

# **South Northamptonshire Council**

**Statement of Accounts for the  
year 2020/21**

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## **Introduction**

I am pleased to be able to present to you the Council's last Statement of Accounts.

The Statement of Accounts is a statutory document providing information on the cost of services provided by South Northamptonshire Council to the council taxpayer and detailing how those services were financed. In addition, it provides information within the Balance Sheet on the value of our assets (what we own), what we are owed and the value of our liabilities (what we owe).

The Audit Committee has oversight as to the financial probity of the Council and challenges the officers robustly on the risks and challenges to the Authority.

Should you have any comments or wish to discuss this statement in further detail then please contact Denise Taylor by email [denise.taylor@westnorthants.gov.uk](mailto:denise.taylor@westnorthants.gov.uk)

We trust you find the financial statements of interest and I look forward to hearing your views.

**Richard Ellis**  
Chief Executive

South Northamptonshire Council  
The Forum  
Moat Lane  
Towcester  
Northamptonshire  
NN12 6AD

## **Narrative Report**

### **About the Council**

This is the last set of published financial statements for South Northamptonshire Council (SNC). The Council has been in existence since 1974 and having serviced the residents of South Northamptonshire for 47 years it has ceased as part of the reorganisation of councils in Northamptonshire.

From 1 April 2021, the West Northamptonshire Council is responsible for the assets, liabilities and continuing business obligations, covering the previous districts of South Northamptonshire and Daventry and the borough of Northampton. A shadow authority has been in place, comprising all the district and borough members as well as those representing County Council wards in the West. The new working arrangements will present opportunities for sharing good practice, innovation and improving services to residents.

### **About the District**

South Northamptonshire was a mainly rural district that covered a large area of 245 square miles (27% of the area of Northamptonshire). The district has a thriving economy, the A43 runs through it linking the M1 and M40, passing the Silverstone Racing Circuit, and ensuring a strategic location for high tech and engineering industries. Natural and cultural attractions have helped the district's tourism industry grow, including the Grand Union and Oxford canals, and Salcey and Hazelborough Forests. However, despite our district being generally affluent, there is hidden poverty and disadvantage.

The current population of South Northamptonshire is estimated to be 94,490 (ONS). This is an increase from 85,446 in 2011. The district consists of two historic market towns - Brackley and Towcester - 96 villages and 78 parishes. Most residents (74%) live in the rural areas and urban fringes of Northampton, with the remainder (26%) in the two market towns. Key services, facilities and employment are concentrated in the market towns.

### **Economic Context and Future Challenges of COVID-19**

The impact of the Covid-19 pandemic began to be felt in March 2020 and is ongoing, whilst there was no financial impact in 2019/20, the impact during 2020/21 is detailed in note 6. Businesses in the district have been supported through the provision of business rate reliefs and grants, funded by central government. Residents have been supported through an integrated team effort involving the County Council, District and Borough Councils, health and the voluntary sector. Although this was being done in response to a crisis, it helped to develop the integrated working required to assist the new unitary authority.

### **Governance**

The Council comprised of 41 elected members, made up of 31 Conservatives, 6 Liberal Democrats and 4 Independents. One seat on the council is currently vacant following the resignation of a Conservative Councillor. A Conservative Leader and Cabinet provide the strategic leadership to the Council.

The Budget and Financial Strategy Committee included Members from across the political spectrum and supported the Cabinet in formulating the Council's financial strategy and budget.

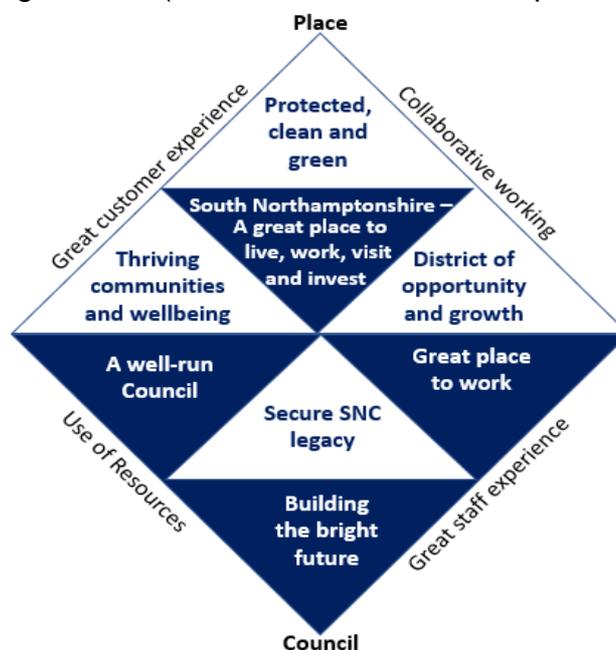
The Audit Committee commented on the scope and depth of external audit work, considered and approved the Council's arrangements for the internal audit service and monitored the effective development and operation of the Council's risk management. It also approved the Statement of Accounts prior to publication.

The Officers of the Council were led by the Chief Executive and three Executive Directors. The Executive Director (Finance) is the Council's Chief Finance Officer and was responsible for the preparation of this Statement of Accounts.

### Operational Model

The operation of the Council was set out in the Business Plan, which had two areas of focus – externally, addressing South Northamptonshire as a place, and internally, how we operated as an organisation. These two areas of focus are shown respectively in the upper and lower half of the model overleaf and summarised in the principal external objective of making our area a great place to live, work, visit and invest, and the principal internal objective of securing our legacy of success and achievement into the future through our successor Council, and securing the SNC legacy.

Our focus externally was on three corporate priorities, thriving communities and wellbeing, protected clean and green, and district of opportunity and growth. Our focus internally was on three further corporate priorities, a well-run Council, a great place to work, and building the right future (of the new West Northamptonshire Council).



### Risks, Opportunities and Outlook for the Future

The Council had a Risk Management Strategy in place which identifies key strategic risks and allocates responsibility for these to a member of the Senior Management Team (SMT). These risks were reviewed by the SMT on a monthly basis and reported quarterly to Cabinet alongside the finance and performance monitoring. This ensured

that the impact on the Council's financial position and on potential performance of emerging and changing risks was properly considered.

The reorganisation of local government in Northamptonshire created a number of risks in terms of potential service disruption during the transition and in terms of the financial challenges that passed from the County Council to the new unitary authorities. It also created 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 was 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 South Northamptonshire Council as well as other Councils helped 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.

The delay in the implementation of these changes does at least reduce one layer of uncertainty as we move towards the creation of the new authorities.

### **Strategy and Resource Allocation**

South Northamptonshire Council does not have a budget for 2021/22. This is consistent with the reorganisation information set out earlier in this report. Instead, the eight councils in Northamptonshire have converged to two new unitary authorities, each of which established their own budget setting processes and governance arrangements.

The sovereign authorities worked together to develop the budgets for the new authorities, with significant work and energy going into the disaggregation process and to bring together budgets for the two new councils.

The budget for West Northamptonshire Council was approved by its Shadow Council on 23 February 2021 and is available through the [Council's website](#).

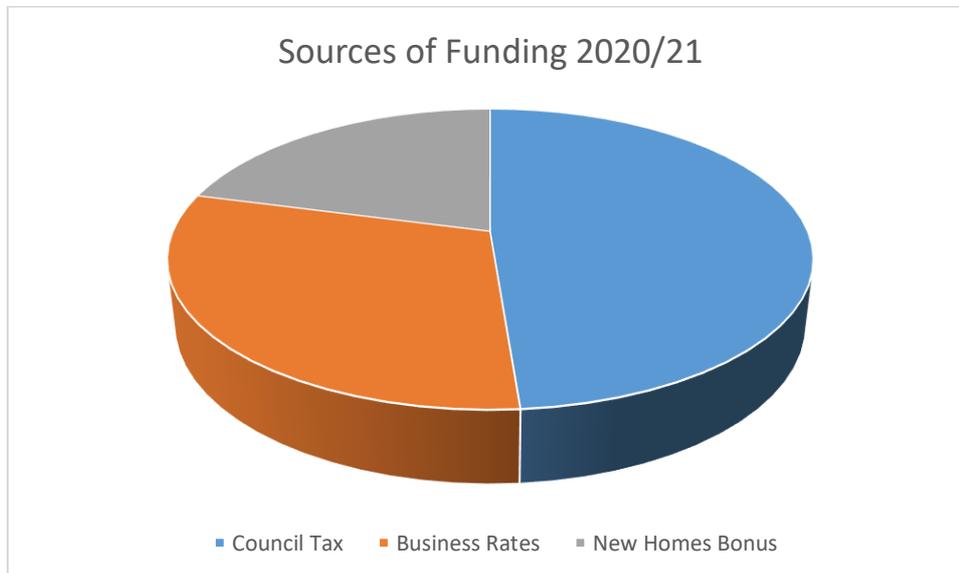
## Financial Outturn – Revenue and Capital

The Council's revenue outturn position for 2020/21 shows an underspend of £427k (3%) against a total net service budget of £15.277m. This underspend will go into the general fund reserve.

The most significant areas of underspend were:

	£k
Leisure Centre reopening costs and loss of management fee	1,092
Increased recycling tonnages and street cleansing	276
Reduction in Planning Application and Building Control Fee income	296
Underspend on Legal & Professional Fees	(105)
Reduction in interest received	129
Business Rates S31 Grant received	(3,995)
Business Rates S31 Grant - transferred to Earmarked Reserve	3,995
Covid Grants received	(1,609)
Covid surplus from Earmarked Reserve	(530)
Other minor overspends	24
<b>Total Net Underspend</b>	<b>(427)</b>

Funding comes from a combination of Council Tax, Business Rates and New Homes Bonus (a grant from Central Government which rewards Councils for facilitating housing growth in the area).



As well as revenue expenditure, the Council incurred capital expenditure when it invested in new or enhanced assets that have a life of more than one year. The total capital expenditure for the year was £2.781m against a budget of £5.766m. £2,753m has been reprofiled into 2021/22, leaving a net variance of £232k. The most significant items being reprofiled are detailed in the table below:

	<b>£k</b>
Vehicle Replacement Programme	493
Disabled Facilities Grants – unutilised funding in 2019/20 is to be carried forward to help to meet the expected additional costs as a result of Covid-19	408
Improvements to Sports Centre Facilities - reprofiled into 2021/22	200
Watermeadows Development - reprofiled into 2021/22	701
IT Enhancements - reprofiled into 2021/22 to help support new unitary authority	392
Towcester Toilets Refurbishment - reprofiled into 2021/22	140
Other	419
<b>Total Reprofiling</b>	<b>2,753</b>

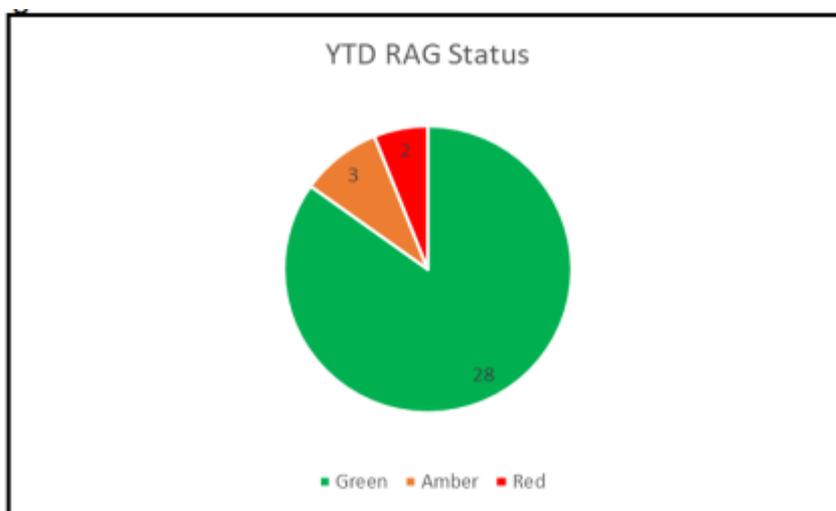
### Reserves and Balances

As at 31 March 2021 the Council has a General Fund Balance of £2.21m, which was held to protect against unforeseen risks. In addition, the Council held a total of £13,973m of earmarked and ring-fenced reserves, which were held for a specific purpose or to cover a specific known risk. Details of these reserves are shown in note 9 of these accounts.

### Non-Financial Performance

The Council reported on performance against 33 measures made up of 19 performance measures, of which three were quarterly, and 14 Key Performance Indicators (KPI's), of which three were quarterly.

As at the end of January 2021, our year to date (YTD) status for all measures was reported as 28 delivering to plan, three slightly behind target and two significantly behind target. Performance up to the end of January 2021 is summarised below.



**Against hidden harm happening behind closed doors during the pandemic. Support community safety**

has delivered to target all year. Our Healthy Communities Manager said that “The main challenges to this has been an increase in the number of residents being at home for longer periods, increasing awareness of neighbours and anti-social behaviours (ASB). The ability to enforce and be a visual presence in communities has been a challenge. We have continued to respond to community safety cases throughout the year, actioning ASB cases as they have arisen. We delivered ‘Day of Action’ in partnership with stakeholders to address ASB and reports of domestic drugs use in the district.



After completing the build of the new Brackley pool, Towcester Centre for Leisure has been refurbished during lockdown. The measure **Develop high quality and sustainable leisure and community facilities**

has delivered to plan all year. The Council’s Leisure Facilities & Contracts Officer has been working on the project for the Towcester Centre for Leisure refurbishment. The refurbishment of the leisure centre was a Council legacy £1.1m project. It began in September 2020 during what was to become a series of national lockdowns and restricted operation of the facilities. Fortunately, building works have been able to continue during the pandemic although there have been issues with supply of parts and accommodation for contractors undertaking the works. The project though is on time and on budget, with the upgraded facilities opening in April 2021.



**No one left without food and medicines during lockdown. Build stronger communities and support the community and voluntary sector**

continues to deliver to plan each month. The Healthy Communities Team was required to lead the community response to Covid and support the most vulnerable residents while having to adapt business as usual delivery to online and Covid safe. The team has delivered the SNC Community Resilience Hub as part of the county wide response to supporting vulnerable residents through Covid-19. It actioned 318 requests for support and continues to provide on-going support to our most vulnerable residents. The team supported the community and voluntary sector through our Community Grants Scheme, awarding £654,882.70 during the 2020/21 financial year and supported local groups and organisations to receive £167,000 through the NCF Covid Response Fund. It also continued communications with Parish Councils, providing a weekly newsletter March to July, moving to a monthly newsletter since August, and has held two virtual Parish Forums. SNC Council Members formally adopted the new Building Stronger Communities Strategy in December 2020. This strategy sets out the key priorities for residents in South Northants and was written in co-production with key community and local authority stakeholders.



**The Support and Safeguard vulnerable people** measure were slightly behind schedule in April 2020 but since then has been delivering to plan. The Healthy Communities Manager said that “The main challenges to this measure has been the

rise in mental health issues due to the pandemic and delivering training online. We recorded and actioned 57 safeguarding reports in 2020. We continued delivery of CPD certified Level 1 and Level 2 Safeguarding Training courses to SNC staff. Our training was delivered online due to Covid enforcing homeworking. We delivered an online Mental Health First Aid course to SNC staff. The course is certified by Mental Health England. Staff will be qualified Mental Health First Aiders and able to support staff wellbeing.

**Enable residents to lead active lives** has been green all year. The Healthy Communities Team has moved to a 100% online service offer, maintaining engagement of staff during homeworking and increased workloads due to Covid response and Future Northants programme. It has supported SNC employees with a workplace wellbeing programme which was re-launched in January 2021 and includes twice weekly Yoga classes, online coffee & chat sessions, online choir, staff active challenges, weekly wellbeing message and advice.

**Improve health, wellbeing and quality of life for residents** has reported as delivering to plan every month. The Healthy Communities Manager recognises that “The main challenge for this performance measure has been Covid restrictions, lockdowns and social distancing. This has led to the cancellation of grass roots sport and physical activity, and closure of sports and social clubs as well as leisure centres. We have adapted our services to provide online and (when possible) safe face to face delivery of activity. We supported local clubs to access Sport England funding during the first national lockdown. The funding was to help clubs with loss of income due to Covid restrictions preventing participation in sport. Responding to Covid-19 restrictions in face to face delivery of activity the Healthy Communities team has delivered online activity sessions to residents including:

- Wildcats Girls Football training, Walking Football for older residents.
- Online home education sessions to 31 children and young people recording a participation throughput of 224 attendances.
- 74 walking football sessions delivered through mix of online and face to face, reaching 52 older residents, recording a participation throughput of 1,097 attendances.
- 19 Wildcats sessions delivered through a mix of online and face to face, reaching 32 girls, recording a participation throughput of 324 attendances.

**Supporting appropriate development whilst maintaining unique local character and processing applications efficiently.**



**Deliver the local plan** has been delivering to plan every month. The team continues to work closely with partners to ensure projects progress according to plan. The Team is leading on the economic and employment chapter of the West Northants Strategic Plan.

**All in – no street homeless person left without a roof over their head.**

**Homelessness prevention, Improve and make best use of our housing stock and Support our residents to live independent and settled lives**

have all reported Green all year. Our Housing Services Manager said that “The Housing team has supported and protected the most vulnerable members of our community, those people who are sleeping rough, by ensuring throughout the pandemic and the winter period, emergency accommodation was provided, along with intensive support by our teams. We have provided opportunities for those who have been sleeping rough to access support service to address the root causes of their rough sleeping - for example access to drug and alcohol services. A key success has been the ability to offer settled accommodation to many of those who were accommodated during the first months of the pandemic to either private rented or social rented tenancies with transitional floating support”.

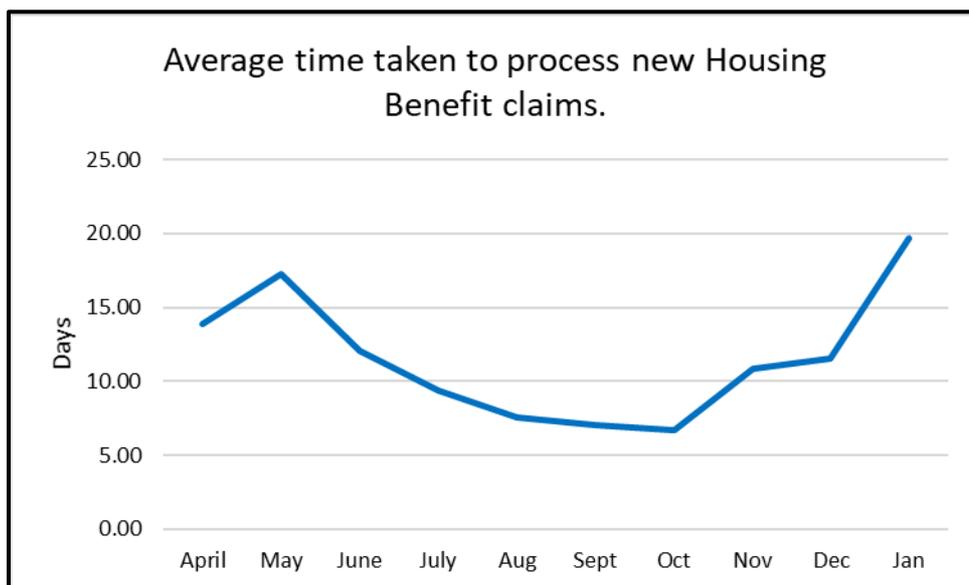


**Housing benefit claims processed speedily and accurately – inside 15 days target nearly every month. Respond to the impact of Universal Credit on residents and Council and Average time taken to process Housing Benefit change events**

have delivered to plan each month. Also, the measure **Average time taken to process new Housing Benefit claims**, performed ahead of target for eight out of ten months. The target for this measure is for the claims to be processed in less than 15 days.



The chart below shows that the team has achieved this except for May 2020 which was due to the impact from the Covid crisis, which saw almost three times the normal number of new claims being received; and January 2021 due to a software system error that occurred following an upgrade in December which meant that we were unable to assess some claims in the normal timescales. Note that in the chart below, the apparent dip in performance is better performance as it was taking less time to process claims at that time.



**Top of table recycling rates above target every month. % of waste recycled and composted** has exceeded target every month this year. We collected an increase in recycling, food and black bin waste due to Christmas.



Our Development Planning team has delivered to plan every month on its measures:

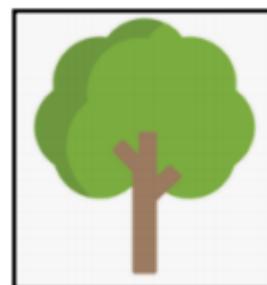
- % Major Planning Applications processed within 13 weeks
- % of non-major Planning appeals allowed
- % of Planning enforcement appeal decisions allowed
- Maintain 5-year land supply
- Major planning appeal decisions allowed.

Also, the measure **% of non-major applications processed within 8 weeks** has reported as being on or above target for nine out of ten months. The team's Technical Support Supervisor, speaking on behalf of the team, is "immensely proud of our officers this year, with the challenges the pandemic has brought, we have been able to maintain and improve on last year's performance - a true indication of commitment against adversity when despite being in lockdown planning applications kept rolling in. With the move to working from home, what has gone well, is the IT systems. Without the ability to hold meetings virtually, and the IT robustness we could never have succeeded. Many of the staff have had to deal with the challenges brought about from working at home, juggling work and home activities, which has been made easier by the council's attitude to flexible working and providing the support where required."

**Number of households living in temporary accommodation** has a YTD result of 148 against a target of 150 so is slightly ahead of target for the year. Our Housing Services Manager said that "the Housing Team has a statutory duty to accommodate the most vulnerable homeless households in temporary accommodation. During the pandemic, local authorities have had additional duties to accommodate those at risk of rough sleeping which has at times caused the number of cases in temporary accommodation to fluctuate. Whilst working with some of the most vulnerable households, the housing team has been successful in supporting a number of households into settled accommodation."

### **Environmental improvements back on track after delays, including ambitious plans for Towcester Watermeadows. Protecting our Natural Environment**

has reported being slightly behind schedule some months but has an overall YTD result of delivering to plan. The Assistant Director for Waste and Regulatory Services said "In the last year we have brought a Towcester Watermeadows Enhancement Programme to the point where work will be starting on the ground before April 2021. From the original vision created in 2017 we have successfully bid for external funding and that has allowed three phases of work to be developed to improve accessibility, celebrate the history and nature at the site and to improve the natural habitats in the River Tove. Alongside this a detailed plan has been created to encourage a wider range of activities and people participating in them. Developing the proposals has been challenging, trying to balance conflicting interests for example, but the final plans will provide an important legacy that will improve environmental sustainability and people's wellbeing."



**Strategic plan and public campaign to meaningfully address the climate**



**emergy. Promote Environmental Sustainability** has also reported as Amber on some months but Green for YTD. The Assistant Director for Waste and Regulatory Services said “Following a Council resolution, we became one of the first District Councils to assess and report on the carbon footprint of all activities in the district i.e. not just those of the council. This highlighted some surprising facts - for example that because of the motorway network, we had much higher carbon emissions

per head than average for our population size and that we had far fewer trees than we needed to contribute our share of the Government’s carbon neutral target. An Action Plan was agreed, and we have made good progress despite some activities being curtailed by the Coronavirus pandemic. We have made an innovative agreement with the Woodland Trust to subsidise large scale tree planting, carried out a detailed energy audit of council owned buildings highlighting a range of efficiency measures, successfully bid for funding to install additional electric vehicle charging points and published a monthly Climate Change Challenge highlighting how our residents can contribute. Working with our neighbouring councils we have influenced the design of West Northants Council to ensure that this preparatory work is built on.”

**Customer Service standards massively improved. Customer Services**

**performance** has been outstanding in the last year. Although not normally reported to Cabinet as it has two internally reported KPIs, the performance is highlighted here. At the start of the Covid crisis the service moved from desktop PC - office based to full remote working with laptops within a week with no service reduction. It also split from a joint service with Cherwell. A



new “Contact us” form was introduced on our website making customer queries easier to make and easier to answer as well as raising awareness of service information on-line. Performance has consistently been above the target of 90% of telephone calls answered and 70% of calls answered within 30 seconds, as below.

**Quarterly measures**

There are three performance measures and three KP’s that are reported on each quarter. This chart shows how they have performed for the first three quarters:

Measure name	Quarter 1	Quarter 2	Quarter 3
Improve and make best use of our housing stock	Green	Green	Green
Deliver a range of affordable homes	Amber	Amber	Green
Support our residents to live independent and settled lives	Green	Green	Green
Number of housing applications processed within 20 working days	Red	Red	Red
The number of mandatory and discretionary disabled facilities grants completed	Red	Green	Red
Maintain 5-year land supply	Green	Green	Green

**Spotlight on Economic Growth. Employment supported through pandemic with jobs club matching people losing their jobs with employers needing new staff during the pandemic'**



The Economic growth measures of:

- Promote tourism
- Develop an economic growth Strategy
- Promote inward investment & business growth
- Increase employment at strategic sites

have reported as achieving / exceeding target every month

In February 2020, the SNC Job Club celebrated its 10th anniversary and supporting over 500 people into work. Who knew then that the support from the Job Club and its Job Club Partners: - Job Centre Plus, SNVB, National Careers, AgeUK, University of Northampton, SERCO, SNC Money Advice and the SNC Economic Growth team would be so important over the coming months?

Originally set up by Andrea Leadsom MP, when the credit crunch hit, the number of people unemployed in the District at that time was just over 1000 and at the weekly Job Club sessions over 100 people were seeking support. Today our unemployment level is 1,800 people and the SNC Job Club has never been busier.

The SNC Job Club ran sessions every Tuesday, alternating between Towcester and Brackley Libraries, providing information, confidential advice and support with people being made redundant, furloughed as well as helping people into work. Due to the pandemic and the lockdown measures the weekly sessions had to be postponed and the Economic Growth team quickly turned the Job Club into a Virtual offer, extending the support available to support people being furloughed as well as made redundant and running free webinars and 1-2-1 sessions to continue supporting people.

During the pandemic the Economic Growth team has continued to support and help people find work, including supporting Sainsbury's with their new store in Brackley, who recruited over 90% of the 100+ vacancies from the local community. The SNC Job Club continues to receive and promote vacancies from local businesses looking to employ new staff.

The Economic Growth team are currently working with SEGRO Plc on the employment opportunities that will come from the Northampton Gateway and have recently met representatives from HS2 on how the SNC Job Club can be a sponsor for supporting people with the job opportunities that will be available in Brackley.

## **Order and Explanation of the Financial Statements**

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 South Northamptonshire, 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.
- 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 that which accounting rules state should be included in the accounts and that which legislation states should be financed by a local council and their taxpayers. Accordingly, there are many entries, particularly within the Comprehensive Income and Expenditure Statements, that are included as notional items for presentational purposes so that accounting standards are met. These notional items are then reversed out, so that the bottom-line financial performance is consistent with statutory requirements.

The core financial statements required by The Code are as follows:

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

**The Expenditure and Funding Analysis (EFA)** 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 services. 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)** shows the in-year cost of providing services in accordance with generally accepted accounting practices, as opposed to 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 Movement in Reserves Statement (MIRS)** 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 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** presents the overall financial position of the organisation as a single entity, showing the balances, reserves, any long-term indebtedness, the fixed

and net current assets employed in our operations and summarised information on the fixed assets held.

**The Cash Flow Statement** 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** explains the basis for the recognition, measurement and disclosure of transactions and other elements of the accounts.

**The Collection Fund** accounts for the Council Tax and Business Rates collected from residents and businesses in the district. It shows how this money is then allocated between the relevant precepting authorities which deliver 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 other entities.

## **Statement of Responsibilities for the Statement of Accounts**

### **The Council's Responsibilities**

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director - Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### **The S151 Officer's Responsibilities**

The Executive Director - Finance (S151 Officer) is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices, as set out in the

CIPFA/ LASAAC *Code of Practice on Local Council Accounting in the United Kingdom* (the Code of Practice).

In preparing this Statement of Accounts, the Executive Director – Finance has:

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

The Executive Director – Finance has also:

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

### **S151 Officer's Certificate**

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2021.

### **Martin Henry CPFA**

Executive Director – Finance (S151 Officer)

Date:

### **Chairman of the Audit Committee's Certificate**

I certify that the Statement of Accounts has received the full approval of Members.

### **Councillor Cecile Irving-Swift**

Chairman of the Audit Committee

Date:

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the Comprehensive Income and Expenditure Statement and immediately precedes the Comprehensive Income and Expenditure Statement.

2019/20			2020/21			
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
2,374	1,899	4,273	Wellbeing	3,393	739	4,132
3,562	944	4,506	Environmental	4,218	284	4,503
1,302	815	2,117	Planning	1,789	546	2,335
1,164	50	1,214	Corporate Services	839	47	885
5,545	(1,098)	4,447	Resources	5,789	1,630	7,419
<b>13,947</b>	<b>2,610</b>	<b>16,557</b>	<b>Net Cost of Services</b>	<b>16,028</b>	<b>3,246</b>	<b>19,274</b>
(14,032)	(1,018)	(15,050)	Other (Income) and Expenditure	(19,755)	1,985	(17,770)
<b>(85)</b>	<b>1,592</b>	<b>1,507</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(3,727)</b>	<b>5,231</b>	<b>1,504</b>
(12,373)			Opening Combined General Fund and Earmarked Reserve Balance	(12,458)		
(85)			(Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(3,727)		
<b>(12,458)</b>			<b>Closing Combined General Fund and Earmarked Reserve Balance</b>	<b>(16,185)</b>		

Expenditure and funding analysis adjustments are explained in Note 8a

## Comprehensive Income and Expenditure Statement

2019/20				2020/21		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
5,008	(735)	4,273		4,604	(472)	4,132
6,777	(2,271)	4,506		6,914	(2,411)	4,503
3,724	(1,607)	2,117		3,529	(1,194)	2,335
1,283	(69)	1,214		1,070	(185)	885
17,438	(12,991)	4,447		22,365	(14,946)	7,419
<b>34,230</b>	<b>(17,673)</b>	<b>16,557</b>		<b>38,482</b>	<b>(19,208)</b>	<b>19,274</b>
3,084	(382)	2,702	Note 11	3,347	(314)	3,033
3,001	(1,762)	1,239	Note 12	2,210	(1,371)	839
0	(18,991)	(18,991)	Note 13	0	(21,642)	(21,642)
<b>40,315</b>	<b>(38,808)</b>	<b>1,507</b>		<b>44,039</b>	<b>(42,535)</b>	<b>1,504</b>
		(7,357)	Note 15			370
		0	Note 27			0
		(9,268)	Note 38			10,034
		<b>(16,625)</b>				<b>10,404</b>
		<b>(15,118)</b>				<b>11,908</b>

## Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-Applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020</b>	<b>(2,315)</b>	<b>(10,143)</b>	<b>(1,731)</b>	<b>(1,969)</b>	<b>(16,158)</b>	<b>6,085</b>	<b>(10,073)</b>
<b>Movement in reserves during 2020/21</b>							
Surplus or deficit on the provision of services	1,504	0	0	0	<b>1,504</b>	0	<b>1,504</b>
Other Comprehensive Income / Expenditure	0	0	0	0	<b>0</b>	9,987	<b>9,987</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>1,504</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,504</b>	<b>9,987</b>	<b>11,491</b>
Adjustments between accounting basis and funding basis under regulations - Note 09	(5,231)	0	1,247	(826)	<b>(4,810)</b>	4,810	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(3,727)</b>	<b>0</b>	<b>1,247</b>	<b>(826)</b>	<b>(3,306)</b>	<b>14,797</b>	<b>11,491</b>
Transfers to / from Earmarked Reserves - Note 10	3,830	(3,830)	0	0	0	0	0
<b>(Increase) or Decrease in 2020/21*</b>	<b>103</b>	<b>(3,830)</b>	<b>1,247</b>	<b>(826)</b>	<b>(3,306)</b>	<b>14,797</b>	<b>11,491</b>
<b>Balance at 31 March 2021</b>	<b>(2,212)</b>	<b>(13,973)</b>	<b>(484)</b>	<b>(2,795)</b>	<b>(19,464)</b>	<b>20,882</b>	<b>1,418</b>

\*The Increase of (£427k) in 2020/21 is a net position comprising the movement from reserves of (£530k) and general fund balance movement of £103k.

## Movement in Reserves Statement - Continued

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-Applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2019</b>	(1,910)	(10,463)	(1,231)	(1,027)	(14,631)	19,676	5,045
<b>Movement in reserves during 2019/20</b>							
Surplus or deficit on the provision of services	<b>1,507</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,507</b>	<b>0</b>	<b>1,507</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	(16,625)	(16,625)
<b>Total Comprehensive Income and Expenditure</b>	<b>1,507</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,507</b>	<b>(16,625)</b>	<b>(15,118)</b>
Adjustments between accounting basis and funding basis under regulations - Note 09	(1,592)	0	(500)	(942)	(3,034)	3,034	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(85)</b>	<b>0</b>	<b>(500)</b>	<b>(942)</b>	<b>(1,527)</b>	<b>(13,591)</b>	<b>(15,118)</b>
Transfers to / from Earmarked Reserves - Note 10	(320)	320	0	0	0	0	0
<b>(Increase) or Decrease in 2019/20*</b>	<b>(405)</b>	<b>320</b>	<b>(500)</b>	<b>(942)</b>	<b>(1,527)</b>	<b>(13,591)</b>	<b>(15,118)</b>
<b>Balance at 31 March 2020</b>	<b>(2,315)</b>	<b>(10,143)</b>	<b>(1,731)</b>	<b>(1,969)</b>	<b>(16,158)</b>	<b>6,085</b>	<b>(10,073)</b>

\*The Increase of (£405k) in 2019/20 is a net position comprising the surplus of (£530k) and general fund balance movement to reserves of £125k.

## Balance Sheet

31-Mar-20			31-Mar-21
£'000	Notes		£'000
30,182	Note 15	Property, Plant and Equipment	30,581
245	Note 16	Heritage Assets	221
1,459	Note 17	Investment Property	1,439
490	Note 18	Intangible Assets	411
3,585	Note 19	Long Term Debtors	3,477
2,019	Note 19	Long Term investments	2,002
<b>37,980</b>		<b>Long Term Assets</b>	<b>38,131</b>
22,594	Note 19	Short-term Investments	17,543
105	Note 20	Inventories	81
3,583	Note 21a	Short Term Debtors	8,166
5,298	Note 22	Cash and Cash Equivalents	6,156
<b>31,580</b>		<b>Current Assets</b>	<b>31,946</b>
(3,001)	Note 19	Short-Term Borrowing	0
(7,387)	Note 24	Short-Term Creditors	(11,489)
(291)	Note 25	Provisions	(201)
(7,000)	Note 32	Grants Receipts in Advance - Revenue	(8,041)
<b>(17,679)</b>		<b>Current Liabilities</b>	<b>(19,731)</b>
(706)	Note 25	Provisions	(784)
(39,336)	Note 38	Pension Liabilities	(49,848)
(1,766)	Note 32	Grants Receipts in Advance - Capital	(1,132)
<b>(41,808)</b>		<b>Long Term Liabilities</b>	<b>(51,764)</b>
<b>10,073</b>		<b>Net Assets</b>	<b>(1,418)</b>
(16,158)	Note MIRS	Usable Reserves	(19,464)
6,085	Note 27	Unusable Reserves	20,882
<b>(10,073)</b>		<b>Total Reserves</b>	<b>1,418</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

**Martin Henry CPFA**  
Executive Director of Finance

Date:

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period.

2019/20		2020/21
£'000	Note	£'000
<b>Cash Flows from Operating Activities</b>		
1,507		1,504
(1,058)	15	(830)
657	15	(422)
(105)	18	(201)
(400)	17	(87)
37	15	69
(22)	20	(24)
(2,004)	19	4,475
(138)	24	(4,102)
(132)	25	12
6,647	38	(10,929)
(9,268)	38	10,034
(1,647)	13	(1,417)
(813)		(886)
663	26	437
<b>(6,076)</b>		<b>(2,367)</b>
<b>Cash Flows from Investing Activities</b>		
880	15	2,067
188	17	67
349	18	122
(663)	26	(437)
5,004	19	(5,068)
<b>5,758</b>		<b>(3,249)</b>
<b>Cash Flows from Financing Activities</b>		
343	26	416
1,647	13	1,417
(3,001)	19	3,001
937		(76)
<b>(74)</b>		<b>4,758</b>
<b>(392)</b>		<b>(858)</b>
<b>4,906</b>		<b>5,298</b>
<b>5,298</b>		<b>6,156</b>
<i>Items included in net cash flow from operating activities include:</i>		
(466)	12	(273)
4	12	2
<b>(462)</b>		<b>(271)</b>

## **Note 1 - Accounting Policies**

### **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. The Council was required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the 2003 Act 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) and statutory guidance issued under section 12 of the 2003 Act.

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

### **Going Concern**

The Accounts are prepared on a going concern basis, i.e. on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

### **Accruals of Income and Expenditure**

Activity is accounted for in-the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- 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.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue and expenditure have 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Changes in Accounting Policies, Prior Period Adjustments and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

No material errors have been made in prior year accounts that need to be amended in the 2019/20 accounts.

### **Charges to Revenue for Non-Current Assets**

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

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;

- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Collection Fund Income and Expenditure Account**

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates.

### **Council Tax and Non-Domestic Rates**

- Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council
- Collection Fund surpluses (deficits) declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For South Northamptonshire Council, the Council Tax precepting bodies are Northamptonshire County Council, Police and Crime Commissioner for Northamptonshire and Northamptonshire Fire and Rescue Authority. For South Northamptonshire Council in 2020/21, the NNDR precepting bodies are Central Government (50% share) South Northamptonshire Council (40% share) Northamptonshire County Council (9% share) and Northamptonshire Fire and Rescue Authority (1%).
- South Northamptonshire Council participates in the Northamptonshire pool with other local authorities in Northamptonshire in order to minimise the levy payment due and thereby maximise the local retention of locally generated business rates.

### **Accounting for Council Tax and NDR**

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the

income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **Council Tax Reduction Scheme**

The Council Tax Reduction Scheme that was in place for 2020-21 meant that certain eligible taxpayers could receive a discount of up to 91.5% of their Council Tax charge.

### **Employee Benefits**

- **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. 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 average rates applicable in the previous 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 benefits 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 segment or, where applicable, to a corporate service segment 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 Council are members of The Local Government Pensions Scheme, administered by Northamptonshire County Council in conjunction with a firm of Actuaries (Hymans Robertson LLP).

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

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

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 37. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

The liabilities of the Northamptonshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bond iBoxx Sterling Corporates AA 15 years Index, with the removal of recently re-rated bonds from the index).

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

**Quoted 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 arising from current year decisions 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) i.e. net interest expense for the Council – 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.

**Re-Measurements Comprising:**

The return on 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 pension’s 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 Northamptonshire 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 Council 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and 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 Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **Events after the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the

gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss;
- The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit of Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets 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, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Foreign Currency Translation**

Where the Council 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 31 March. Resulting gains or losses are

recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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 (CIL)**

The authority has elected to charge a Community Infrastructure Levy (CIL). The Levy will be charged on newbuilds (chargeable developments for the authority) with appropriate planning consent. 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, flood defences and schools) 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, a proportion of the charges may be used to fund revenue expenditure.

The Community Infrastructure Levy (CIL), which was introduced by the planning Act 2008, and the Community Infrastructure Levy Regulations 2010(SI 2010/948) as

amended is a discretionary charge which the Council charges on new development in the area.

CIL charges are based on a formula which relates the charge to the size of the development. CIL is recognised on an accrual's basis at the commencement date of the development as part of Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

### **Heritage Assets**

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. These items are reported in the Balance Sheet at insurance valuation, which is based on market values. These insurance valuations are updated on an annual basis.

There is an annual review of valuations and, where necessary, items are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost, and donations are recognised at valuation with valuations provided by the external valuer and with reference to appropriate insurance values and commercial markets using the most relevant and recent information from sales at auctions.

### **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council 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 Council.

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 Council 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 Council'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 Council can be determined by reference to an active market. In practice, no intangible asset held by the Council 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 £10,000) the Capital Receipts Reserve.

### **Interests in Companies and Other Entities**

Currently the Council has interests in other entities, one of which is not material for the accounts. These interests are;

- West Northamptonshire Joint Planning Unit (JPU) and is an associate where the Council has significant influence. The JPU does not hold any assets and its transactions are not material to the accounts;
- CSN Resources Ltd and CSN associates.

The Council has made the decision to produce Group Accounts for CSN Resources Ltd and CSN Associates and the valuation of the Council's interests in these companies is historic cost.

### **Inventories and Long-term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### **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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. 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 £10,000) the Capital Receipts Reserve.

### **Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

The Council shares CSN Resources Ltd and CSN Associates with Cherwell District Council but does not have overall control; therefore, as a party to a joint operation, SNC will include its share of CSN Resources Ltd and CSN Associates in its group accounts using the equity method.

### **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 Council as Lessee**

- **Finance Leases**

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the

asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

- **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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).

## **The Council 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 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 Council 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.

## **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cashflows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- other land and buildings – Current value based on existing use value (EUV) for operational assets where there is an active market, or if there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold ( i.e. EUV cannot be determined), depreciated replacement cost (DRC) using the ‘instant build’ approach
- surplus assets – Fair value based on 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
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

At South Northamptonshire Council, all property valuations are currently carried out by Montagu Evans. The basis of valuations is undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles - 30% of the reducing balance of the value the assets in the Balance Sheet, as advised by a suitably qualified officer
- plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer
- infrastructure – straight-line allocation 10, 20 or 40 years.

Newly acquired assets and capital enhancements are depreciated from the year of acquisition.

Useful life of an asset is shown below for the relevant categories:

- |                                |                    |
|--------------------------------|--------------------|
| • Infrastructure               | 10, 20 or 40 years |
| • Buildings                    | 10 to 60 years     |
| • Vehicles                     | 5, 6 or 7 years    |
| • Computer Equipment / systems | 3, 5 or 10 years   |
| • Other                        | 3, 5 or 7 years    |

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The interpretation of the meanings of 'major' and 'significant cost' for South Northamptonshire Council's policy requires components to be depreciated separately to their host asset when:

The host assets value is £500,000 or more and Components of the host asset are 20% or more of the value of the total asset and Components whose estimated useful life is 80% or less than the estimated useful life of the host asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction 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 previous 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 £1,000 are categorised as capital receipts and credited to the Capital Receipts Reserve and can then only be used for new capital investment [or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)]. 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 non-current 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.

## **Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income

and Expenditure Statement in the year that the Council becomes aware of the obligation and are 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service 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 into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and

Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. The amount of VAT irrecoverable is negligible.

## **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 such as equity shareholdings 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:

- in the principal market for the asset or liability, or
- 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.

## **Note 2 - Accounting Standards Issued, Not Adopted**

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) the Council is required to disclose setting out the impact of accounting code changes required by new accounting standards that have been issued but not yet adopted by the Code.

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

## **Note 3 - Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows.

### **Future Funding of Local Government**

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council prepares a detailed Medium-Term Financial Plan, which models the risk and helps identify what needs to be done to manage the risks. The Council regularly reviews its strategic risks at senior management and Member level. The Council has identified the potential impact of the funding uncertainty on its resources and future service delivery. The Council has identified this within our overall Leadership Risk Register and continues to review the impact of this ongoing review and will review any impact that this may have on future years funding and identify this in our Medium-Term Financial Plan as the impact becomes more certain.

### **Lease Accounting**

- Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the lease may be capitalised as a finance lease if it meets the criteria for a finance lease but will be classed as an operating lease by the Council unless title transfers at the end of the lease. The accounting policy for leases is set out in Note 1.

- The Council's Leisure centres and Leisure service is operated by Parkwood Leisure, an organisation that leases and operates the leisure centres previously run by the Council. It has been determined that the Council does not have control of Parkwood Leisure and it is not a subsidiary of the authority and the assets are leased from the Council as operating leases which means the council retains ownership of these assets and the type of contract between the Council and Parkwood Leisure is a service operating agreement.

### **Provision for Outstanding Business Rates Appeals**

- On 1 April 2013 Local Authorities assumed the liability for refunding ratepayers who have successfully appealed against the Business Rates rateable value of their properties. The provision is charged to the Collection Fund.
- In relation to Business Rate Retention, the Council has estimated a provision for NNDR rate appeals. We have analysed information from the Valuation Office and consulted with other Northamptonshire authorities and used information from the Valuation Office Agency (VOA) revaluation to arrive at the figure in the accounts.
- The introduction of the new 2017 rating list on 1 April 2017, which is open for five years, and the new methodology of businesses making appeals to the VOA of 'Check, Challenge and Appeal' required us to change the method of calculating potential losses on appeals and is now based upon a percentage of net rates payable.
- For all outstanding appeals on the 2010 rating list, the methodology has not changed and is based upon the past success of appeals that have been lodged and is updated with the information provided by the VOA on a monthly basis relating to settled appeals.

## Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant & Equipment	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 or Heritage Assets 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. The carrying value of these assets in the balance sheet is £30,581k.
Impairment of Property, Plant & Equipment & Intangible Assets	<p>The Council 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.</p> <p>Factors that are considered important and which could trigger an impairment review include the following:</p> <ul style="list-style-type: none"> <li>• obsolescence or physical damage;</li> <li>• significant changes in technology and regulatory environments;</li> <li>• significant underperformance relative to expected historical or projected future operating results;</li> </ul>	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 a qualified valuer.

	<ul style="list-style-type: none"> <li>• significant changes in the use of its assets or the strategy of the overall business;</li> <li>• significant negative industry or economic trends; and</li> <li>• significant decline in the market capitalisation relative to net book value for a sustained period.</li> </ul>	
<p>Fair Value Measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> 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. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 15 and 17 below.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). 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.</p> <p>There is as yet little or no empirical evidence currently available on the impact of Covid-19 on property market activity or values, resulting in a reduced level of certainty that can be attached to our valuation. The situation remains uncertain and capital and rental values may change rapidly in the short to medium term. At the moment, the industrial and office sectors appear reasonably resilient, but in the retail sector, which was already undergoing structural change, further uncertainty is likely to impact</p>

		values, although the time lag of data coming available is likely to defer any potential movements in value over the coming period, with limited immediate impact. Whilst value movements will most likely be negative on Market Value calculations, we suspect increasing build costs resulting from prevailing market restrictions (including movement of labour) will likely lead to increasing values of specialised assets over the coming period.
Capital Expenditure	The major underspend on the capital programme reduces a material risk of incorrect capitalisation of revenue	The total capital expenditure for the year was £2.781m against a budget of £5.766m. The majority (£2.985m) of the underspend has been reprofiled into 2021/22.
Impairment allowance for doubtful debt	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 allowance is based on 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.
Pensions	The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as: <ul style="list-style-type: none"> <li>• the life expectancy of the Officers;</li> </ul>	The assumptions used by the Council are set out in note 37 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils. Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets disclosed in note 38.

	<ul style="list-style-type: none"> <li>• the length of service;</li> <li>• the rate of salary progression;</li> <li>• the rate of return earned on assets in the future;</li> <li>• the rate used to discount future pension liabilities; and</li> <li>• future inflation rates.</li> </ul>	
Provision for Business Rates Appeals	<p>Following the changes in accounting for Business Rates, the Council has set up a provision for Business Rates appeals. The provision has been calculated based upon the latest appeals list from the Valuation Office. This equated to 15.8% of net rates payable at March 2021.</p>	<p>If the provision for appeals was increased by 1% the resulting increase would be £154,737 shared across Central Government (50%), the County Council (9%), the Fire Authority (1%) and South Northamptonshire Council (40%).</p>

## **Note 5 - Material Items of Income and Expense**

### **Pensions**

The actuary carried out the last triennial review and valuation at 31 March 2020. This has resulted in pension assets increasing to £60m in 2020/21 from £48m in 2019/20. Liabilities have increased to £111m 31 March 21 from £87m at 31 March 20, which has resulted in a net increased pension liability of £11m.

## **Note 6 – 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 South Northamptonshire Council transferred to West Northamptonshire Council on 1<sup>st</sup> 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.

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

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-19 pressures
- 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 31<sup>st</sup> 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 1<sup>st</sup> April 2021.

In addition, the actual liquidity position the new council on the 31<sup>st</sup> 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 1<sup>st</sup> 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 Finance 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 14<sup>th</sup> 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%
<b>Total budgeted expenditure</b>	<b>326,570</b>	<b>328,194</b>	<b>1,624</b>	<b>0.5%</b>
Less funding	(326,570)	(326,570)	0	0%
<b>Net Position 2021-22</b>	<b>0</b>	<b>1,624</b>	<b>1,624</b>	
Less budget contingency		(1,624)	(1,624)	
<b>Overall Net Position 2021-22</b>		<b>0</b>	<b>0</b>	

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
<b>General Fund Balance</b>	<b>26,889</b>	<b>14,227</b>	<b>4,000</b>	<b>21,900</b>	<b>2,212</b>	<b>42,339</b>
<b>Earmarked Reserves:</b>						
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
<b>Total Earmarked Reserves</b>	<b>49,391</b>	<b>26,171</b>	<b>40,514</b>	<b>25,995</b>	<b>13,772</b>	<b>106,452</b>
<b>COVID-19 Funding</b>						
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
<b>Total Covid-19 Funding</b>	<b>37,061</b>	<b>18,709</b>	<b>1,379</b>	<b>1,227</b>	<b>201</b>	<b>21,516</b>
<b>Grand Total</b>	<b>113,341</b>	<b>59,107</b>	<b>45,893</b>	<b>49,122</b>	<b>16,185</b>	<b>170,307</b>

## 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 14<sup>th</sup> September 2021 Cabinet.

<b>West Northants GF Capital Budget</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
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
<b>Total</b>	<b>101,924</b>	<b>49,141</b>	<b>8,722</b>	<b>7,633</b>	<b>167,420</b>
<i>Movement from February 2021 capital programme</i>	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 it 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 South Northamptonshire 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.

## Note 7 - Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director - Finance on 16 June 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 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 1 April 2021 all the functions and services along with its assets and liabilities of South Northants Council transferred to the newly created West Northamptonshire Council, under Local Government re-organisation. As the function of the Council are continuing in West Northamptonshire Council it is appropriate for the accounts to be prepared on a going concern basis.

## Note 8a - Note to the Expenditure and Funding Analysis

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement detailed in the Movement in Reserves Statement 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.

<b><u>2020/21</u></b>					
	<b>Net Capital Statutory Adjustments</b>	<b>Net Pensions Statutory Adjustments</b>	<b>Other Statutory Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wellbeing	369	370	0	0	739
Environment	0	284	0	0	284
Planning	363	183	0	0	546
Corporate Services	0	47	0	0	47
Resources	1,246	344	40	0	1,630
<b>Net Cost of Services</b>	<b>1,978</b>	<b>1,228</b>	<b>40</b>	<b>0</b>	<b>3,246</b>
Other Income and Expenditure	(2,127)	(333)	4,445	0	1,985
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(149)</b>	<b>895</b>	<b>4,485</b>	<b>0</b>	<b>5,231</b>

**2019/20**

	<b>Net Capital Statutory Adjustments</b>	<b>Net Pensions Statutory Adjustments</b>	<b>Other Statutory Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wellbeing	1,657	242	0	0	1,899
Environment	403	541	0	0	944
Planning	359	457	0	0	816
Corporate Services	0	50	0	0	50
Resources	(1,529)	407	24	0	(1,098)
<b>Net Cost of Services</b>	<b>890</b>	<b>1,697</b>	<b>24</b>	<b>0</b>	<b>2,611</b>
Other Income and Expenditure	(2,579)	924	636	0	(1,018)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(1,689)</b>	<b>2,621</b>	<b>660</b>	<b>0</b>	<b>1,592</b>

### Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line.

- For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables 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

This column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

- For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- For financing and investment income and expenditure, this adjusts for the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### **Other Statutory Adjustments**

- Other statutory adjustments 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 General Fund for the timing differences for premiums and discounts and financial instruments.
- 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 Non-Domestic Rates 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**

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 Comprehensive Income and Expenditure Statement:

- 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 and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

## Note 8b - Segmental Analysis of Income and Expenditure

Report segments are based on the management reporting structure.

	2020/21				
	Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£000	£000	£000	£000	£000
Wellbeing	(89)	(383)	0	0	14
Environment	(894)	(1,517)	0	0	368
Planning	(1,146)	(49)	0	0	0
Corporate Services	0	(185)	0	0	0
Resources	(880)	(14,066)	0	0	1,072
Non-Distributed Income	0	(22,004)	(273)	2	0
<b>Total Managed by Segments</b>	<b>(3,009)</b>	<b>(38,204)</b>	<b>(273)</b>	<b>2</b>	<b>1,454</b>

	2019/20				
	Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£'000	£'000	£'000	£'000	£'000
Wellbeing	(575)	(160)	0	0	1,656
Environment	(893)	(1,378)	0	0	403
Planning	(1,518)	(89)	0	0	0
Corporate Services	0	(69)	0	0	0
Resources	(401)	(12,590)	0	0	(1,553)
Non-Distributed Services	0	(19,410)	(462)	0	0
<b>Total Managed by Segments</b>	<b>(3,387)</b>	<b>(33,696)</b>	<b>(462)</b>	<b>0</b>	<b>506</b>

## Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

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 arrive at 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 be 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.

2020/2021	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension cost (transferred to (or from) the Pensions Reserve)	(895)	0	0	895
Financial Instruments (transferred to the financial instruments adjustments account)	(40)	0	0	40
Council tax and NDR (transfers to or from the Collection Fund)	(4,349)	0	0	4,349
Holiday pay (transferred to the Accumulated Absences reserve)	(96)	0	0	96
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(871)	0	(1,242)	2,113
<b>Total Adjustments to Revenue Resources</b>	<b>(6,251)</b>	<b>0</b>	<b>(1,242)</b>	<b>7,493</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	339	(437)	0	98
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	506	0	0	(506)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>845</b>	<b>(437)</b>	<b>0</b>	<b>(408)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,684	0	(1,684)
Application of capital grants to finance capital expenditure	175	0	416	(591)
<b>Total Adjustments to Capital Resources</b>	<b>175</b>	<b>1,684</b>	<b>416</b>	<b>(2,275)</b>
<b>Total Adjustments</b>	<b>(5,231)</b>	<b>1,247</b>	<b>(826)</b>	<b>4,810</b>

2019/2020	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension cost (transferred to (or from) the Pensions Reserve)	(2,621)	0	0	2,621
Financial Instruments (transferred to the financial instruments adjustments account)	(217)	0	0	217
Council tax and NDR (transfers to or from the Collection Fund)	(419)	0	0	419
Holiday pay (transferred to the Accumulated Absences reserve)	(24)	0	0	24
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	320	0	(1,285)	965
<b>Total Adjustments to Revenue Resources</b>	<b>(2,961)</b>	<b>0</b>	<b>(1,285)</b>	<b>4,246</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	436	(663)	0	227
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	933	0	0	(933)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,369</b>	<b>(663)</b>	<b>0</b>	<b>(706)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	163	0	(163)
Application of capital grants to finance capital expenditure	0	0	343	(343)
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>163</b>	<b>343</b>	<b>(506)</b>
<b>Total Adjustments</b>	<b>(1,592)</b>	<b>(500)</b>	<b>(942)</b>	<b>3,034</b>

## Note 10 - Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2019 £'000	Transfers In 2019/20 £'000	Transfers Out 2019/20 £'000	Balance at 31 March 2020 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £'000	Balance at 31 March 2021 £'000
<b>General Fund Reserves:</b>							
General Reserves	(8,001)	(2,619)	2,091	(8,529)	(6,613)	2,296	(12,846)
Capital Financing Reserve	(1,980)	0	670	(1,310)	0	487	(823)
Moat Lane Contribution	(180)	0	0	(180)	0	0	(180)
TCFL Maintenance	(17)	0	17	(0)	0	0	0
Municipal Buildings	(285)	0	161	(124)	0	0	(124)
<b>Total General Fund</b>	<b>(10,463)</b>	<b>(2,619)</b>	<b>2,939</b>	<b>(10,143)</b>	<b>(6,613)</b>	<b>2,783</b>	<b>(13,973)</b>

Earmarked Reserve	Purpose of Reserve	31-Mar-20	31-Mar-21
Business Continuity	This reserve is to mitigate any potential costs associated with business continuity as required	0	0
Business Rates and Risk Reserve	This reserve is to mitigate risks arising from business rates volatility and general risks facing the organisation	(1,335)	(5,470)
Civic Insignia	This is to fund the cost of replacement insignia	(27)	(27)
Insurance and Development Reserve	This reserve assists with the management of some council initiatives and insurance	(158)	(158)
Buildings at Risk	This reserve has been set up to mitigate against the cost of emergency enforcement as required	(120)	(120)
Work in Default	Critical building work to meet health and safety requirements	(50)	(50)
Rail Central	This reserve is to safeguard the interests of residents and communities. Council decision April 16	(100)	(100)
Climate Change	This reserve is to mitigate costs relating to Climate Change	(25)	(25)

<b>Earmarked Reserve</b>	<b>Purpose of Reserve</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>
COVID-19	This reserve is in place to mitigate costs relating to COVID-19	(100)	(15)
Elections Fund	This is to cover the cost of the 4 yearly local elections	(306)	(371)
IT/HR Harmonisation and Development	This reserve supports the Council with its ICT/HR Harmonisation and Development Projects	(61)	0
Planning Policy - Local Plan	This reserve has been set up to assist with the costs of delivering a Local Development Framework	(234)	(234)
New Homes Bonus	This reserve will be used to fund the cost of implementing superfast broadband across the district.	0	(1,052)
New Homes Bonus (Affordable Housing)	This reserve will be used to fund the cost of various strategic housing projects.	(159)	(219)
Neighbourhood Planning	This reserve will be used to cover the costs associated with delivering the neighbourhood plans.	(103)	(103)
Planning Fee Reserve	This reserve will be used to fund the costs associated with major planning applications where the costs fall over more than one financial year	(164)	0
Strategic Housing	This reserve is used to progress the strategic housing projects in relation to homelessness	(68)	(68)
New Burdens	Non-ringfenced grants to cover increased revenue costs	0	(186)
Sponne Arcade Project	This reserve is used for the project costs in 21/22	0	(508)
External Audit Fees Increase	This reserve is used for increased external audit fees	0	(100)
Brexit Preparation	This reserve has been generated from Government funding to allow the Council to put preparations in place for Brexit	(52)	(52)
New Homes Bonus (Communities)	This reserve is to fund the community grants scheme paid to community groups across the district	(1,721)	(915)
New Homes Bonus (Economic Development)	This reserve will be used to cover the costs of various Economic Growth projects across the district	(16)	0
New Homes Bonus (Voluntary Sector)	This reserve is used to fund the cost of the voluntary sector grants scheme paid to voluntary sector groups across the district	(268)	0

<b>Earmarked Reserve</b>	<b>Purpose of Reserve</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>
Local Government Reorganisation	This reserve supports the Council with its Transformation and Transition projects	(2,134)	(2,134)
Transition and Transformation	This reserve supports the Council with its Transformation and Transition projects	(895)	(630)
Service Pressures	This reserve will be used to cover service pressures CFWD from previous year	(121)	0
S106 Belle Baulk (Watermeadows)	This reserve has been created from specific S106 monies and will be used for the maintenance of the Watermeadows on an on-going basis	(120)	(120)
Towcester Town Fund	This reserve has been created from specific S106 monies and will be spent on Towcester Town centre	(124)	(121)
CIL Monitoring	This reserve has been created to fund CIL Officer using CIL levy for admin in Development (29110)	(56)	(56)
Blisworth Community Grant Scheme	This reserve has been created from specific S106 monies and will be used to fund the cost of the Blisworth Community grant scheme	(12)	(12)
Moat Lane Contribution	This reserve is to cover costs associated with Moat Lane Regeneration project	(180)	(180)
Capital Financing Reserve	These are capital reserves to be used to fund the capital programmes	(1,310)	(823)
Municipal Buildings	These are capital reserves to be used to fund the capital programmes	(124)	(124)
<b>Total Earmarked Reserves</b>		<b>(10,143)</b>	<b>(13,973)</b>

## Note 11 - Other Operating Expenditure

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
3,084	Precepts	3,347
(382)	Gains/losses on the Disposal of Non-Current Assets	(314)
<b>2,702</b>	<b>Total Other Operating Expenditure</b>	<b>3,033</b>

## Note 12 - Financing and Investment Income and Expenditure

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
4	Interest payable and similar charges	2
1,122	Net interest on the net defined benefit liability (asset)	904
(466)	Interest receivable and similar income	(273)
400	Income and expenditure in relation to investment properties and changes in their fair value	87
179	Other investment income and expenditure	119
<b>1,239</b>	<b>Total</b>	<b>839</b>

## Note 13 - Taxation and Non-Specific Grant Income

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(10,000)	Council Tax income	(10,598)
(7,344)	Non-ringfenced government grants	(9,627)
(1,647)	Capital grants and contributions	(1,417)
<b>(18,991)</b>	<b>Total</b>	<b>(21,642)</b>

## Note 14 - Expenditure and Income Analysed by Nature

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

2019/20		2020/21
£'000	Nature of Expenditure or Income	£'000
<b>Expenditure</b>		
12,507	Employee benefits expenses	12,862
21,796	Other expenditure	24,372
2,422	Interest payments	2,004
3,084	Precepts and levies	3,347
506	Depreciation, amortisation and impairment	1,454
<b>40,315</b>	<b>Total Expenditure</b>	<b>44,039</b>
<b>Income</b>		
(4,248)	Fees, charges and other service income	(3,564)
(1,762)	Interest and investment income	(1,371)
(10,000)	Income from local taxation	(10,598)
(22,416)	Government grants and contributions	(26,688)
(382)	Gain or loss on disposal of non-current assets	(314)
<b>(38,808)</b>	<b>Total Income</b>	<b>(42,535)</b>
<b>1,507</b>	<b>Surplus or Deficit for Year</b>	<b>1,504</b>

## Note 15 - Property, Plant and Equipment

The table provides details on the movement in property, plant and equipment.

### Movements to 31 March 2021

	Land and Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
<b>at 1 April 2020</b>	<b>24,275</b>	<b>3,552</b>	<b>0</b>	<b>4,351</b>	<b>0</b>	<b>32,178</b>
Additions	1,165	90	0	0	812	<b>2,067</b>
Accumulated Depreciation & Impairment Write Off to GCA	(270)	(66)	0	0	0	<b>(336)</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(33)	16	0	(330)	0	<b>(347)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(294)	0	0	(128)	0	<b>(422)</b>
Derecognition – disposals	(48)	(21)	0	0	0	<b>(69)</b>
Reclassifications and transfer	0	0	0	0	0	<b>0</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	<b>0</b>
Other movements in cost or valuation	34	0	0	(34)	0	<b>0</b>
<b>at 31 March 2021</b>	<b>24,829</b>	<b>3,571</b>	<b>0</b>	<b>3,859</b>	<b>812</b>	<b>33,071</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>at 1 April 2020</b>	<b>0</b>	<b>(1,996)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,996)</b>
Depreciation charge	(378)	(451)	0	(1)	0	<b>(830)</b>
Accumulated Depreciation & Impairment Write On to GCA	270	66	0	0	0	<b>336</b>
Derecognition – disposals	1	0	0	0	0	<b>1</b>
Other movements in depreciation and impairment	(1)	0	0	1	0	<b>0</b>
<b>at 31 March 2021</b>	<b>(108)</b>	<b>(2,381)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,489)</b>
<b>Net Book Value</b>						
<b>at 31 March 2021</b>	<b>24,721</b>	<b>1,190</b>	<b>0</b>	<b>3,859</b>	<b>812</b>	<b>30,582</b>
<b>at 31 March 2020</b>	<b>24,275</b>	<b>1,556</b>	<b>0</b>	<b>4,351</b>	<b>0</b>	<b>30,182</b>

## Movements to 31 March 2020

	Land and Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
<b>at 1 April 2019</b>	20,246	2,984	576	639	14	<b>24,459</b>
Additions	258	622	0	0	0	<b>880</b>
Accumulated Depreciation & Impairment Write Off to GCA	(930)	(51)	0	(2)	0	<b>(983)</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,029	2	0	1,326	0	<b>7,357</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,029)	0	0	2,686	0	<b>657</b>
Derecognition – disposals	(14)	(5)	0	(18)	0	<b>(37)</b>
Reclassifications and transfer	(130)	0	0	(11)	(14)	<b>(155)</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	<b>0</b>
Other movements in cost or valuation	845	0	(576)	(269)	0	<b>0</b>
<b>at 31 March 2020</b>	<b>24,275</b>	<b>3,552</b>	<b>0</b>	<b>4,351</b>	<b>0</b>	<b>32,178</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>at 1 April 2019</b>	(347)	(1,573)	0	(1)	0	<b>(1,921)</b>
Depreciation charge	(583)	(474)		(1)	0	<b>(1,058)</b>
Accumulated Depreciation & Impairment Write On to GCA	930	51	0	2	0	<b>983</b>
Derecognition – disposals	0	0	0	0	0	<b>0</b>
Other movements in depreciation and impairment	0	0	0	0	0	<b>0</b>
<b>at 31 March 2020</b>	<b>0</b>	<b>(1,996)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,996)</b>
<b>Net Book Value</b>						
<b>at 31 March 2020</b>	<b>24,275</b>	<b>1,556</b>	<b>0</b>	<b>4,351</b>	<b>0</b>	<b>30,182</b>
<b>at 31 March 2019</b>	<b>19,899</b>	<b>1,411</b>	<b>576</b>	<b>638</b>	<b>14</b>	<b>22,537</b>

## Property, Plant and Equipment Revaluations

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Total £'000
<b>Carried at historical cost</b>	6,250	3,552	0	0	8,015
<b>Date of last valuation:</b>					
<b>31/03/2021</b>	18,578	0	0	3,859	22,437
<b>31/03/2020</b>	0	0	0	0	0
<b>31/03/2019</b>	0	0	0	0	0
<b>31/03/2018</b>	0	0	0	0	0
<b>31/03/2017</b>	0	1,716	0	0	1,716
<b>Total Cost or Valuation</b>	<b>24,828</b>	<b>3,571</b>	<b>0</b>	<b>3,859</b>	<b>32,258</b>

## Note 16 - Heritage Assets

<b>2020/21</b>	Art Collection £'000	Moat Lane £'000	Civic Regalia £'000	Total £'000
Opening Balance	8	219	18	245
Revaluations	(6)	0	(16)	(22)
Impairment (losses)/reversals to Surplus or Deficit on Provision of Services	(1)	0	(1)	(2)
<b>Closing Balance</b>	<b>1</b>	<b>219</b>	<b>1</b>	<b>221</b>

<b>2019/20</b>	Art Collection £'000	Moat Lane £'000	Civic Regalia £'000	Total £'000
Opening Balance	8	219	18	245
Revaluations	0	0	0	0
Impairment (losses)/reversals to Surplus or Deficit on Provision of Services	0	0	0	0
<b>Closing Balance</b>	<b>8</b>	<b>219</b>	<b>18</b>	<b>245</b>

## **Art Collection**

The art collection is held at the Forum, Towcester and consists of:

- One painting of the landscape at Blisworth, Northamptonshire by the artist Peter Newcombe. This was valued in 2011 at current market value.
- One bronze statue of a bell-tower (approximately 50cm in height). This was valued in 2011 at its current market value.

Depreciation has been considered for these assets and as they hold their value or increase in value as they age, depreciation is not considered appropriate.

These assets are intended to be preserved in trust for future generations because of this historical association.

## **Four Chains of Office – Civic Regalia**

These chains of office are securely held at The Forum, Towcester.

This asset has been valued at current market value and insurance value.

Depreciation has been considered and is not appropriate for Civic Chains as they are more likely to hold or increase in value with time.

This asset is intended to be preserved in trust for future generations because of its historical and cultural association.

## **Moat Lane – Bury Mount**

Bury Mount has been at the centre of Towcester since medieval times. Bury Mount Motte is the remains of an earthwork motte and bailey fortification or ancient castle and has been designated a Scheduled Ancient Monument. The Motte probably dates back to the 11th Century when it was a Norman fortification. The remains were restored in 2008 with an access ramp, landscaping around the River Tove and Mill Stream and explanatory plaques. Following restoration, it has become a key attraction which provides a new venue for the town and serves as the centrepiece of the wider Moat Lane development.

Bury Mount would have been strategically placed to control primary transport routes and river crossings. The Towcester Motte controlled the junction of Watling Street and long-distance route from Southampton to Stamford which went through Winchester, Oxford, Brackley and Northampton, now the A34 and A43 trunk roads.

This has been valued by internal valuation on 31 March 2021. Depreciation has been considered and it is not appropriate as this asset is land.

This asset is intended to be preserved in trust for future generations because of its historical association.

## Note 17 - Investment Properties

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

31-Mar-20	Investment Property Income and Expenditure	31-Mar-21
£'000		£'000
(144)	Rental income from investment property	(154)
277	Direct operating expenses from investment property	239
<b>133</b>	<b>Net (gain)/loss</b>	<b>85</b>

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

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

### Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:

#### Significant Observable Inputs – Level 2

The fair value for the commercial properties (let at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

#### 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.

#### 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 externally, 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 Finance Officer on a regular basis regarding all valuation matters.

Movement in the fair value of investment properties over the year:

<b>31-Mar-20</b>		<b>31-Mar-21</b>	
<b>Non-Current £'000</b>	<b>Investment Property Movements in Year</b>	<b>Non-Current £'000</b>	
1,516	Balance at start of year	1,459	
188	Additions: Acquisitions & enhancements	67	
(400)	Net gains/losses from fair value adjustments	(87)	
155	Transfers from other asset classes	0	
<b>1,459</b>	<b>Balance at the end of the year</b>	<b>1,439</b>	

#### **Fair Value Hierarchy**

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2021
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial units	0	1,439	0	1,439
	<b>0</b>	<b>1,439</b>	<b>0</b>	<b>1,439</b>

#### **Fair Value Hierarchy**

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2020
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial units	0	1,459	0	1,459
	<b>0</b>	<b>1,459</b>	<b>0</b>	<b>1,459</b>

## Note 18 - 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 licences software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority.

31st March 2020			31st March 2021	
Other Assets	Total		Other Assets	Total
£'000	£'000		£'000	£'000
		Balance at start of year:		
497	497	Gross carrying amounts	845	845
0	0	Adjustments to cost/value	0	0
497	497	Opening Balance as at 1 April 2020	845	845
(250)	(250)	Accumulated amortisation	(355)	(355)
0	0	Adjustments to depreciation/impairment	0	0
(250)	(250)	Opening Balance as at 1 April 2020	(355)	(355)
<b>247</b>	<b>247</b>	<b>Net carrying amount at start of year</b>	<b>490</b>	<b>490</b>
349	349	Additions: Purchases	122	122
(105)	(105)	Amortisation for the period	(201)	(201)
<b>491</b>	<b>491</b>	<b>Net carrying amount at end of year</b>		
		Comprising:		
845	845	Gross carrying amounts	967	967
(355)	(355)	Accumulated amortisation	(556)	(556)
<b>490</b>	<b>490</b>		<b>411</b>	<b>411</b>

The useful lives assigned to the major computer software suites used by the authority are:

Useful Life (Years)	Internally Generated Assets	Other Assets
1 Year	None	Software and Licences
3 Years	None	Software and Licences
4 Years	None	Software and Licences
5 Years	None	Software and Licences

## Note 19 - Financial Instruments

### Balance Sheet items

The Council is obliged to analyse any Financial Instruments that it holds (whether liabilities such as borrowings or assets such as investments) into certain categories.

The Investments and Debtors disclosed in the Balance Sheet, as set out below (adjusted to exclude statutory debtors), are all categorised as Loans and Receivables, and are carried in the Balance Sheet at amortised cost.

### Financial Instruments – Balances Liabilities

	Long Term		Short Term	
	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
<b>Financial Liabilities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Loans at amortised cost:</i>				
- Principal sum borrowed	0	0	(3,000)	0
- Accrued interest	0	0	(1)	0
<b>Total Borrowing</b>	<b>0</b>	<b>0</b>	<b>(3,001)</b>	<b>0</b>
<i>Liabilities at amortised cost:</i>				
- Trade payables	0	0	(68)	0
<b>Included in Creditors</b>	<b>0</b>	<b>0</b>	<b>(68)</b>	<b>0</b>
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>(68)</b>	<b>0</b>

The creditors lines on the Balance Sheet include £11,489k (2019/20 £7,267k) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

	Long Term		Short Term	
	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
<b>Financial Assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>At amortised cost:</i>				
- Principal	2,000	2,000	21,000	16,000
- Accrued interest	19	2	121	48
<i>At fair value through profit &amp; loss:</i>				
- Fair value	0	0	1,473	1,495
<b>Total Investments</b>	<b>2,019</b>	<b>2,002</b>	<b>22,594</b>	<b>17,543</b>
<i>At amortised cost:</i>				
- Principal	0	0	287	(461)
<i>At fair value through profit &amp; loss:</i>				
- Fair value	0	0	5,009	6,617
- Accrued interest	0	0	2	0
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>5,298</b>	<b>6,156</b>
<i>At amortised cost:</i>				
- Trade receivables	0	0	1,444	567
- Loans made for service purposes	3,063	3,065	0	0
- Accrued interest	283	371	0	0
- Loss allowance	(81)	(400)	0	0
<b>Included in Debtors</b>	<b>3,265</b>	<b>3,036</b>	<b>1,444</b>	<b>567</b>
<b>Total Financial Assets</b>	<b>5,284</b>	<b>5,038</b>	<b>29,336</b>	<b>24,266</b>

The debtors on the Balance Sheet in 2020/21 include £7,599k (2019/20: £2,256k) short-term and £441k (2019/20: £521k) long-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

	31-Mar-20	31-Mar-21
	£'000	£'000
Bank accounts in credit	49	47
Bank overdrafts	0	(508)
<b>Net position of offset accounts</b>	<b>49</b>	<b>(461)</b>
Other bank accounts	238	0
<b>Net position on balance sheet</b>	<b>287</b>	<b>(461)</b>

### Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2019/20 Total	Financial Liabilities Amortised Cost	Financial Assets		2020/21 Total
	£'000	£'000	Amortised Cost £'000	Fair Value through Profit & Loss £'000	£'000
Interest payable and similar charges	4	0	2	0	2
Interest and investment income	(466)	0	(249)	(24)	(273)
<b>Net Gain/(Loss) for the Year</b>	<b>(462)</b>	<b>0</b>	<b>(247)</b>	<b>(24)</b>	<b>(271)</b>

## Financial Instruments - Fair Value

	Fair Value Level	Balance Sheet 31-Mar-20 £'000	Fair Value 31-Mar-20 £'000	Balance Sheet 31-Mar-21 £'000	Fair Value 31-Mar-21 £'000
<b>Financial assets held at fair value:</b>					
Money market funds	1	6,484	6,484	8,112	8,112
<i>Financial assets held at amortised cost:</i>					
Short-term bank deposits	2	4,016	4,017	0	0
Long-term loans to local authorities	2	2,019	2,053	2,002	2,020
Short-term loans to local authorities	2	17,105	17,145	16,048	16,109
Long-term loans to companies	3	3,064	3,265	3,036	3,036
<b>TOTAL</b>		<b>32,688</b>	<b>32,964</b>	<b>29,198</b>	<b>29,277</b>
Assets for which fair value is not disclosed *		4,391		8,146	
<b>TOTAL FINANCIAL ASSETS</b>		<b>37,079</b>		<b>37,344</b>	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		3,585		3,477	
Long-term investments		2,019		2,002	
Short-term debtors		3,583		8,166	
Short-term investments		22,594		17,543	
Cash and cash equivalents		5,298		6,156	
<b>TOTAL FINANCIAL ASSETS</b>		<b>37,079</b>		<b>37,344</b>	

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is lower than their balance sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

### Nature and Extent of Risks Arising from Financial Instruments

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements

### Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy (TMS). These include commercial entities with a minimum long-term credit rating of A-, the UK government and other local authorities. The TMS also restricts lending to a prudent maximum amount for each institution.

The table below summarises the credit risk exposures of the Council's investment portfolio:

Long Term Credit Rating (Fitch)	31-Mar-20	31-Mar-20	31-Mar-21	31-Mar-21
	Long-term	Short-term	Long-term	Short-term
	£'000	£'000	£'000	£'000
AA-	0	2,008	0	0
A+	0	2,008	0	0
A	0	0	0	0
Unrated local authorities	2,019	17,105	2,002	16,048
Total	2,019	21,121	2,002	16,048
Credit risk not applicable *	0	1,473	0	1,495
<b>Total Investments</b>	<b>2,019</b>	<b>22,594</b>	<b>2,002</b>	<b>17,543</b>

### Credit Risk: Debtors

The Council generally allows 30 days credit for its trade debtors. Outstanding debt overdue for payment can be analysed by age as follows:

Duration outstanding	31-Mar-20	31-Mar-21
	£'000	£'000
One months	921	160
Two months	51	28
Three months	15	3
More than three months	457	362
<b>TOTAL RECEIVABLES</b>	<b>1,444</b>	<b>553</b>

### Liquidity Risk

The Council manages its liquidity position through the risk management processes set out in its annual TMS and Prudential Indicators, as well as through the active management of the cash flow position. This seeks to ensure that cash is available when it is needed.

In the event of an unexpected cash requirement, the Council has ready access to borrowing at favourable rates from the Public Works Loan Board, other local authorities, and at higher rates from banks and building societies to cover any short-term cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient funds are

raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments.

### **Market Risk: Interest Rates**

The Council maintains a significant investment portfolio and has no long-term borrowing. Whilst the cash flow procedures above are considered against prevailing market conditions, a longer-term risk to the Council relates to managing the exposure to replacing financial instruments, such as longer-term financial assets, as they mature.

An assessment of interest rate exposure is fed into the setting of the annual budget (and on-going monitoring), as well as the Medium-Term Financial Strategy.

The Council is exposed to risk in terms of interest rate movements on its investments. Movements in interest rates have an impact on the Council as investments at fixed rates will result in the Fair Value of the assets to fall.

Also, at times of low interest rates, the Council will only be able to obtain low percentages of return on its investments at fixed rates in any new investments placed. Other than short term fund held for liquidity purpose e.g. money market funds and call accounts, the Council currently does not have any investments at variable rates.

The Council has a number of strategies for managing interest rate risk. The Treasury Management team, in consultation with its advisors, has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the forecasted out-turn during the year. This allows for any adverse changes to be accommodated.

### **Market Risk: Other**

**Price Risk** - The Council has no financial investments in equity shares and thus has no exposure to loss arising from movement in the prices of shares.

**Foreign Exchange Risk** - The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## Note 20 - Inventories

The table below provides details on the level of inventories balances set out in the Balance sheet.

<b>2019/20</b>	<b>General Stock</b>	<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
127	Balance outstanding at start of year	105
406	Purchases	361
(428)	Recognised as an expense in the year	(385)
<b>105</b>	<b>Balance Outstanding at Year End</b>	<b>81</b>

## Note 21a - Debtors

The table provides details on the level of short term debtor balances set out in the Balance Sheet.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
1,444	Trade receivables	567
375	Prepayments	412
1,764	Other receivable amounts	7,187
<b>3,583</b>	<b>Total Debtors</b>	<b>8,166</b>

## Note 21b - Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax and non-domestic rates), included in "other receivable amounts" above can be analysed by age as follows;

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
0	Less than three months	0
0	Three to six months	0
553	Six months to one year	832
100	More than one year	144
<b>653</b>	<b>Total Debtors</b>	<b>976</b>

## Note 22 - Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments of three months or less from the start of the investment.

The balance of Cash and Cash Equivalents is made up of the following elements:

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
287	Cash and Bank Balances/(Overdraft)	(461)
5,011	Short Term Investments	6,617
<b>5,298</b>	<b>Total Cash and Cash Equivalents</b>	<b>6,156</b>

## Note 23 - Assets Held for Sale

There were no acquired or discontinued operations during the year. There are also no outstanding liabilities in respect of previously discontinued operations.

## Note 24 - Creditors

The table below provides details on the level of creditor balances set out in the Balance Sheet.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(68)	Trade payables	0
(7,319)	Other payables	(11,489)
<b>(7,387)</b>	<b>Total Creditors</b>	<b>(11,489)</b>

## Note 25 – Provisions

The main provisions during 2020/21 are for NNDR appeals following the change in accounting arrangements for the collection fund. As a result of implementing the changes to the business rates legislation, the Council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

### Current Provisions

<b>2020/21</b>	<b>Street Cleansing</b>	<b>NNDR Appeals</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening Balance	0	(291)	(291)
Increase in provision during year	(6)	84	78
Utilised during year	0	12	12
<b>Closing Balance</b>	<b>(6)</b>	<b>(195)</b>	<b>(201)</b>

<b>2019/20</b>	<b>Street Cleansing</b>	<b>NNDR Appeals</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening Balance	0	(356)	(356)
Increase in provision during year	0	40	40
Utilised during year	0	25	25
<b>Closing Balance</b>	<b>0</b>	<b>(291)</b>	<b>(291)</b>

### Long Term Provisions

<b>2020</b>	<b>NNDR Appeals</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Opening Balance	(706)	(706)
Increase in provision during year	(158)	(158)
Utilised during year	80	80
<b>Closing Balance</b>	<b>(784)</b>	<b>(784)</b>

<b>2019/20</b>	<b>NNDR Appeals</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Opening Balance	(509)	(509)
Increase in provision during year	(245)	(245)
Utilised during year	48	48
Unused Amounts Reversed	0	0
<b>Closing Balance</b>	<b>(706)</b>	<b>(706)</b>

2019/20	Total Provisions	2020/21
£000		£000
(865)	Opening Balance	(997)
(205)	Increase in provision during year	(80)
73	Utilised during year	92
<b>(997)</b>	<b>Closing Balance</b>	<b>(985)</b>

## Note 26 - Usable Reserves

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 Receipts Reserve

31-Mar-20		31-Mar-21
£'000		£'000
(1,231)	Balance 1 April	(1,731)
(663)	Capital Receipts in year	(437)
163	Capital Receipts used for financing	1,684
<b>(1,731)</b>	<b>Balance 31 March</b>	<b>(484)</b>

The Usable reserves movements for General Fund and Earmarked Reserves are shown in the Movement in Reserves Statement.

### Capital Grants Unapplied

31-Mar-20		31-Mar-21
£'000		£'000
(1,027)	Balance 1 April	(1,969)
(1,285)	Capital grants recognised in year	(1,242)
343	Capital grants and contributions applied	416
<b>(1,969)</b>	<b>Balance 31 March</b>	<b>(2,795)</b>

## Note 27 - Unusable Reserves

The Council has a number of unusable reserves in the balance sheet, those that cannot be applied to fund future expenditure or reduce local taxation. They are required to be held for statutory reasons and are needed to comply with proper accounting practice.

The unusable reserves held by the Council are detailed in the table below. The purpose of each unusable reserve is cross referenced to the supporting notes for each unusable reserve.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(14,611)	Revaluation Reserve	(14,053)
28	Available for Sale Financial Instruments Reserve	6
(18,019)	Capital Adjustment Account	(18,735)
39,336	Pension Reserve	49,848
(482)	Deferred Capital Receipts Reserve	(406)
(250)	Collection Fund Adjustment Account	4,099
83	Accumulated Absences Account	123
<b>6,085</b>	<b>Total</b>	<b>20,882</b>

### Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(7,338)	<b>Balance 1 April</b>	(14,611)
(2,222)	Upward revaluation of assets	(46)
(5,136)	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	416
<b>(7,358)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>370</b>
85	Difference between fair value depreciation and historical cost depreciation	143
0	Accumulated gains on assets sold or scrapped	45
<b>85</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>188</b>
<b>(14,611)</b>	<b>Balance 31 March</b>	<b>(14,053)</b>

### Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>	<b>Available for Sale Financial Instruments Reserve</b>	<b>£'000</b>
10	Balance 1 April	28
0	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0
18	Other movements	(22)
<b>28</b>	<b>Balance 31 March</b>	<b>6</b>

### 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 an historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(17,661)	<b>Balance 1 April</b>	(18,019)
1,058	Charges for depreciation and impairment of non-current assets	830
(657)	Revaluation losses on non-current assets	424
105	Amortisation of intangible assets	201
384	Revenue expenditure funded from capital under statute	523
37	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	25
927	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	2,003
(85)	Adjusting Amounts written out of the Revaluation Reserve	(143)
842	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>1,860</b>

(163)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,684)
(705)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(591)
201	Statutory provision for the financing of capital investment charged against the General Fund	118
(933)	Capital expenditure charged against the General Fund	(506)
(1,600)	<b>Capital financing applied in year:</b>	(2,663)
400	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	87
<b>(18,019)</b>	<b>Balance 31 March</b>	<b>(18,735)</b>

### Pension 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.

31-Mar-20		31-Mar-21
£'000	<b>Pension Assets &amp; Liabilities Recognised in the Balance Sheet</b>	£'000
85,087	Present value of the defined benefit obligation	108,746
(47,782)	Fair value of plan assets	(60,687)
<b>37,305</b>	<b>Sub-total</b>	<b>48,059</b>
2,031	Other movements in the liability	1,789
<b>39,336</b>	<b>Net liability arising from defined benefit obligation</b>	<b>49,848</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current 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

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(709)	Balance 1 April	(482)
227	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	76
<b>(482)</b>	<b>Balance 31 March</b>	<b>(406)</b>

### Collection Fund Adjustment Account

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

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(669)	Balance 1 April	(250)
419	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	4,349
<b>(250)</b>	<b>Balance 31 March</b>	<b>4,099</b>

### 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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>	<b>Accumulated Absences Account</b>	<b>£'000</b>
60	<b>Balance at 1 April</b>	83
(60)	Settlement or cancellation of accrual made at the end of the preceding year	(83)
83	Amounts accrued at the end of the current year	123
23	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	40
<b>83</b>	<b>Balance at 31 March</b>	<b>123</b>

## Note 28 - Agency Services

<b>31-Mar-20</b>	<b>Brackley Town Council</b>	<b>31-Mar-21</b>
<b>£000</b>		<b>£000</b>
(6) Income		0
8 Expenditure		0
<b>3 Net Surplus/Deficit on the Agency Arrangement</b>		<b>0</b>

## Note 29 - Members' Allowances

The total of Members' Allowances paid in the year amounted to £343k. This compares to £348k in 2019/20. A detailed list of allowances paid to each member is available for examination on the Council's website under "Councillors – Members' Allowances".

The Local Councils (Members' Allowances) Regulations 2003 requires local Councils to publish the amounts paid to members under the Members' Allowances scheme. The allowances paid in 2020/21 were as follows:

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
318 Allowances		329
30 Expenses		14
<b>348 Total Members' Allowances</b>		<b>343</b>

## Note 30 - Officers' Remuneration

The Council is required, under regulation 7(2) of the Accounts and Audit Regulations 2003, to include in the notes to the accounts the number of employees in the accounting period whose remuneration was in excess of £50,000 excluding pension contributions. This does not include senior staff accounted for in the table on the following page where they are employees of South Northamptonshire Council.

<b>Officers' Remuneration</b>		
<b>Number of employees</b>		<b>Number of employees</b>
<b>2019/20</b>	<b>Remuneration Band</b>	<b>2020/21</b>
6	£50,001 to £54,000	8
0	£55,001 to £59,000	2
1	£60,001 to £64,000	1
0	£65,001 to £69,000	0
0	£70,001 to £74,000	0
0	£75,001 to £79,000	0
<b>7</b>		<b>11</b>

**The remuneration paid to senior employees in South Northamptonshire Council 2020/21 is as follows:**

<b>Post title</b>	<b>Salary (Including Fees &amp; Allowances)</b>	<b>Expenses Reimbursed</b>	<b>Total Remuneration excluding Pension Contribution</b>	<b>Pension Contributions</b>	<b>Total Remuneration</b>	<b>South Northants Council Remuneration (including Pension costs)</b>	<b>Recharged to Shadow West Northants Council (WNC)</b>	<b>Date in post in 2020/21</b>
Chief Executive	234,623	656	<b>235,279</b>	0	<b>235,279</b>	<b>235,279</b>	<b>0</b>	Apr-20
Assistant Chief Executive	124,430	653	<b>125,083</b>	15,691	<b>140,774</b>	<b>140,774</b>	<b>0</b>	Apr-20
Executive Director – Operations	111,261	552	<b>111,813</b>	10,294	<b>122,107</b>	<b>47,251</b>	<b>74,856</b>	Apr-20
Executive Director – Finance	118,861	337	<b>119,198</b>	19,137	<b>138,335</b>	<b>62,870</b>	<b>75,465</b>	Apr-20
Assistant Director - Customers & Corporate Services	76,213	39	<b>76,252</b>	11,582	<b>87,834</b>	<b>87,834</b>	<b>0</b>	Apr-20
Assistant Director - Planning & Economy	89,082	394	<b>89,476</b>	13,285	<b>102,761</b>	<b>102,761</b>	<b>0</b>	Apr-20
Assistant Director – Wellbeing	85,986	0	<b>85,986</b>	13,443	<b>99,429</b>	<b>99,429</b>	<b>0</b>	Apr-20
Assistant Director – Finance & Procurement	35,240	332	<b>35,572</b>	5,547	<b>41,119</b>	<b>41,119</b>	<b>0</b>	Oct-20
Director of Legal & Democratic Services & Monitoring	45,222	0	<b>45,222</b>	7,281	<b>52,503</b>	<b>0</b>	<b>52,503</b>	Nov-20

The Annual salaries have been adjusted to reflect the annual pay costs incurred by South Northamptonshire Council, as some senior officers worked part of the year for the Shadow West Northants Council.

**The remuneration paid to senior employees in South Northamptonshire Council 2019/20 is as follows:**

<b>Post title</b>	<b>Salary (Including Fees &amp; Allowances)</b>	<b>Expenses Reimbursed</b>	<b>Total Remuneration excluding Pension Contribution</b>	<b>Pension Contributions</b>	<b>Total Remuneration</b>	<b>Date in post in 2019/20</b>
Chief Executive	120,620	440	<b>121,060</b>	0	<b>121,060</b>	Aug-19
Assistant Chief Executive	63,235	7,908	<b>71,143</b>	10,181	<b>81,324</b>	Aug-19
Executive Director – Operations	98,365	792	<b>99,157</b>	0	<b>99,157</b>	Apr-19
Executive Director – Finance	54,636	170	<b>54,806</b>	8,796	<b>63,602</b>	Started Sep-19
Assistant Director - Customers & Corporate Services	68,916	1,257	<b>70,173</b>	11,096	<b>81,269</b>	Apr-19
Assistant Director - Planning & Economy	75,795	1,307	<b>77,102</b>	12,152	<b>89,254</b>	Apr-19
Assistant Director – Wellbeing	76,886	272	<b>77,158</b>	12,328	<b>89,486</b>	Apr-19
Assistant Director - Finance, Procurement & Property	19,742	648	<b>20,390</b>	3,082	<b>23,472</b>	Left June 19

The Annual salaries have been adjusted to reflect the annual pay costs incurred by South Northamptonshire Council, as senior officers work across two organisations i.e. South Northamptonshire Council and Cherwell District Council.

## Note 31 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

2019/20		2020/21
£000		£000
33	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	52
0	Fees payable to external auditors for the certification of grant claims and returns for the year	52
<b>33</b>	<b>Total</b>	<b>104</b>

## Note 32 - Grant Income

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

### Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31-Mar-20		31-Mar-21
£'000		£'000
(4,587)	Non-Domestic Rates	(4,642)
(2,757)	New Homes Bonus	(3,187)
0	Rural Services Delivery Grant	(189)
(420)	Disabled Facility Grants	(476)
(1,227)	Capital grants and contributions	(941)
0	Covid-19 Grants	(1,609)
<b>(8,991)</b>	<b>Total</b>	<b>(11,044)</b>

### Credited to Services

31- Mar-20		31- Mar-21
£'000		£'000
(99)	New Burdens Grants	(293)
(118)	Housing Benefit Subsidy Administration Grant	(118)
(10,839)	Rent Allowances	(10,461)
(49)	CTRS Admin Grant	(49)
0	Council Tax Hardship Support	(284)
(20)	Neighbourhood Planning	0
(69)	Discretionary Housing Payments	(94)
(591)	Other grants and contributions	(380)
(1,275)	Contributions from Other Local Authorities	(1,449)
(109)	Non-Domestic Rates Cost of Collection	(107)
(98)	Community Infrastructure Levy (CIL)	(43)
(125)	Developer Contribution (S106)	(69)
(25)	Universal Credit	0

0	Cabinet Office – Elections	(6)
(8)	Individual Election Registration	0
0	Covid-19 Enforcement Grants	(25)
0	Covid-19 Grants Discretionary	(2,265)
<b>(13,425)</b>	<b>Total</b>	<b>(15,643)</b>

### Grants Receipts in Advance (Revenue Grants) - Current Liabilities

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(5,362)	S106 Deposits	(5,828)
(1,638)	Other grants and contributions	(2,213)
<b>(7,000)</b>	<b>Total</b>	<b>(8,041)</b>

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the provider, if the conditions are not met.

### Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
(596)	S106 Deposit - St Rumboulds Way, Brackley	(596)
(1,170)	Community Infrastructure Levy	(536)
<b>(1,766)</b>	<b>Total</b>	<b>(1,132)</b>

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to be spent only in accordance with the agreement concluded with the developer.

### Note 33 - Related Parties

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

#### Central Government

Central Government has effective control over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

#### Members

Members of the Council have direct control over the Council's financial and operating policies. During 2020/21 works and services to the value of £2,164,232.00 (2019/20 £2,235,127.93) were made to parties where Members had an interest. Contracts were entered into in full compliance with the Council's Standing Orders

The members who had interests are as follows:

Member	Organisation	Amount
Councillor Rosie Herring	SNVB	£82,642.50
Councillor Ian McCord	Swan Print Limited	£2,855.00
Councillor Roger Clarke	South Northamptonshire Leisure Trust	£1,107.20
Councillor Elaine Wiltshire	CSN	£2,038,669.47
Councillor David Harries	Northampton Victoria County History Trust	£18,250.00
Councillor Martin Johns	South Northants Young Engagement	£10,000.00
Councillor Lisa Samiotis	Towcester Football Club	£10,707.83

All transactions are recorded in the Register of Members' Interests, open to public inspection at The Forum, Moat Lane, Towcester, NN12 6AD

## Officers

The officers employed by South Northamptonshire Council on 31 March 2021 were:

Post	Officer Employed by
Chief Executive Officer	South Northamptonshire Council
Assistant Chief Executive Officer	South Northamptonshire Council
Executive Director – Operations	South Northamptonshire Council
Executive Director - Finance	South Northamptonshire Council
Executive Director – Resources	Interim
Assistant Director Wellbeing	South Northamptonshire Council
Assistant Director Planning Policy	South Northamptonshire Council
Assistant Director Environmental & Regulatory Services	Interim
Assistant Director Customer and Corporate Services	South Northamptonshire Council
Deputy Section 151 Officer	South Northamptonshire Council

Officers of the Council made no other material disclosures.

## Other Public Bodies

Grants to Parish and Town Councils amounted to £3.3m in 2020/21 (2019/20 £3.1m). The purpose of this disclosure is to provide assurance to readers of these statements that any material transaction between the organisation and those in a position to influence its decisions are properly disclosed.

The following Grants were made to Parish and Town Councils in which members had an interest and payments had been made during 2020/2021

Member	Community	Amount
Councillor David Harries	Bugbrooke Parish Council	£104,140.75

No grants were paid to Parish or Town Councils where officers of South Northamptonshire Council had any interests.

## Entities Related to the Authority

- Northampton Borough Council and Northampton County Council.
- Bugbrooke Sports & Community Centre.
- South Northants Volunteer Bureau.
- CSN

## Note 34 - 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), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

<b>31-Mar-20</b>	<b>31-Mar-21</b>
<b>£'000</b>	<b>£'000</b>
3,127	2,465
(662)	0
2,465	2,465
Capital Investment:	
1,068	2,136
349	122
384	523
0	0
<b>1,801</b>	<b>2,781</b>
<b>Total Capital Spending</b>	
Sources of Finance:	
(163)	(1,684)
(705)	(591)
(933)	(506)
Sums set aside from revenue:	
0	0
<b>(1,801)</b>	<b>(2,781)</b>
<b>Total Sources of Finance</b>	
<b>2,465</b>	<b>2,465</b>
<b>Closing Capital Financing Requirement</b>	

REFCUS stands for Revenue Expenditure Funded From Capital Under Statute. This is expenditure on assets that do not belong to the Council and so do not appear on the Council's asset register. An example is disabled adaptations funded through disabled facilities grant.

## Note 35 - Leases

### Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
0	Not later than one year	0
0	Later than one year and not later than five years	0
0	Later than five years	0
<b>0</b>	<b>Total</b>	<b>0</b>

The expenditure charged to services in the CIES during the year in relation to these leases was:

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
5	Minimum lease payments	5
<b>5</b>	<b>Total</b>	<b>5</b>

### Authority as Lessor - Operating Leases

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

<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>		<b>£'000</b>
40	Not later than one year	57
156	Later than one year and not later than five years	340
121	Later than five years	598
<b>318</b>	<b>Total</b>	<b>995</b>

## Note 36 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure.

There are no impairment losses or impairment reversal in 2020/21.

## Note 37 - Termination Benefits

There were no contracts terminated in 2020/21. The Authority terminated the contracts of two employees in 2019/20, incurring liabilities of £32k– see table below for the number of exit packages and total cost per band.

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] Total number of exit packages by cost band [(b) + ©]		[e] Total cost of exit packages in each band £'000	
	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21
£0-£20,000	2	0	0	0	2	0	32	0
£20,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£140,000	0	0	0	0	0	0	0	0
Total	2	0	0	0	2	0	32	0

## Note 38 - Defined Benefit Pension Scheme

### 38.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority made contributions towards the cost of post-employment benefits. Although these benefits would not actually be payable until employees retire, the Authority had a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The South Northamptonshire pension scheme was operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme was the responsibility of Northamptonshire County Council. Policy was determined in accordance with the Pensions Fund Regulations.

The principal risks 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 to the General Fund the amounts required by statute as described in the accounting policies note.

### 38.2 Transactions Relating to Post-employment Benefits

We recognised 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 was 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.

<b>Comprehensive Income &amp; Expenditure Statement</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Cost of Services:</b>		
Current Service Cost	2,527	2,269
Past Service Cost/(Gain) – Including Curtailments	5	5
Administration Expense 40	40	55
<b>Financing and Investment Income and Expenditure:</b>		
Net Interest Expense	1,122	904
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,694</b>	<b>3,233</b>
<b>Other Comprehensive Income &amp; Expenditure:</b>		
Return on Plan Assets (excluding amounts included in net interest expense)	(6,667)	11,853
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	3,021	(1,179)
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	7,427	(21,545)
Experience (Gain)/loss on defined benefit obligation	0	0
Other actuarial (Gains) & Losses on assets	5,409	1,254
<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>9,190</b>	<b>(9,617)</b>
	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(3,694)	(3,233)
Employer's Contributions Payable to the Pension Scheme	1,073	2,338
<b>Total</b>	<b>(2,621)</b>	<b>(895)</b>

### 38.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2019/20	2020/21
<b>Pension Assets &amp; Liabilities Recognised in the Balance Sheet</b>	<b>£'000</b>	<b>£'000</b>
Present value of the defined benefit obligation	(85,087)	(108,746)
Fair value of plan assets	47,782	60,687
<b>Sub-total</b>	<b>(37,305)</b>	<b>(48,059)</b>
Other movements in the liability	(2,031)	(1,789)
<b>Net liability arising from defined benefit obligation</b>	<b>(39,336)</b>	<b>(49,848)</b>

### 38.4 Assets and Liabilities in relation to Retirement Benefits

	2019/20	2020/21
<b>Reconciliation of Present Value of Scheme Liabilities</b>	<b>£'000</b>	<b>£'000</b>
Liabilities as of the Beginning of the Period	(100,633)	(87,118)
Current Service Cost	(2,567)	(2,324)
Interest Cost	(2,418)	(2,002)
Contributions by Scheme Participants	(388)	(474)
Change in financial assumptions	7,505	(21,545)
Change in demographic assumptions	3,021	(1,179)
Experience (Losses)/Gains on defined benefit obligation	5,409	1,254
Losses on Curtailments	0	0
Benefits Paid	2,958	2,858
Past Service Costs	(5)	(5)
<b>Liabilities as of the End of the Period</b>	<b>(87,118)</b>	<b>(110,535)</b>

	2019/20	2020/21
<b>Reconciliation of Fair Value of Scheme Assets</b>	<b>£'000</b>	<b>£'000</b>
Assets as of the Beginning of the Period	54,663	47,782
Opening Balance adjustment	0	0
Adjusted Opening balance	54,650	47,782
Service cost	0	0
Interest on Assets	1,296	1,098
Return assets less interest	(6,667)	11,853
Actuarial Gains/(Losses)	0	0
Employer Contributions	1,073	2,338
Contributions by Scheme Participants	351	474
Benefits Paid	(2,958)	(2,858)
<b>Assets as of the End of the Period</b>	<b>47,782</b>	<b>60,687</b>

### **Impact on the Council's Cash Flow**

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £110.535m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £49.848m.

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

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

The total contributions expected to be made to the Local Government Pension Scheme by West Northamptonshire Council for the employee's transferred from South Northamptonshire Council in the year to 31 March 2022 is £2,190k.

The weighted average duration of the defined benefit obligation is 19 years.

### **Sensitivity Analysis**

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2020. The fund liability may go up or down depending on assumptions applied.

### **Measurement of Pension Liability**

The present value of the pension liability depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets. The actual liability of the Council will continue to be subject to volatility, as a result of a number of factors.

The estimated effects of the changes in the key individual assumptions in determining the net pension liability would increase the Council's pension liability as of 31 March 2021 as follows:

<b>Sensitivity analysis</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
0.1% decrease in the real discount rate	7,654	2,017
0.1% increase in the salary increase rate	581	153
0.1% increase in the pension increase rate	7,021	1,843
1-year increase in member life expectancy	3,485	4,421

The above table presents the changes in key assumptions in isolation. The information is only indicative of the estimated impact as the assumptions interact in complex ways.

## 38.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for Northamptonshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary in the calculations are:

<b>Principal Assumptions</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>%</b>	<b>%</b>
Rate of inflation: RPI	2.80	3.30
Rate of inflation: CPI	1.90	2.85
Rate of increase in salaries	2.40	3.35
Rate of increase in pensions	1.90	2.85
Rate of discounting scheme liabilities	2.30	2.00

These assumptions are set with reference to market conditions as at 31 March 2021.

The estimated duration of Employer's liabilities is 19 years.

The discount rate is the annualised yield at the 19-year point on the iBoxx AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 19 year point on the BoE market implied inflation curve.

Pension increases were based on the Consumer Prices Index (CPI) rather than RPI.

Salaries were assumed to increase by 2% until 31 March 2020 then CPI+0.5% thereafter.

<b>Mortality Assumptions</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners		
Men	21.5	21.7
Women	23.7	24.1
Longevity at 65 for future pensioners		
Men	22.3	22.8
Women	25.1	25.8

The following assumptions have been made:

- Members will elect to take 50% pre-2008 service and 75% post-2008 service of their commutable pension for cash at retirement.

- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- 1% of members will choose the 50:50 option.
- The Local Government Pension Scheme's estimated asset allocation for South Northamptonshire Council consisted of the following categories, by proportion of the total assets held:

	<b>2019/20</b>	<b>2020/21</b>
<b>Estimated Asset Allocation</b>	<b>%</b>	<b>%</b>
Equity Securities	7	0
Debt Securities	11	10
Private Equity	2	4
Real Estate	9	6
Investment Funds & Unit Trusts	69	78
Derivatives	0	0
Cash & Cash Equivalents	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

## Collection Fund

31-Mar-20			31-Mar-21			
Business Rates £'000	Council Tax £'000	Business Rates £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
<b>INCOME:</b>						
0	(66,486)	(66,486)	Council Tax Receivable		(69,695)	(69,695)
(24,614)	0	(24,614)	Business Rates Receivable	(15,474)	0	(15,474)
(277)	0	(277)	Transitional Protection Payments Receivable and S13A(1)C transfer	(50)	(279)	(329)
<b>(24,891)</b>	<b>(66,486)</b>	<b>(91,377)</b>	<b>Total Income</b>	<b>(15,524)</b>	<b>(69,974)</b>	<b>(85,498)</b>
<b>EXPENDITURE:</b>						
<b>Allocation of Previous Year's Surplus/Deficit:</b>						
260	0	260	Central Government	196	0	196
208	138	346	South Northamptonshire Council	200	182	382
52	611	663	Northamptonshire County Council	102	810	912
0	115	115	Northamptonshire Police and Crime Commissioner	0	161	161
0	30	30	Northamptonshire Fire & Rescue Service	2	40	42
<b>Precepts, demands and shares:</b>						
5,951	0	5,951	Central Government	12,286	0	12,286
9,522	9,985	19,507	South Northamptonshire Council	9,829	10,614	20,443
8,094	44,583	52,677	Northamptonshire County Council	2,212	47,576	49,788
0	8,838	8,838	Northamptonshire Police and Crime Commissioner	0	9,440	9,440
238	2,191	2,429	Northamptonshire Fire & Rescue Service	246	2,294	2,540
<b>Charges to Collection Fund:</b>						
143	59	202	Write-offs of uncollectable amounts	127	188	315
98	735	833	Increase/(decrease) in allowance for impairment	103	489	592
329	0	329	Increase/(decrease) in allowance for appeals	(45)	0	(45)
109	0	109	Charge to General Fund for allowable collection costs for non-domestic rates	107	0	107
<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b>						
333	0	333	Renewable Energy	338	0	338
<b>25,337</b>	<b>67,285</b>	<b>92,622</b>	<b>Total Expenditure</b>	<b>25,703</b>	<b>71,794</b>	<b>97,497</b>
<b>446</b>	<b>799</b>	<b>1,245</b>	<b>Movement on Fund Balance</b>	<b>10,179</b>	<b>1,820</b>	<b>11,999</b>
<b>(802)</b>	<b>(1,497)</b>	<b>(2,299)</b>	<b>Balance at the beginning of the Year</b>	<b>(356)</b>	<b>(698)</b>	<b>(1,054)</b>
<b>(356)</b>	<b>(698)</b>	<b>(1,054)</b>	<b>Balance at the end of the Year</b>	<b>9,823</b>	<b>1,122</b>	<b>10,945</b>
<b>Shares of Balance</b>						
(160)	0	(160)	Central Government	4,876	0	4,876
(142)	(106)	(248)	South Northamptonshire Council	3,929	171	4,100
(53)	(474)	(527)	Northamptonshire County Council	920	763	1,683
0	(94)	(94)	Northamptonshire Police and Crime Commissioner	0	151	151
(1)	(24)	(25)	Northamptonshire Fire & Rescue Service	98	37	135
<b>(356)</b>	<b>(698)</b>	<b>(1,054)</b>	<b>Balance at the end of the Year</b>	<b>9,823</b>	<b>1,122</b>	<b>10,945</b>

## **Note 1. General**

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, Council Tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1st April 2013 Non-Domestic Rates were collected by the Council and then completely paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

The Business Rates Retention Scheme now applies, whereby local authorities South Northamptonshire Council (40%), Northamptonshire County Council (9%) and Northamptonshire Fire and Rescue Authority (1%) retain 50% of the business rates collected for the area and pay the remaining 50% to central government. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a local authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50% across to central government. This payment where it occurs is known as a levy payment.

South Northamptonshire Council participates in the Northamptonshire pool with other local authorities in Northamptonshire in order to minimise the levy payment due and thereby maximise the local retention of locally generated business rates.

## **Note 2. Business Rates**

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates were calculated and collected by the Council. The Government specified an amount (51.2p in 2020/21; 49.9p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. The income raised in South Northamptonshire is distributed between South Northamptonshire Council, Northamptonshire County Council, Northamptonshire Fire and Rescue Authority and Central Government in line with the distribution rules set out in Business Rates legislation.

NNDR income was £15.5m in 2020/21. The rateable value for the Council's area was £64.3m at 31 March 2021 VOA valuation (2019/20: £64.0m).

### Note 3. Provision for Un-collectable Amounts

Provision has been made within the accounts for un-collectable amounts based on guidelines. At the end of 2020/21 the accumulated provision for bad debts stood at £2.780m (£2.188m for 2019/20) made up as follows:

	2019/20	2020/21
<b>Provision for Uncollectable Amounts</b>	<b>£'000</b>	<b>£'000</b>
Non-Domestic Rates	418	521
Council Tax	1,770	2,259
<b>Total Provision</b>	<b>2,188</b>	<b>2,780</b>

### Note 4. Council Tax Base

The Council Tax Base, for tax setting purposes, is calculated by reference to the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, and adjustments made for exempt properties and anticipated amendments. This is then converted to an equivalent number of band D dwellings which is the amount the authority estimates would actually be collected if a tax of £1 is set.

The figures for 2020/21 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	1,577	6/9ths	1,051
B	7,508	7/9ths	5,840
C	9,065	8/9ths	8,058
D	5,732	9/9ths	5,732
E	5,601	11/9ths	6,845
F	4,001	13/9ths	5,779
G	2,307	15/9ths	3,844
H	166	18/9ths	332
<b>Totals</b>	<b>35,956</b>		<b>37,481</b>
Adjustment for collection rate and contributions in lieu (- 1.25%)			-469
Contribution from MOD Properties			0
<b>Council Tax Base 2020/21</b>			<b>37,012</b>
<b>Council Tax Base 2019/20</b>			<b>36,067</b>

The Council Tax payable at each band is shown below. This does not include parishes.

Band	Multiplier	South Northamptonshire Council	Northamptonshire County Council	Northamptonshire Police and Crime Commissioner	Northamptonshire Fire & Rescue Authority	Total
A	6/9ths	130.89	856.95	170.03	41.31	1,199.18
B	7/9ths	152.70	999.77	198.36	48.20	1,399.03
C	8/9ths	174.52	1,142.60	226.70	55.08	1,598.90
D	9/9ths	196.33	1,285.42	255.04	61.97	1,798.76
E	11/9ths	239.96	1,571.07	311.72	75.74	2,198.49
F	13/9ths	283.59	1,856.72	368.38	89.51	2,598.20
G	15/9ths	327.22	2,142.37	425.07	103.28	2,997.94
H	18/9ths	392.66	2,570.84	510.08	123.94	3,597.52

## **Group Accounts and Explanatory Notes**

### **Introduction**

The purpose of the Group Accounts is to provide a picture of South Northamptonshire District Council and the group of companies and other entities, which are either controlled or are significantly influenced by, the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other organisations that have different corporate entities.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement – summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accrual's basis.
- Group Movement in Reserves – shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group expenses.
- Group Balance Sheet – reports the Council Group financial position at the year-end.
- Group Cash Flow Statement – shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

### **Other entities within the Group**

The other entities within the Group in which the Council has an interest are:

- CSN Resources Ltd, which provides Revenues and Benefits services to the Council. The company is a Teckal company limited by guarantee. Liability is shared equally with Cherwell District Council.
- CSN Associates Ltd, which is intended to trade the services of CSN Resources with third parties, has not begun trading.

### **Prior Period Adjustment**

In the prior year, the net defined benefit pension liability for those staff who transferred to CSN Resources Limited from South Northamptonshire Council, under the 'Transfer of Undertakings (Protection of Employment) Regulations 1981' had not been recognised in line with the requirements of FRS102.

Therefore, an actuarial valuation was undertaken by Hymans Robertson as at both 31 March 2020 and 31 March 2019 and the financial statements have been restated accordingly.

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

Group Accounts Net Expenditure	Group Accounts Net Expenditure		Group Accounts Net Expenditure
31-Mar-20 £000	31-Mar-20 £000		31-Mar-21 £000
	<b>RESTATED</b>		
4,273	4,273	Wellbeing	4,132
4,506	4,506	Environment	4,503
2,117	2,117	Planning	2,335
1,214	1,214	Corporate Services	885
4,257	4,308	Resources	7,321
<b>16,367</b>	<b>16,418</b>	<b>Net Cost of Services</b>	<b>19,176</b>
2,702	2,702	Other Operating Expenditure	3,033
1,239	1,239	Financing and Investment Income & Expenditure	839
(18,991)	(18,991)	Taxation and Non-Specific Grant Income	(21,642)
<b>1,317</b>	<b>1,368</b>	<b>(Surplus) / deficit on Provision of Service</b>	<b>1,406</b>
(7,357)	(7,357)	(Surplus) / deficit on the revaluation of non-current assets	370
(9,268)	(9,331)	Actuarial (gains) / losses on pension assets & liabilities	10,422
<b>(16,625)</b>	<b>(16,688)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>	<b>10,792</b>
<b>(15,308)</b>	<b>(15,320)</b>	<b>(Surplus)/ deficit on Total Comprehensive Income &amp; Expenditure</b>	<b>12,198</b>

## GROUP MOVEMENT IN RESERVES STATEMENT - RESTATED

<b>Group Accounts 31/03/2021</b>	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account	<b>Total Usable Reserves £000</b>	Unusable Reserves	<b>Total Reserves £000</b>
<b>Balance at 31 March 2020</b>	(2,548)	(10,143)	(1,731)	(1,969)	<b>(16,391)</b>	6,085	<b>(10,306)</b>
<b>Restatement</b>	86				<b>86</b>	378	<b>464</b>
<b>Restated Balance at March 2020</b>	<b>(2,462)</b>	<b>(10,143)</b>	<b>(1,731)</b>	<b>(1,969)</b>	<b>(16,305)</b>	<b>6,463</b>	<b>(9,842)</b>
<b>Movement in Reserves during 2020/21</b>							
Surplus or deficit on the provision of services	1,406	0	0	0	<b>1,406</b>	0	<b>1,406</b>
Other Comprehensive Income / Expenditure		0	0	0	<b>0</b>	10,375	<b>10,375</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>1,406</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,406</b>	<b>10,375</b>	<b>11,781</b>
Adjustments between accounting basis and funding basis under regulations	(5,231)		1,247	(826)	<b>(4,810)</b>	4,810	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(3,825)</b>	<b>0</b>	<b>1,247</b>	<b>(826)</b>	<b>(3,404)</b>	<b>15,185</b>	<b>11,781</b>
Transfers to / from Earmarked Reserves	3,830	(3,830)	0	0	0	0	0
<b>Increase or Decrease in 2020/21</b>	<b>5</b>	<b>(3,830)</b>	<b>1,247</b>	<b>(826)</b>	<b>(3,404)</b>	<b>15,185</b>	<b>11,781</b>
<b>Balance at 31 March 2021</b>	<b>(2,457)</b>	<b>(13,973)</b>	<b>(484)</b>	<b>(2,795)</b>	<b>(19,709)</b>	<b>21,648</b>	<b>1,939</b>

## GROUP BALANCE SHEET

Group Accounts 31-Mar-20 £000	Group Accounts Restated 31-Mar-20 £000		Group Accounts 31-Mar-21 £000
30,182	30,182	Property, Plant & Equipment	30,581
245	245	Heritage assets	221
1,459	1,459	Investment Property	1,439
490	490	Intangible Assets	411
3,585	3,585	Long Term Debtors	3,477
2,019	2,019	Long term Investments	2,002
<b>37,980</b>	<b>37,980</b>	<b>Long Term Assets</b>	<b>38,131</b>
22,594	22,594	Short Term Investments	17,543
105	105	Inventories	81
3,306	3,306	Short Term Debtors	7,940
6,303	6,303	Cash and Cash Equivalents	6,776
<b>32,308</b>	<b>32,308</b>	<b>Current Assets</b>	<b>32,340</b>
(3,001)	(3,001)	Short Term Borrowing	0
(7,882)	(7,882)	Short Term Creditors	(11,530)
(291)	(291)	Receipts in Advance	(201)
(7,000)	(7,000)	Provisions	(8,041)
<b>(18,174)</b>	<b>(18,174)</b>	<b>Current Liabilities</b>	<b>(19,772)</b>
(39,336)	(39,800)	Other Long-Term Liabilities	(50,722)
(706)	(706)	Provisions	(784)
(1,766)	(1,766)	Capital Grants Receipts in Advance	(1,132)
<b>(41,808)</b>	<b>(42,272)</b>	<b>Long Term Liabilities</b>	<b>(52,638)</b>
<b>10,306</b>	<b>9,842</b>	<b>Net Assets / (Liabilities)</b>	<b>(1,939)</b>
(16,391)	(16,305)	Useable Reserves	(19,709)
6,085	6,463	Unusable Reserves	21,648
<b>(10,306)</b>	<b>(9,842)</b>	<b>Total Reserves</b>	<b>1,939</b>

## GROUP CASHFLOW

31-Mar-20	31-Mar-20		31-Mar-21	31-Mar-21	31-Mar-21
GROUP	GROUP		SNC	CSN	GROUP
£000	Restated £000		£000	£000	£000
<b>Cash Flows from Operating Activities</b>					
1,317	1,368	Net (Surplus)/Deficit on Provision of Services	1,504	(98)	1,406
(1,058)	(1,058)	Depreciation & Impairment	(830)	0	(830)
657	657	Changes in Market Value of Property, Plant & Equipment	(422)	0	(422)
(105)	(105)	Amortisation of Intangible Assets	(201)	0	(201)
(400)	(400)	Changes in Fair Value of Investment Properties	(87)	0	(87)
37	37	Disposal of Assets	69	0	69
(22)	(22)	Changes in Inventory	(24)	0	(24)
(2,071)	(2,071)	Changes in Debtors (increase)	4,475	51	4,526
(553)	(553)	Changes in Creditors (decrease)	(4,102)	454	(3,648)
(132)	(132)	Changes in Provisions (increase)	12	0	12
6,647	6,659	Changes in Net Pension Liability	(10,929)	(410)	(11,339)
(9,268)	(9,331)	Remeasurement of Net Defined Benefit Liability	10,034	388	10,422
(1,647)	(1,647)	Capital Grants Recognised	(1,417)	0	(1,417)
(813)	(813)	Other Non-Cash Movements Charged to Surplus/Deficit on Provision of Services	(886)	0	(886)
663	663	Proceeds on Disposal of Property, Plant & Equipment	437	0	437
<b>(6,748)</b>	<b>(6,748)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(2,367)</b>	<b>385</b>	<b>(1,982)</b>
<b>Cash Flows from Investing Activities</b>					
880	880	Purchase of Property, Plant & Equipment	2,067	0	2,067
188	188	Purchase of Investment Property	67	0	67
349	349	Purchase of Intangible Assets	122	0	122
(663)	(663)	Proceeds from the Disposal of Property, Plant and Equipment	(437)	0	(437)
5,004	5,004	Net Changes in Short-term and Long-term Investments (increase)	(5,068)	0	(5,068)
<b>5,758</b>	<b>5,758</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(3,249)</b>	<b>0</b>	<b>(3,249)</b>
<b>Cash Flows from Financing Activities</b>					
343	343	Changes in Grants and Contributions	416	0	416
1,647	1,647	Capital Grants and Contributions Recognised	1,417	0	1,417
(3,001)	(3,001)		3,001	0	3,001
937	937	Any other items for which the cash effects are investing or financing cash flows	(76)	0	(76)
<b>(74)</b>	<b>(74)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>4,758</b>	<b>0</b>	<b>4,758</b>
<b>(1,064)</b>	<b>(1,064)</b>	<b>Net Increase/Decrease in Cash and Cash Equivalents in the Period</b>	<b>(858)</b>	<b>385</b>	<b>(473)</b>
5,239	5,239	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>5,298</b>	<b>1,005</b>	<b>6,303</b>
<b>6,303</b>	<b>6,303</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>6,156</b>	<b>620</b>	<b>6,776</b>

## Note 1 - Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. CSN Resources has been consolidated to provide a full picture of the Council's arrangements for good governance.

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

## Note 2 - Debtors

The table below provides details on the level of debtor balances set out in the Group Balance Sheet.

31-Mar-20	31-Mar-20		31-Mar-21
£000s	Restated £000s		£000s
1,167	1,167	Trade Receivables	341
503	503	Prepayments	412
1,636	1,636	Other receivable Amounts	7,187
<b>3,306</b>	<b>3,306</b>	<b>Total Debtors</b>	<b>7,940</b>

## Note 3 – Creditors

The table below provides details on the level of creditor balances set out in the Group Balance Sheet

31-Mar-20	31-Mar-20		31-Mar-21
£000s	Restated £000s		£000s
(68)	(68)	Trade Payables	0
(7,814)	(7,814)	Other Payables	(11,530)
<b>(7,882)</b>	<b>(7,882)</b>	<b>Total Creditors</b>	<b>(11,530)</b>

#### **Note 4 - Cash and Cash Equivalents**

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments of three months or less from the start of the investment.

The balance of Cash and Cash Equivalents is made up of the following elements:

<b>31-Mar-20</b>	<b>31-Mar-20</b>		<b>31-Mar-21</b>
<b>£'000</b>	<b>Restated £'000</b>		<b>£'000</b>
1,292	1,292	Cash and Bank Balances/(Overdraft)	159
5,011	5,011	Short Term Investments	6,617
<b>6,303</b>	<b>6,303</b>	<b>Total Cash and Cash Equivalents</b>	<b>6,776</b>

#### **Note 5 - Retirement benefit schemes**

CSN Resources Limited participates in the Northamptonshire Pension Fund. This relates to those staff who transferred to CSN Resources Limited from South Northamptonshire Council under TUPE arrangements.

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.

	<b>GROUP 2019/20 £'000</b>	<b>SNC 2020/21 £'000</b>	<b>CSN 2020/21 £'000</b>	<b>GROUP 2020/21 £'000</b>
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<b>Cost of Services:</b>				
Current Service Cost	2,832	2,269	256	2,525
Past Service Cost/(Gain) – Including Curtailments	5	5	0	5
Administration Expense	40	55	0	55
<b>Financing and Investment Income and Expenditure:</b>				<b>0</b>
Net Interest Expense	1,147	904	22	926
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>4,024</b>	<b>3,233</b>	<b>278</b>	<b>3,511</b>
<b>Other Comprehensive Income &amp; Expenditure:</b>				
Return on Plan Assets (excluding amounts included in net interest expense)	(6,401)	11,436	(789)	10,647
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	3,021	(1,179)	0	(1,179)
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	7,427	(21,545)	0	(21,545)
Experience (Gain)/loss on defined benefit obligation	0	0	0	0
Other actuarial (Gains) & Losses on assets	5,017	1,254	1,564	2,818
<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>9,064</b>	<b>(10,034)</b>	<b>775</b>	<b>(9,259)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(3,973)	(3,233)	(257)	(3,490)
Employer's Contributions Payable to the Pension Scheme	1,300	2,338	235	2,573
<b>Total</b>	<b>(2,673)</b>	<b>(895)</b>	<b>(22)</b>	<b>(917)</b>

## Pension Assets and Liabilities Recognised in the Balance Sheet

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

	<b>GROUP</b>	<b>SNC</b>	<b>CSN</b>	<b>GROUP</b>
	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
<b>Pension Assets &amp; Liabilities Recognised in the Balance Sheet</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of the defined benefit obligation	(81,082)	(108,746)	(5,973)	(114,719)
Fair value of plan assets	44,706	60,270	4,226	64,496
<b>Sub-total</b>	<b>(36,376)</b>	<b>(48,476)</b>	<b>(1,747)</b>	<b>(50,223)</b>
Other movements in the liability	(2,031)	(1,789)	0	(1,789)
<b>Net liability arising from defined benefit obligation</b>	<b>(38,407)</b>	<b>(50,265)</b>	<b>(1,747)</b>	<b>(52,012)</b>

## Assets and Liabilities in relation to Retirement Benefits

	<b>GROUP</b>	<b>SNC</b>	<b>CSN</b>	<b>GROUP</b>
	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
<b>Reconciliation of Present Value of Scheme Liabilities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Liabilities as of the Beginning of the Period	(104,608)	(87,118)	(4,005)	(91,123)
Current Service Cost	(2,872)	(2,324)	(256)	(2,580)
Interest Cost	(2,522)	(2,002)	(96)	(2,098)
Contributions by Scheme Participants	(444)	(474)	(82)	(556)
Change in financial assumptions	7,505	(21,545)	0	(21,545)
Change in demographic assumptions	3,021	(1,179)	0	(1,179)
Experience (Losses)/Gains on defined benefit obligation	5,801	1,254	(1,564)	(310)
Losses on Curtailments	0	0	0	0
Benefits Paid	3,001	2,858	30	2,888
Past Service Costs	(5)	(5)	0	(5)
<b>Liabilities as of the End of the Period</b>	<b>(91,123)</b>	<b>(110,535)</b>	<b>(5,973)</b>	<b>(116,508)</b>
<b>Reconciliation of Fair Value of Scheme Assets</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Assets as of the Beginning of the Period	<b>57,686</b>	<b>47,782</b>	<b>3,076</b>	<b>50,858</b>
Opening Balance adjustment	0	0	0	0
Adjusted Opening balance	<b>57,686</b>	<b>47,782</b>	<b>3,076</b>	<b>50,858</b>
Service cost	0	0	0	0
Interest on Assets	1,375	1,098	74	1,172
Return assets less interest	(6,933)	11,436	789	12,225
Actuarial Gains/(Losses)	0	0	0	0
Employer Contributions	1,300	2,338	235	2,573
Contributions by Scheme Participants	407	474	82	556
Benefits Paid	(3,001)	(2,858)	(30)	(2,888)
<b>Assets as of the End of the Period</b>	<b>50,834</b>	<b>60,270</b>	<b>4,226</b>	<b>64,496</b>