assessment team from outside the organisation. To conform with the Standards the most recent review was carried out during 2017/18. The assessment recognised that the Internal Audit Service is highly regarded within the authority and provides useful assurance on the Council's systems and processes. The assessment was reported to Corporate Governance Committee who agreed an action plan covering identified areas for improvement. All actions were satisfactorily implemented.

The Internal Audit Manager produces an annual report providing opinion on the overall adequacy and effectiveness of the control environment. It is his opinion that the overall adequacy and effectiveness of the Council's control environment for 2020/21 continues to provide "Full to Substantial Assurance".

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes during the year.

These include:

- A robust Internal Audit function where planned work is based on identified key systems and risk areas. The overall result of the audit work is reviewed by the Internal Audit Manager and reported to Corporate Governance Committee along with his opinion of on the adequacy and effectiveness of the internal control environment.

- Compliance with the Council's Local Code of Corporate Governance is reviewed by an officer governance team headed by the Monitoring Officer and including the Chief Financial Officer, Executive Director (Resources), Governance & HR Manager, Contracts and Performance Manager and Internal Audit Manager. The team meet quarterly to review, highlight progress and identify any further improvements needed for the forthcoming year.

- An embedded reporting system for both internal and external audit issues that management and Members are fully briefed on key issues, which include the requirement to report regularly to Corporate Governance Committee. External Audit presents an Annual Governance Report to Corporate Governance Committee.

- A comprehensive risk management process that ensures key risks across the authority, both operational and strategic, are captured and reported to senior managers and Members. The process is appraised by the officer Risk Management Working Group, with reports to Corporate Governance Committee by Internal Audit as part of the Annual Audit Review.

- Information Security – The Senior Information Owner reports that management continue to take their information security responsibilities seriously and consider as part of the annual service planning process. A Remote Working audit was carried out during March 2021 with a substantial assurance opinion. A Cyber Security audit was scheduled to be carried out, but due to the pandemic and resourcing issues this was not possible and has been taken into consideration when doing the internal audit plan for West Northants Council.

- The reports of the Chief Financial Officer to Members and the Senior Management Team including financial assessments of key projects and decisions.

- The operation of an independent Appeals and Standards Committee that is fully briefed to review the conduct of Members.

- Reporting of key performance issues to the Scrutiny and Improvement Committee.

- A comprehensive budget monitoring process that is reported monthly to senior managers and quarterly to Portfolio Holders.

- A partnership database is maintained recording the details of the partnerships that the Council is involved in. Partnership arrangements are reviewed annually.

5. Progress on governance issues identified in the 2019/20 Annual Governance Statement

The following concerns in ensuring that the Council continues to sustain and enhance compliance with the Code were identified

- **Response to the Covid-19 pandemic is a significant concern for the Council and has impacts on many levels. The Council is supporting the national response through multi-agency working at a local level. Covid-19 response is, out of necessity, taking priority over the delivery of day to day services. Service delivery is facing ongoing review and capacity is needed to be found to deliver additional work such as the processing government grants The majority of Officers are working from home which in itself poses challenges in accessing systems and relevant information as well as providing some cyber security risks. Working from home is likely to continue for significant numbers of Officers for the foreseeable future and requires additional IT support. Governance arrangements, in particular, holding Council and Committee meetings have been reviewed. It is planned to hold virtual/remote meetings, allowed under new regulations, which poses challenges for Members and Officers alike. Maintaining effective scrutiny is a challenge under these arrangements**.

  For the entirety of 2020/21 the Council operated in an environment of Covid-19 restrictions. The majority of Officers have continued to work largely from home with a small number of Officers regularly working from the office and many Officers working on a rota system spending some time in the office and some time at home. This has had some impact on accessing equipment and systems though the position has progressively improved during the course of the year.
  Cyber security continues to be a concern but there have been no significant incidents during the year.
  Council and Committee meetings were cancelled for the period of March 2020 to May 2020 following the introduction of national lockdown in March 2020. From May 2020 to 31 March 2021 virtual Council and Committee meetings have been held as scheduled using the ZOOM platform. The meetings have been successful with Members positively engaging despite some teething problems and intermittent IT issues.

- In light of the impacts of the Covid-19 pandemic on local authority time and resources, the Government has extended the deadline for the publication of 2020/21 and 2021/22 accounts from 31 July to the 30 September following the end of the financial year. As with the 2019/20 accounts there is the risk that the failure to publish audited accounts by the usual deadline may cause some public concern.

- **Arrangements for proposed Local Government Reform (LGR) in Northamptonshire continues to be a concern. Although there is now certainty LGR will go ahead on 1 April 2021 there is concern about the ability of the Northamptonshire Councils to effectively prepare given the impacts of the Covid-19 outbreak. The commitment of the Councils to Covid-19 response has meant that significant resources have been diverted from the LGR programme. The LGR programme has effectively stalled and is now undergoing significant review. The challenge remains to deliver 'business as usual' services through to 31 March 2021 whilst continuing with responsible preparations for unitary governance arrangements.**
  Although there was a stall in the LGR Programme early in the year due to Covid-19 response the Programme return to full activity in early summer 2020 through the commitment of the Councils. It has been a significant challenge to make up for lost time whilst still delivering business as usual services. The Programme has been a success with 'safe and legal' services in place for vesting day of West Northamptonshire Council on 1 April 2021.

- **Responsive behaviours. Given the added pressure of dealing with the Covid-19 response and the LGR programme in addition to the business as usual service delivery there is concern that internal and external cultures may be affected. Internally this may be driven by the LGR work and eternally this may be driven by the Covid-19 response. Members and Officers will need to retain significant focus on delivering the Council's strategic objectives.**
  Despite the pressures of Covid-19 response and the LGR Programme Members and Officers have been able to retain significant focus on delivering the Council's strategic objectives. Although not all the targets in the Corporate Strategic Plan have been achieved for 2020/21 significant progress has been made. Where targets have been missed this is largely down to national restrictions imposed by Government as part of its Covid-19 response. Portfolio Holders have been kept informed during the course of the year through the quarterly Portfolio Holder/Senior management Team meetings.

6. Significant governance issues

This is the final Annual Governance Statement for Daventry District Council as it ceased to exist on 31 March 2021. West Northamptonshire Council, from its vesting day on 1 April 2021 will have significant challenges in complying with its newly formed governance arrangements.

Chief Executive

xxth xxxxxx 2021

Councillor
Leader of the Council

Glossary

Accounting Period
This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1st April. The end of the accounting period is the balance sheet date.

Accrual
Income or expenditure relating to goods or services received / provided during the accounting period where payment has not been made or received at the end of the accounting period.

Actuarial Assumptions
Assumptions made by the Pension Fund Actuary in valuing the funds' assets and liabilities.

Actuarial Gains and Losses
For a defined pension scheme, the changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made at the last valuation or:
- The actuarial assumptions have changed.

Actuarial Valuation
An actuary undertakes a valuation by comparing the value of the pension schemes assets with its liabilities. The actuary then calculates how much needs to be paid into the scheme by the employer and members to ensure there will be adequate funds to pay the pensions when they become due.

Agency Services
These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Amey (was Environmental Management Services (EMS))
The company the authority has outsourced its Street Scene services including waste management, environmental cleansing and grounds maintenance to on 4th June 2011 and will finish in the 3rd June 2018.

Amortisation:
The gradual elimination of the value of an asset through depreciation as a result of usage and age usually applied to intangible assets such as software. Or the payment of a debt over a specified number of years.

Appointed Auditors
From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. KPMG LLP were the Council's appointed Auditor. From 1 April 2018, the appointed auditors will be Ernst and Young LLP.

Asset
An asset is something the Council owns. Assets can be either current or fixed.

- A current asset is one that will be used or cease to have a material value by the end of the next financial year.
- A fixed asset provides a benefit to the Council for a period greater than one year.

Authorised Limit
This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balance Sheet
A statement summarising the Council's financial position at the end of the accounting period. The statement shows the Council's assets and liabilities.

Balances
The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Billing Council
Daventry District Council is classed as a billing Council as it has the responsibility of collecting the council tax and non-domestic rates. It collects the council tax on behalf of the County Council and the Police and Crime Commissioner and the non-domestic rates on behalf of central government.

Budget
A statement defining the Council's policies over a specified period of time in terms of finance.

Budget Requirement
This is the amount each authority estimates as its planned spending, after deducting any funding from reserves and any income it expects to raise (other than from the Council Tax and general funding from the Government). This general funding from the Government is Revenue Support Grant, redistributed business rates and some of the specific and special grants. The budget requirement is set before the beginning of the financial year.

Business Rates
These rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services.

Capitalisation
Approved to capitalise expenditure that doesn't meet the definition of capital expenditure.

Capital Adjustment Account
The Capital Adjustment Account records the write down of the historical cost of fixed assets due to depreciation, impairment or disposal. It also accumulates the resources that have been set aside to finance capital expenditure. The balance therefore represents timing differences between the consumption of fixed assets and the financing of capital expenditure.

Capital Charges
Capital charges are charged to service revenue accounts for the use of fixed assets. Charges for the use of fixed assets consist of an annual provision for depreciation, where appropriate. The calculation of these charges is based on the opening Net Book Value (NBV) of each of the assets.

Capital Expenditure
Section 40 of the Local Government and Housing Act defines expenditure for capital purposes. This includes expenditure on the acquisition of assets either directly by the local authority or indirectly in the form of grants to other persons or bodies. Expenditure, which does not fall within this definition, must be charged to a revenue account.

Capital Financing
Sources of money that have been used to finance the capital programme. The Council uses various methods to finance its capital expenditure, including direct revenue financing, usable capital receipts, capital grants, revenue reserves and earmarked reserves.

Capital Financing Requirement
The capital financing requirement indicator is to measure an authority's underlying need to borrow to fund capital expenditure.

Capital Grants Unapplied
These are capital grants that the Council has received, that have not yet been used to finance capital expenditure.

Capital Programme
The planned capital schemes the Council intends to carry out over a specified period of time.

Capital Receipts
A capital receipt is a receipt that arises from the sale of current council assets. Unattached capital receipts are those that relate to receipts from assets that have previously been sold (eg the housing stock). The Council can use the proceeds from the disposal of owned fixed assets to finance new capital investments; the proceeds cannot be used to finance revenue expenditure.

Cash and Cash Equivalents
The cash held in hand or demand and short-term investments that are highly liquid.

Cash-Flow Statement
Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is a privately funded body with charitable status, which represents accountants working in the public sector. The institute provides financial and statistical information for local government and other public sector bodies and advises central government and other bodies on local government and public finance matters. Membership is by examination and members of the Institute are entitled to use the letters CPFA after their name.

The Code
Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code), prepared by CIPFA/LASACC Local Authority Code Board.

Collection Fund
A statutory account maintained by the Council which is used to record local taxes and non-domestic rates collected by the Council, along with the payments to precepting authorities (Northamptonshire County Council, Police and Crime Commissioner and Parish Councils), the distribution of non-domestic rates and its own general fund.

Community Assets
Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Community Infrastructure Levy
A planning charge available to local authorities in England and Wales which was introduced by the Planning Act 2008.

Comprehensive Income and Expenditure Statement
Reports the net cost for the year of the functions for which the Council is responsible. Demonstrates how this has been financed from income from local taxpayers and central government grants.

Comprehensive Spending Review (CSR)
CSR is the public expenditure planning process.

Consistency
The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Consumer Price Index
Measures changes in the price level of consumer goods and services purchased by households.

Contingency
A condition that exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contingent Liabilities
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control: or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Corporate & Democratic Core
The corporate and democratic core comprises all activities, which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Corporation Tax
Corporation tax is a tax levied on the profits of companies.

Council Tax
This is the main source of local taxation to Local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

Council Tax Base
The Council Tax base of an area is equal to the number of band D equivalent properties. To work this out, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties, because it pays twice as much tax. The amount of revenue, which could be raised by Council Tax in an area, is calculated allowing for discounts, exemptions and a small provision for non-collection.

Council Tax Discounts and Exemptions
Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, like those lived in only by students.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Council Tax Surpluses/Losses
The District Councils tax bases are calculated using estimated collection rates. Actual collection rates in a given year may give rise to a surplus/deficit to be taken into account when setting tax levels for the following year. Amounts in respect of Council Tax are shared between the District Council concerned, the County Council and the Police and Crime Commissioner pro-rata to the share of the aggregate of the precepts and demands on the collection fund. These surpluses and losses are applied to reduce or increase the spending of the authority.

Creditor
Amounts owed by the Council for goods or services they have received for which payment has not been made.

Credit risk
The risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

Current Service Cost (Pensions)
A term used in accounting for retirement benefits. The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by the pension fund being in deficit or surplus. It is based on the most recent actuarial valuation adjusted by updated financial assumptions to reflect conditions. The calculation is based on the discount rate applicable at the beginning of the year.

Curtailment
For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- Termination of an employees' services earlier than expected, for example as the result of closing a factory or discontinuing a segment of a business, and;
- Termination of, or amendment to the terms of, a defined benefit scheme so that some or all of the future service by current employees will no longer qualify for benefits or will only qualify for reduced benefits.

Daventry District Housing (DDH)
Now known as Futures Housing Group. This is the Housing Association that DDC transferred its housing stock to on 5th November 2007.

Daventry Norse (DN)
The joint venture between Daventry Norse and Daventry DC to run our environmental services works from 4th June 2018. Daventry Norse is part of Norse Commercial Services Limited who are wholly owned by Norfolk County Council. Now known as West Northamptonshire Norse

DCLG
The Department for Communities and Local Government, who provide its central government funding to the council. Now known as MHCLG.

Debtor
Amounts owed to the Council for goods or services the Council has provided for which payment has not been received.

Deferred Capital Receipts
These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Defined Benefit Scheme
A pension or retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme
A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay. The employer will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation
This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the asset used in the delivery of services.

Discretionary Benefits
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

DWP
The Department for Works and Pensions, who pay the council its housing benefit grant.

Earmarked Reserves
The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Ernst & Young LLP
The authorities appointed auditor

Escrow
A financial instrument held by a third party on behalf of two parties in a transaction.

Estimation Techniques The methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pension Assets
For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Expenditure
This is amounts paid by the Authority for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

External Audit
The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fees and Charges
Income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities and planning applications.

Fair Value
The fair value of a fixed asset is the price at which an asset could be exchanged in an arm's length transaction.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Instruments Adjustment Account (FIAA)
The FIAA is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Regulations
These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Finance Lease
A lease, which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Formula Grant
This is the name given for the cash that the Council receives from the government in the form of general grant. Formula Grant comprises two elements; the Council's share of Business Rates; and Revenue Support Grant. Business Rates is distributed to local authorities on a head of population basis. Revenue Support Grant is calculated by the government and is based on the difference between what the government calculates an authority should spend income from Business Rates, and the government assumption for the level of Council Tax. The result of this calculation is subject to minimum and maximum increases in cash grant.

Futures Housing Group (FHG)
Was known as Daventry District Housing. This is the Housing Association that DDC transferred its housing stock to on 5th November 2007.

Future Northants
The name of the body responsible for the creation of the two new unitary councils for Northamptonshire under the control of the shadow executives, taking over the running of services from the 1st April 2020.

General Fund
The main revenue fund of a billing authority. Day-to Day spending on services met from the fund.

Going Concern
The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and the balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Grants made by the government towards either revenue or capital expenditure to support the cost of the provision of services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Council.

Gross Book Value
The historical cost or the re-valued amount of the asset before depreciation.

Heritage Assets
A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit
Financial help given to local authority or private tenants whose income falls below prescribed amounts. Central government finances 95% of the cost of benefits to non-HRA tenants ('rent allowances') and the whole of the cost of benefits to HRA tenants (through the rent rebate element of housing subsidy). Some local authorities operate 'local schemes' whereby they finance allowances in excess of the standard payments.

Impairment
An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case the asset is described as impaired.

Income
These are amounts due to the Council for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

Infrastructure Assets
Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Asset
Items that do not represent a physical asset but offer value to the authority in terms of carrying out its business i.e. Computer software.

Interest Costs (Pensions)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)
Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

International Accounting Standards (IAS)
These were the standards issued by the International Accounting Standards Board that are being superseded by IFRS's.

International Public Sector Accounting Standards (IPSAS)
These are accrual-based standards used for the preparation of general purpose financial statements by governments and other public sector entities around the world.

Inventories
Items bought for consumption or resale, or raw materials, currently being held.

Invested Rights
In relation to a defined benefit scheme, these are:

- For active members, benefits to which they would be unconditionally entitled to on leaving the scheme;
- For deferred pensioners, their preserved benefits;
- For pensioners, pensions to which they are entitled.

Vested rights include where appropriate, the related benefits for spouses or other dependants.

Investments (Non Pension Fund)
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments other than those relating to the pensions fund, which do not meet the above criteria, should be classified as current assets.

Investment Properties
Interest in land and/or buildings which is held for their investment potential, with any rental income being negotiated at arm's length.

Joint Committee
The Local Government Act 1972 enables two or more local authorities to set up a Joint Committee to discharge their functions jointly. DDC and Rugby BC have formed a joint committee to oversee the running of the Rainsbrook Crematoria.

Leasing Costs
This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Liability
A liability is where the Council owes payment to an individual or an organisation.

Liquid Resources
Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Local Authority Accounting Panel (LAAP)
CIPFA's Local Authority Accounting Panel (LAAP) has issued LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.

Long term Contract
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Long Term Investments
Short-term investments are those over one year until maturity.

Long Term Liabilities
Long term liabilities are those that are due to be paid in more than one year.

Market Risk
The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency risk, interest rate risk, and other price risk.

Materiality
Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Medium Term Financial Plan (MTFP)
This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget and the capital programme. In Daventry it usually covers a five year timeframe.

MHCLG
The Ministry for Housing, Communities and Local Government (previously known as DCLG), who provide central government funding to the council.

Monitoring Officer
Under the provisions of the Local Government and Housing Act 1989 councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Council decision making. Councils may choose who to designate as monitoring Officer except that it may not be the Head of Paid Service (Chief Executive). In Daventry the Monitoring Officer is Simon Bovey, Deputy Chief Executive.

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the authority, analysed into ‘usable reserves’ (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Net Book Value
This is the value of an asset that is counted in the balance sheet. It represents its historical or re-valued cost less the accumulated depreciation of the asset.

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
The open market value of the asset in its existing use less the expenses to be incurred in realising the asset.

Net Revenue Expenditure
This represents the authority’s budget requirement and use of reserves.

Net Worth
The total value of an organisation expressed as total assets less total liabilities.

Non-Distributed Costs
Past service pension costs including settlements and curtailments, which are not to be included in, total individual service costs.

National Non Domestic Rate (NNDR) (also known as Business Rates)
NNDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all Local Authorities. Local Authorities collect the non-domestic rate but the proceeds are pooled and then redistributed by Central Government on the basis of an Authority's population.

Non-Operational Asset
Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Lease
A lease where substantially all of the risks and rewards of ownership of a fixed asset remain with the lessor.

Operational Asset
Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services.

Operational Boundary
This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Outturn
Actual income and expenditure in the financial year.

Past Service Costs
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.

Pensions Interest Cost and Expected Return on Assets
The net interest cost is the increase in the value of the pension scheme liabilities that arise because those liabilities are one year closer to being paid. The expected return on assets is the forecast of accrued benefit from investments of the pension fund in the long-term.

Post-Employment Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- An employer's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Precept
This is the amount of Council Tax income County Councils, Police and Crime Commissioner and Parish Councils to provide their services. The amounts for all local authorities providing services in an area appear on one Council Tax bill, which comes from the billing authority.

Precepting Authority
This is an authority, which sets a precept to be collected by billing authorities through the Council Tax bill. County councils, Police and Crime Commissioner and Parish Councils are all precepting authorities.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Projected Unit Method
An accrued benefits valuation method, in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date.
- The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Property, Plant and Equipment (PPE)
PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provision
Provisions are for liabilities or losses, which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Code
The Prudential Code was developed by CIPFA, as a professional code of practice to support local authorities in making capital decisions. The key objectives of the Prudential Code are to ensure the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.

Prudential Indicators
The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which Councils must set as part of their budget process. They are designed to show the affordability of the capital programme and that the Council's borrowing is prudent and sustainable.

Public Works Loans Board (PWLB)
A government agency that lends money to public bodies for capital purposes. Monies are drawn down from the national loans fund and rates of interest are determined by the Treasury. Councils are free to borrow as much as they like from the PWLB provided that it is prudent, affordable and sustainable and within the prudential indicators set at full council.

Rainsbrook Crematorium
The crematorium jointly run between Daventry DC and Rugby BC.

Rateable Value (RV)
The annual assumed rental value of a property, used for business purposes.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Managers/Chief Financial Officer and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:-

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves
Funds set aside for expenditure in future years. Certain reserves have constraints on how they can be spent.

Restated
This is where the Council has changed figures that it has published in the past to show like-for-like comparisons with later year's figures.

Revaluation Reserve
Represent the change in valuations of fixed assets.

Revenue Expenditure
Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES., but which may properly be financed over a period of years. They include advances to other parties to finance capital investment.

Revenue Support Grant (RSG)
Grant from Central Government towards the cost of service provision.

Right to Buy (RTB)
Receipts from Futures Housing for the Council's share of social properties sold to eligible tenants.

Section 106
These are receipts received by the Council from developers for a specific purpose; they arise as a result of a planning agreement between the Council and developer.

Section 151 Officer (S151)
The section 151 officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management and accounting practices meet relevant statutory and professional requirements.

Settlement
An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- A lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- The purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- The transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Short Term Investments
Short-term investments are those with less than one year until maturity.

SLM
The company the authority has outsourced its leisure services (the Leisure Centre, Daventry Sports Park and various sports pitches in Daventry Town).

Subsidiary
This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Tangible Fixed Assets
Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

The Daventry Estate Company Limited (TDECL)
This is the company set up to run the new homes to rent.

Treasury Management
This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

UK GAAP
Generally Accepted Accounting Practice in the UK, or UK GAAP, are the overall body of regulation establishing how company accounts must be prepared in the United Kingdom.

Useful Life
The period over which the local authority and the services it provides for a period of more than one year.

West Northamptonshire Council
The new council created on the 1st April 2021 to replace the districts and boroughs of Daventry District Council, Northampton Borough Council and South Northamptonshire Council and the part of Northamptonshire County Council that covers that area.

West Northamptonshire Norse
Formerly known as Daventry Norse.

External Audit Report

To be inserted when received.