

South Northamptonshire Council

**Statement of Accounts for the
year 2019/20**

Contents

Introduction	3
Narrative Report	4
Statement of Responsibilities for the Statement of Accounts	12
Expenditure and Funding Analysis	13
Comprehensive Income and Expenditure Statement	14
Movement in Reserves Statement.....	15
Movement in Reserves Statement - Continued.....	16
Balance Sheet.....	17
Cash Flow Statement	18
Note 1 - Accounting Policies	19
Note 2 - Accounting Standards Issued, Not Adopted	40
Note 3 - Critical Judgements in Applying Accounting Policies	40
Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty.....	42
Note 5 - Material Items of Income and Expense.....	46
Note 6 – Going Concern	46
Note 7 - Events after the Balance Sheet Date.....	49
Note 8a - Note to the Expenditure and Funding Analysis.....	51
Note 8b - Segmental Analysis of Income and Expenditure	53
Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations	54
Note 10 - Transfers to/from Earmarked Reserves	57
Note 11 - Other Operating Expenditure.....	60
Note 12 - Financing and Investment Income and Expenditure.....	60
Note 13 - Taxation and Non-Specific Grant Income.....	60
Note 14 - Expenditure and Income Analysed by Nature.....	61
Note 15 - Property, Plant and Equipment.....	62
Note 16 - Heritage Assets	64
Note 17 - Investment Properties	66
Note 18 - Intangible Assets	68
Note 19 - Financial Instruments.....	69
Note 20 - Inventories	74
Note 21a - Debtors.....	74
Note 21b - Debtors for Local Taxation	74
Note 22 - Cash and Cash Equivalents.....	75

Note 23 - Assets Held for Sale.....	75
Note 24 - Creditors.....	75
Note 25 – Provisions	76
Note 26 - Usable Reserves	77
Note 27 - Unusable Reserves	78
Note 28 - Agency Services.....	82
Note 29 - Members’ Allowances.....	82
Note 30 - Officers’ Remuneration.....	82
Note 31 - External Audit Costs	85
Note 32 - Grant Income	85
Note 33 - Related Parties	87
Note 34 - Capital Expenditure and Capital Financing.....	89
Note 35 - Leases.....	90
Note 36 - Impairment Losses	90
Note 37 - Termination Benefits.....	91
Note 38 - Defined Benefit Pension Scheme	91
Collection Fund	97
Group Accounts and Explanatory Notes	101
Annual Governance Statement 2019/20	108

Introduction

I am pleased to be able to present to you the Council's 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 tax payer 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 the finance team by email Finance.snc@southnorthants.gov.uk or contact the Finance Team direct on **0300 003 0206**.

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 District

South Northamptonshire is a mainly rural district that covers 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 92,515 (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.

About the Council

South Northamptonshire Council operated a joint staffing structure with Cherwell District Council for approaching ten years and saved the two authorities a combined £20 million. Necessitated by the move towards local government reorganisation across Northamptonshire, this partnership had to be dissolved and, during the last year, the vast bulk of services and staffing structures between the two Councils have been separated.

We have achieved this split with a minimum of disruption to services to the public, we have managed any uncertainty for our staff and, importantly, have established the new organisation within existing resources. With just a few shared services remaining, we are now in a good place to focus our efforts on delivering for our residents in our last full year and ensuring a smooth transition to the new West Northamptonshire Council arrangements currently planned for April 2021.

Local Government Reorganisation

At the time of writing it is expected that from April 2021, South Northamptonshire Council (SNC) will transition to the new West Northamptonshire unitary authority, covering the previous districts of South Northamptonshire and Daventry and the borough of Northampton. A shadow authority has been formed comprising of all of 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.

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 is 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 is being

done in response to a crisis, it is helping to develop the integrated working that will assist the successful transition to the new unitary authority.

Governance

The Council comprises of 42 elected members, made up of 32 Conservatives, 6 Liberal Democrats and 3 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 includes Members from across the political spectrum and supports the Cabinet in formulating the Council's financial strategy and budget.

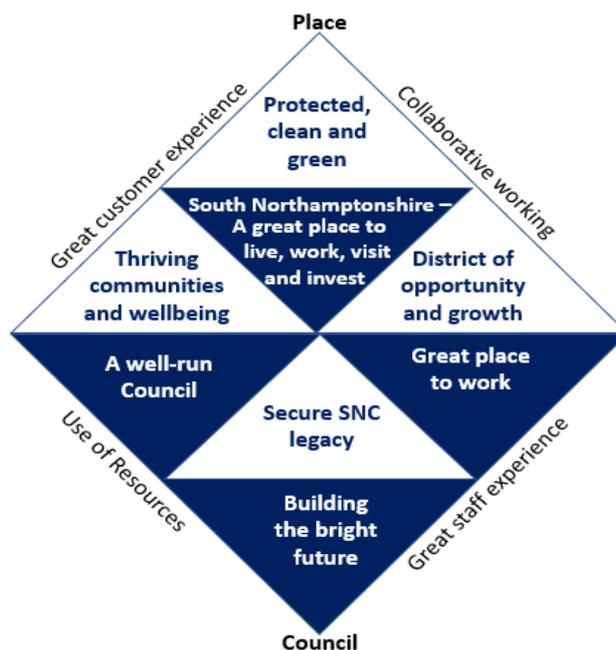
The Audit Committee comments on the scope and depth of external audit work, considers and approves the Council's arrangements for the internal audit service and monitors the effective development and operation of the Council's risk management. It also approves the Statement of Accounts prior to publication.

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

Operational Model

The operation of the Council is set out in the Business Plan, which has two areas of focus – externally, addressing South Northamptonshire as a place, and internally, how we operate 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 is on three corporate priorities, thriving communities and wellbeing, protected clean and green, and district of opportunity and growth. Our focus internally is 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 has 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 are reviewed by the SMT on a monthly basis and reported quarterly to Cabinet alongside the finance and performance monitoring. This ensures that the impact on the Council's financial position and on potential performance of emerging and changing risks is properly considered.

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

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

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

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

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

The Medium Term Financial Strategy (MTFS) is set in the context of the Council's approved Business Plan and is underpinned by seven strategic principles:

- a. The Council will set a balanced budget, which is stable and sustainable and fully reflects the levels of service and performance set out in the Council's Business Plan and Service Plans.
- b. Resources will be maximised through increases in the Council tax for 2020/21 to the maximum allowable within referendum limits.
- c. Income streams from fees and charges will be maximised through increases where appropriate after taking into account market conditions.
- d. All available funding will be targeted at the Council's strategic priorities, whether spent by the Council directly or through parish councils and other partners.
- e. Investment decisions will consider both capital and revenue implications, including whole life costs and income.
- f. Financial implications of decisions will be underpinned by a robust business case and risk assessment.
- g. Any budgetary growth and service development proposals will take into account the medium term impact on the West Northamptonshire Unitary Authority.

The Budget and Medium Term Financial Plan are developed in line with these principles. Although this Council is likely to cease to exist from April 2021 when services will transfer to the new West Northamptonshire Council, the MTFP has been prepared on the basis of continuation in order that we can ensure that our plans are sustainable and do not create problems for the new unitary.

The Capital Strategy is an integral part of the MTFS and determines the way in which the Council will invest its capital resources to support the achievement of Business Plan objectives and local priorities.

Financial Outturn – Revenue and Capital

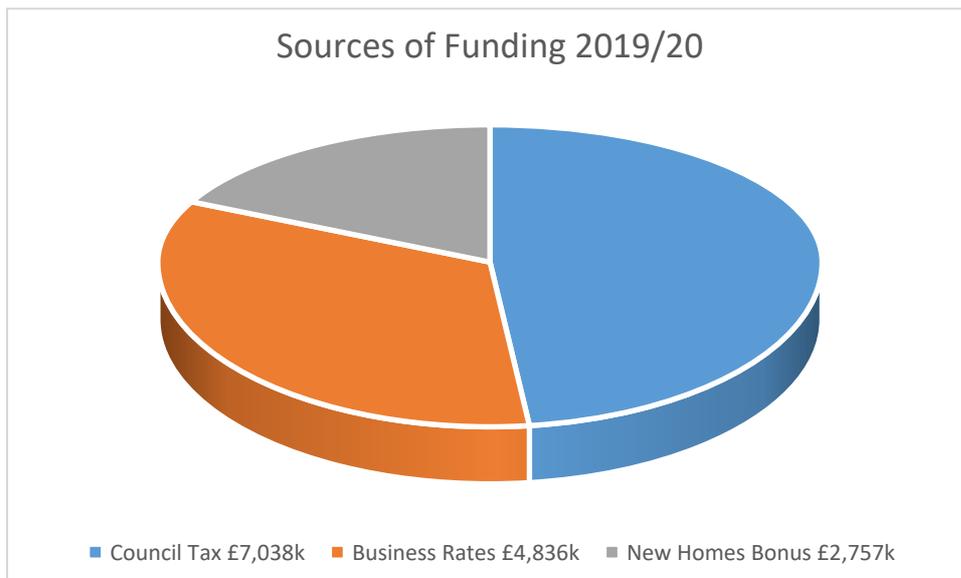
The Council's revenue outturn position for 2019/20 shows an underspend of £582k (4%) against a total net service budget of £14.631m. This underspend will be added to an earmarked reserve set up to help fund the additional costs in 2020/21 arising as a result of the Covid-19 pandemic.

The most significant areas of underspend were:

	£k
Increased Planning Application Fee Income	(222)
Expenditure on Legal Services lower than expected	(105)
Electoral Registration charges from Cherwell DC lower than expected	(95)
Customer and IT Services Supplies and Services	(124)
Saving within Transformation Team	(60)
Other minor over and underspends (net)	76
Total Net Underspend	(530)

Further details in relation to the revenue outturn can be found in the report to Cabinet on 8 June 2020. It should be noted that the report to Cabinet was based on the provisional out-turn position. Not the final position as detailed above.

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 incurs capital expenditure when it invests in new or enhanced assets that have a life of more than one year. The total capital expenditure for the year was £1.804m against a budget of £5.287m. The majority (£3.104m) of the underspend has been reprofiled into 2020/21, leaving a net variance of £379k. The most significant items being reprofiled are detailed in the table below:

	£k
Watermeadows Development – reprofiled into 2020/21	313
Redevelopment/Refurbishment works at Towcester Centre for Leisure – delayed due to the Covid-19 pandemic	542
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	280
Vehicle Replacement Programme	115
Co-op Site Purchase & Enhancements	844
ICT/Website Enhancements – reprofiled into 2020/21 to help support the transition to the new unitary authority.	337
Other	673
Total Reprofiled	3,104

Reserves and Balances

As at 31 March 2020 the Council has a General Fund Balance of £2.37m, which is held to protect against unforeseen risks. In addition the Council holds a total of £10.27m of earmarked and ring-fenced reserves, which are 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 reports on performance against 24 business plan measures and 13 key performance indicators on a monthly basis. Performance up to the end of March 2020 is summarised in the table below.

Business Plan Measures and Key Performance Indicators (37 in total)					
Status	Description	March	%	Full Year	%
Green	On target	25	68%	34	92%
Amber	Slightly off target	9	24%	3	8%
Red	Off target	3	8%	0	0%

The three indicators that were very slightly off target were:

Percentage of Council Tax Collected which reported Red for March and Amber for year as a whole. We have achieved a collection rate of 98.64% this year against a target of 99% which equates to a shortfall of approx. £240k. Whilst all reminder and final notices were issued week commencing 16 March 2020 it was not felt appropriate to chase for outstanding payments with the onset of Coronavirus and Council Tax payers on reduced income, so all outbound calls were temporarily stopped.

Percentage of Business Rates Collected was also Red for March and Amber for the year as a whole. We have achieved 98.50% against a target of 99% which equates to approx. £125k shortfall. Reminders and final notices were issued week commencing 16 March however we did not follow up with proactive outbound calls this month to chase outstanding balances due to the onset of Coronavirus and companies experiencing hardship.

Deliver Affordable Housing reported Amber for March and for the year as a whole. The team are continuing to meet with registered provider partners to ensure the delivery of new affordable housing continues to meet local needs.

During March there were three affordable housing completions at Roade - Abbey View (Pianoforte site); and provided three, three-bed houses for shared ownership.

This brings the total completions for 2019-20 to 127; 91 rented and 36 shared ownership.

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 2019/20.
- 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 2020.

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 David Harries BEM

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.

2018/19			2019/20			
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
3,062	995	4,057	Wellbeing	2,374	1,899	4,273
2,425	111	2,536	Environmental	3,562	944	4,506
2,306	831	3,137	Planning	1,302	815	2,117
960	0	960	Corporate Services	1,164	50	1,214
6,125	510	6,635	Resources	5,545	(1,098)	4,447
14,878	2,447	17,325	Net Cost of Services	13,947	2,610	16,557
(13,998)	(563)	(14,561)	Other (Income) and Expenditure	(14,032)	(1,018)	(15,050)
880	1,884	2,764	(Surplus) or Deficit on Provision of Services	(85)	1,592	1,507
(13,253)			Opening Combined General Fund Balance	(12,373)		
880			(Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(85)		
(12,373)			Closing Combined General Fund Balance	(12,458)		

Expenditure and funding analysis adjustments are explained in Note 7a

Comprehensive Income and Expenditure Statement

2018/19				2019/20		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
6,165	(2,108)	4,057		5,008	(735)	4,273
3,910	(1,374)	2,536		6,777	(2,271)	4,506
3,697	(560)	3,137		3,724	(1,607)	2,117
1,420	(460)	960		1,283	(69)	1,214
20,558	(13,923)	6,635		17,438	(12,991)	4,447
35,750	(18,425)	17,325		34,230	(17,673)	16,557
2,802	(497)	2,305	Note 11	3,084	(382)	2,702
2,691	(1,763)	928	Note 12	3,001	(1,762)	1,239
0	(17,794)	(17,794)	Note 13	0	(18,991)	(18,991)
41,243	(38,479)	2,764		40,315	(38,808)	1,507
				(Surplus) or Deficit on Provision of Services		
		(499)	Note 15			(7,357)
		0	Note 27			0
		4,665	Note 38			(9,268)
		4,166				(16,625)
				Other Comprehensive Income and Expenditure		
		6,930				(15,118)
				Total Comprehensive Income and Expenditure		

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

*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.

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
Balance at 31 March 2018	(2,092)	(11,161)	(4,353)	(525)	(18,131)	16,246	(1,885)
Movement in reserves during 2018/19							
Surplus or deficit on the provision of services	2,764	0	0	0	2,764	0	2,764
Other Comprehensive Income / Expenditure	0	0	0	0	0	4,166	4,166
Total Comprehensive Income and Expenditure	2,764	0	0	0	2,764	4,166	6,930
Adjustments between accounting basis and funding basis under regulations - Note 09	(1,884)	0	3,122	(502)	736	(736)	0
Net Increase or Decrease before Transfers to Earmarked Reserves	880	0	3,122	(502)	3,500	3,430	6,930
Transfers to / from Earmarked Reserves - Note 10	(698)	698	0	0	0	0	0
(Increase) or Decrease in 2018/19	182	698	3,122	(502)	3,500	3,430	6,930
Balance at 31 March 2019	(1,910)	(10,463)	(1,231)	(1,027)	(14,631)	19,676	5,045

Balance Sheet

31-Mar-19			31-Mar-20
£'000	Notes		£'000
22,537	Note 15	Property, Plant and Equipment	30,182
245	Note 16	Heritage Assets	245
1,516	Note 17	Investment Property	1,459
247	Note 18	Intangible Assets	490
3,804	Note 19	Long Term Debtors	3,585
4,035	Note 19	Long Term investments	2,019
32,384		Long Term Assets	37,980
15,574	Note 19	Short-term Investments	22,594
127	Note 20	Inventories	105
5,368	Note 21a	Short Term Debtors	3,583
4,906	Note 22	Cash and Cash Equivalents	5,298
25,975		Current Assets	31,580
0	Note 19	Short-Term Borrowing	(3,001)
(7,250)	Note 24	Short-Term Creditors	(7,387)
(356)	Note 25	Provisions	(291)
(6,481)	Note 32	Grants Receipts in Advance - Revenue	(7,000)
(14,087)		Current Liabilities	(17,679)
(509)	Note 25	Provisions	(706)
(45,983)	Note 38	Pension Liabilities	(39,336)
(1,205)	Note 32	Grants Receipts in Advance - Revenue	0
(1,620)	Note 32	Grants Receipts in Advance - Capital	(1,766)
(49,317)		Long Term Liabilities	(41,808)
(5,045)		Net Assets	10,073
(14,631)	Note MIRS	Usable Reserves	(16,158)
19,676	Note 27	Unusable Reserves	6,085
5,045		Total Reserves	(10,073)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Martin Henry CPFA
Executive Director - Finance

Date:

Cash Flow Statement

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

2018/19		2019/20
£'000	Note	£'000
Cash Flows from Operating Activities		
2,764		1,507
(1,050)	15	(1,058)
(169)	15	657
(139)	18	(105)
(157)	17	(400)
23	15	37
13	20	(22)
1,034	19	(2,004)
105	24	(138)
44	25	(132)
(6,138)	38	6,647
0	38	(9,268)
(1,062)	13	(1,647)
(952)		(813)
723	26	663
(4,961)		(6,076)
Cash Flows from Investing Activities		
3,646	15	880
174	17	188
153	18	349
(723)	26	(663)
(4,923)	19	5,004
(1,673)		5,758
Cash Flows from Financing Activities		
332	26	343
1,062	13	1,647
0	19	(3,001)
2,559		937
3,953		(74)
(2,681)		(392)
2,225		4,906
4,906		5,298
<i>Items included in net cash flow from operating activities include:</i>		
(363)	12	(466)
0	12	4
(363)		(462)

Note 1 - Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31st March 2020. The Council is 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 2019/20 and the Service Reporting Code of Practice 2019/20, 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 is 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 2019/20, the NNDR precepting bodies are Central Government (25% share) South Northamptonshire Council (40% share) Northamptonshire County Council (34% 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.

- The Northamptonshire pool is one of 15 pools across the country that has been selected to pilot the 75% business rates retention scheme in 2019/20. In 2019/20, the additional business rates retained by South Northamptonshire Council as a result of piloting the 75% scheme was transferred to a Northamptonshire sustainability fund, so that SNC retained the same level of business rates it would have done under the 50% retention scheme.

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 2019-20 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 funds 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 accruals 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.

Due to the Covid-19 outbreak and having assessed the risks in handling inventories a decision was taken to estimate inventory values at 31 March 2020 based on the previous months' stocktake. This decision was discussed and agreed with our auditors Ernst & Young.

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 are 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 2019/20 (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.

Local Authority Accounting Policy information from CIPFA will be available and updated in June 2020.

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 £23,924k.
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"> • obsolescence or physical damage; • significant changes in technology and regulatory environments; • significant underperformance relative to expected historical or projected future operating results; 	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"> • significant changes in the use of its assets or the strategy of the overall business; • significant negative industry or economic trends; and • significant decline in the market capitalisation relative to net book value for a sustained period. 	
Fair Value Measurements	<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 14 and 16 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.
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	<p>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:</p> <ul style="list-style-type: none"> • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and 	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 37.

	<ul style="list-style-type: none"> • future inflation rates. 	
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 10.1% of net rates payable at March 2020.</p>	<p>If the provision for appeals was increased by 1% the resulting increase would be £246,125 shared across Central Government (25%), the County Council (34%), the Fire Authority (1%) and South Northamptonshire Council (40%).</p>

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2019. This has resulted in pension assets decreasing to £48m in 2019/20 from £55m in 2018/19. Liabilities have decreased to £87m 31 March 20 from £100m at 31 March 19, which has resulted in a net decreased pension liability of £7m.

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 will be transferred to West Northamptonshire Council on 1st April 2021 in accordance with The Northamptonshire Structural Changes Order 2020 (Statutory Instrument 2020 No. 156).

Establishing the Financial Baseline for West Northamptonshire

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

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

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

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

A critical piece of work was to disaggregate the County Council budget and balance sheet to provide an indicative baseline of what the costs, assets and liabilities are of

providing County Council services in 2020/21 had there been a split between the West and the North. The disaggregation was based on a number of agreed principles and provides for what the cost of services should be as a starting position for the West and North. A summary of these key principles is set out in the table below.

Revenue and Capital Disaggregation Principles	Balance Sheet Disaggregation Principles
<ul style="list-style-type: none"> • Place of ordinary residence • Geographical location • Cost drivers • Population • Funding formulae • Staff numbers 	<ul style="list-style-type: none"> • Geographical location • Link to capital programme / capital financing requirement • Link to service disaggregation • Caretaker authority • District/Borough areas

Whilst the majority of disaggregation principles have been agreed there are still some areas to be finalised in relation to the balance sheet, one of these is the County Council borrowing portfolio of £532m. Positive progress has been made since the budget was approved on the outstanding areas, and work continues to finalise the position.

Added to the disaggregated County Council position were the budgets for the District and Borough Council's 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.

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

- safe and legal service provision,
- a balanced net revenue budget 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 Affordable Borrowing Limit of £850m for 2021/22,
- general fund reserves of £35m (equivalent of 11% of net revenue budget) and earmarked reserves of £55m, including £5m of HRA reserves, at 1st April 2021.

In addition the forecast liquidity position the new council is due to inherit is positive, on 28th February 2021 the level of cash and investment held by sovereign councils and due to transfer to West Northamptonshire was around £162m.

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 will transfer to North and West Northamptonshire Council's. The Trust is expected to operate as a separate entity in its own right and within the terms of the contractual agreement.

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.

Further Information

For more information on the West Northamptonshire Council budget refer to the budget report approved by Shadow Authority on 23rd February 2021 at the following web link:

<https://cmis.northamptonshire.gov.uk/cmis5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/3647/Committee/462/Default.aspx>

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 and liquidity 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 and cash / investment balances of £162m at February 2021.

West Northamptonshire Council cannot be dissolved without statutory prescription and therefore the functions of South Northamptonshire Council will continue 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

In a 'stressed' case scenario whereby income is constrained further in the event of a second wave, and income recovering only very slowly, the Council has sufficient levels of reserves and investments that it would not run out of cash.

Conclusion

These accounts have been prepared on a going concern basis, following the projection of an overspend in 2020-21 that is well within the level of general useable reserves and a plan to produce a balanced budget in 2021-22.

Note 7 - Events after the Balance Sheet Date

The Statement of Accounts will be authorised for issue by the Executive Director - Finance on 28 May 2020. 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.

Northamptonshire Local Government Reorganisation

The decision for South Northamptonshire to be part of a Unitary Council has now been extended to April 2021. The Council has successfully split the vast majority of its services from Cherwell District Council and is preparing for the transfer of services into the new West Northamptonshire Council.

On 1st April 2021 all the functions and services along with its assets and liabilities of £10,073k transferred to the newly created West Northamptonshire Council, under Local Government re-organisation. As the functions of the Council are continuing in West Northamptonshire Council it is appropriate for the accounts to be prepared on a going concern basis.

COVID-19 estimated impact 2020/21

The 2020/21 budget was set in February 2020 which set balanced budget. The Medium Term Financial Position was produced on a prudent basis and assumed:

- No reliance on Rural Services Delivery Grant after 2020/21

- No transitional arrangements being in place for the re-baselining of Business Rates
- Reduced New Homes Bonus over time as the legacy payments diminish

However, since the budget was set, the emergence of Covid-19 has resulted in the following draft outturn position as at 28 February 2021:

Cost pressures for Covid-19 across the directorates of	£2,112k
Pressure of the interest received by the Council of	£145k
Covid-19 grant funding	(£1,809k)
Covid Reserve from 2019/2020 of	(£530k)
The council has received £3,910k business rate S31 rate S31 grant income relating to the Covid-19 reliefs introduced in March 2020 for retail, hospitality and leisure businesses. This will result in a deficit in 2021/22 of business rate income, therefore it is proposed that this income is put into an earmarked reserve to fund the deficit in 2021/22.	(£3,995k)
	£3,893k
Surplus excluding covid-19 pressures	(£158k)
Draft Surplus as at 28 February 2021	(£342k)

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.

2019/20					
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
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)
Net Cost of Services	890	1,697	24	0	2,611
Other Income and Expenditure	(2,579)	924	636	0	(1,018)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(1,689)	2,621	660	0	1,592

2018/19					
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
Wellbeing	895	100	0	0	995
Environment	(194)	305	0	0	111
Planning	514	317	0	0	831
Corporate Services	0	0	0	0	0
Resources	480	26	4	0	510
Net Cost of Services	1,695	748	4	0	2,447
Other Income and Expenditure	(589)	803	(777)	0	(563)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	1,106	1,551	(773)	0	1,884

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 receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

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.

	Revenues from External Customers	Revenues from Other Segments	2019/20 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 Income	0	(19,410)	(462)	0	0
Total Managed by Segments	(3,387)	(33,696)	(462)	0	506

	Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£'000	£'000	£'000		£'000
Wellbeing	(481)	(79)	0	0	362
Environment	(1,060)	(120)	0	0	0
Planning	(838)	(1,270)	0	0	514
Corporate Services	0	(460)	0	0	0
Resources	(190)	(13,805)	0	0	313
Non-Distributed Services	0	(18,409)	(282)	0	0
Total Managed by Segments	(2,569)	(34,143)	(282)	0	1,189

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.

2019/2020	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources				
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:				
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
Total Adjustments to Revenue Resources	(2,961)	0	(1,285)	4,246
Adjustments between Revenue and Capital Resources				
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)
Total Adjustments between Revenue and Capital Resources	1,369	(663)	0	(706)
Adjustments to Capital Resources				
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)
Total Adjustments to Capital Resources	0	163	343	(506)
Total Adjustments	(1,592)	(500)	(942)	3,034

2018/2019	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources				
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:				
Pension cost (transferred to (or from) the Pensions Reserve)	(1,551)	0	0	1,551
Council Tax and NDR (transfers to or from the Collection Fund)	(57)	0	0	57
Holiday pay (transferred to the Accumulated Absences reserve)	(4)	0	0	4
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)	(995)	0	(834)	1,829
Total Adjustments to Revenue Resources	(2,607)	0	(834)	3,441
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	723	(723)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	0	0	0	0
Total Adjustments between Revenue and Capital Resources	723	(723)	0	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	3,845	332	(4,177)
Application of capital grants to finance capital expenditure	0	0	0	0
Total Adjustments to Capital Resources	0	3,845	332	(4,177)
Total Adjustments	(1,884)	3,122	(502)	(736)

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 1 April 2018 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance at 31 March 2019 £'000	Transfers In 2019/20 £'000	Transfers Out 2019/20 £'000	Balance at 31 March 2020 £'000
General Fund Reserves:							
General Reserves	(8,657)	(1,967)	2,623	(8,001)	(2,619)	2,091	(8,529)
Capital Financing Reserve	(1,980)	0	0	(1,980)	0	670	(1,310)
Moat Lane Contribution	(180)	0	0	(180)	0	0	(180)
TCFL Maintenance	(42)	0	25	(17)	0	17	(0)
Municipal Buildings	(302)	0	17	(285)	0	161	(124)
Total General Fund	(11,161)	(1,967)	2,665	(10,463)	(2,619)	2,939	(10,143)

Earmarked Reserve	Purpose of Reserve	31-Mar-19	31-Mar-20
Business Continuity	This reserve is to mitigate any potential costs associated with business continuity as required	(67)	0
Business Rates and Risk Reserve	This reserve is to mitigate risks arising from business rates volatility and general risks facing the organisation	(1,435)	(1,335)
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	(161)	(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	0	(50)
Rail Central	This reserve is to safeguard the interests of residents and communities. Council decision April 16	0	(100)
Climate Change	This reserve is to mitigate costs relating to Climate Change	0	(25)

Earmarked Reserve	Purpose of Reserve	31-Mar-19	31-Mar-20
COVID-19	This reserve is in place to mitigate costs relating to COVID-19	0	(100)
Elections Fund	This is to cover the cost of the 4 yearly local elections	(306)	(306)
IT/HR Harmonisation and Development	This reserve supports the Council with its ICT/HR Harmonisation and Development Projects	(61)	(61)
Planning Policy - Local Plan	This reserve has been set up to assist with the costs of delivering a Local Development Framework	(161)	(234)
New Homes Bonus	This reserve will be used to fund the cost of implementing superfast broadband across the district.	(63)	0
New Homes Bonus (Affordable Housing)	This reserve will be used to fund the cost of various strategic housing projects.	(170)	(159)
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)	(164)
Strategic Housing	This reserve is used to progress the strategic housing projects in relation to homelessness	(82)	(68)
New Homes Bonus (Administration)	This reserve will be used to assist with the cost of administering the Community Funding Panel grants scheme	0	0
Brexit Preparation	This reserve has been generated from Government funding to allow the Council to put preparations in place for Brexit	(17)	(52)
New Homes Bonus (Communities)	This reserve is to fund the community grants scheme paid to community groups across the district	(1,563)	(1,721)
New Homes Bonus (Economic Development)	This reserve will be used to cover the costs of various Economic Growth projects across the district	(111)	(16)
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	(506)	(268)
Local Government Reorganisation	This reserve supports the Council with its Transformation and Transition projects	0	(2,134)

Earmarked Reserve	Purpose of Reserve	31-Mar-19	31-Mar-20
Transition and Transformation	This reserve supports the Council with its Transformation and Transition projects	(2,382)	(895)
Service Pressures	This reserve will be used to cover service pressures CFWD from previous year	0	(121)
Transformation Corporate Agenda	This reserve will be used to cover the costs of the projects relating to Transformation Corporate Agenda across the Council	(246)	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)	(124)
CIL Monitoring	This reserve has been created to fund CIL Officer using CIL levy for admin in Development (29110)	0	(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	(1,980)	(1,310)
TCFL Maintenance	These are capital reserves to be used to fund the capital programmes	(17)	0
Municipal Buildings	These are capital reserves to be used to fund the capital programmes	(285)	(124)
Total Earmarked Reserves		(10,463)	(10,143)

Note 11 - Other Operating Expenditure

2018/19		2019/20
£'000		£'000
2,802	Precepts	3,084
(497)	Gains/losses on the Disposal of Non-Current Assets	(382)
2,305	Total Other Operating Expenditure	2,702

Note 12 - Financing and Investment Income and Expenditure

2018/19		2019/20
£'000		£'000
0	Interest payable and similar charges	4
1,071	Net interest on the net defined benefit liability (asset)	1,122
(363)	Interest receivable and similar income	(466)
156	Income and expenditure in relation to investment properties and changes in their fair value	400
64	Other investment income and expenditure	179
928	Total	1,239

Note 13 - Taxation and Non-Specific Grant Income

2018/19		2019/20
£'000		£'000
(9,523)	Council Tax income	(10,000)
(7,209)	Non-ringfenced government grants	(7,344)
(1,062)	Capital grants and contributions	(1,647)
(17,794)	Total	(18,991)

Note 14 - Expenditure and Income Analysed by Nature

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

2018/19		2019/20
£'000	Nature of Expenditure or Income	£'000
Expenditure		
12,235	Employee benefits expenses	12,507
22,547	Other expenditure	21,796
2,471	Interest payments	2,422
2,802	Precepts and levies	3,084
1,188	Depreciation, amortisation and impairment	506
41,243	Total Expenditure	40,315
Income		
(3,441)	Fees, charges and other service income	(4,248)
(1,763)	Interest and investment income	(1,762)
(9,523)	Income from local taxation	(10,000)
(23,138)	Government grants and contributions	(22,416)
(614)	Gain or loss on disposal of non-current assets	(382)
(38,479)	Total Income	(38,808)
2,764	Surplus or Deficit for Year	1,507

Note 15 - Property, Plant and Equipment

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

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
Cost or Valuation						
at 1 April 2019	20,246	2,984	576	639	14	24,459
Additions	258	622	0	0	0	880
Accumulated Depreciation & Impairment Write Off to GCA	(930)	(51)	0	(2)	0	(983)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,029	2	0	1,326	0	7,357
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,029)	0	0	2,686	0	657
Derecognition – disposals	(14)	(5)	0	(18)	0	(37)
Reclassifications and transfer	(130)	0	0	(11)	(14)	(155)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in cost or valuation	845	0	(576)	(269)	0	0
at 31 March 2020	24,275	3,552	0	4,351	0	32,178
Accumulated Depreciation and Impairment						
at 1 April 2019	(347)	(1,573)	0	(1)	0	(1,921)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0
Adjusted Opening Balance as at 1 April 2017	(347)	(1,573)	0	(1)	0	(1,921)
Depreciation charge	(583)	(474)		(1)	0	(1,058)
Accumulated Depreciation & Impairment Write On to GCA	930	51	0	2	0	983
Derecognition – disposals	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0
at 31 March 2020	0	(1,996)	0	0	0	(1,996)
Net Book Value						
at 31 March 2020	24,275	1,556	0	4,351	0	30,182
at 31 March 2019	19,899	1,411	576	638	14	22,537
Movements to 31 March 2019						

	Land and Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
at 1 April 2018	17,786	2,169	548	639	0	21,142
Adjustments to cost/value & depreciation/impairment	0	(77)	0	0	0	(78)
Adjusted Opening Balance as at 1 April 2018	17,786	2,092	548	639	0	21,064
Additions	2,690	915	27	0	14	3,646
Accumulated Depreciation & Impairment Write Off to GCA	(560)	0	0	0	0	(560)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	499	0	0	0	0	499
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(169)	0	0	0	0	(169)
Derecognition – disposals	0	(23)	0	0	0	(23)
Reclassifications and transfer	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0
at 31 March 2019	20,246	2,984	576	639	14	24,458
Accumulated Depreciation and Impairment						
at 1 April 2018	(443)	(1,087)	0	0	0	(1,530)
Adjustments to cost/value & depreciation/impairment	0	77	0	0	0	78
Adjusted Opening Balance as at 1 April 2018	(443)	(1,011)	0	0	0	(1,453)
Depreciation charge	(464)	(585)	0	(1)	0	(1,050)
Acc. Depreciation WO to GCA	560	0	0	0	0	560
Derecognition – disposals	0	22	0	0	0	22
Other movements in depreciation and impairment	0	0	0	0	0	0
at 31 March 2019	(347)	(1,573)	0	(1)	0	(1,921)
Net Book Value						
at 31 March 2019	19,899	1,411	576	638	14	22,537
at 31 March 2018	17,343	1,082	548	639	0	19,612

Property, Plant and Equipment Revaluations

		Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Total
		£'000	£'000	£'000	£'000	£'000
Carried at historical cost		6,250	3,552	0	0	8,015
Date of last valuation:	31/03/2020	18,025	0	0	4,351	22,376
	31/03/2019	0	0	0	0	0
	31/03/2018	0	0	0	0	0
	31/03/2017	0	0	0	0	1,787
	31/03/2016	0	0	0	0	0
Total Cost or Valuation		24,275	3,552	0	4,351	32,178

Note 16 - Heritage Assets

2019/20	Art Collection	Moat Lane	Civic Regalia	Total
	£'000	£'000	£'000	£'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
Closing Balance	8	219	18	245

2018/19	Art Collection	Moat Lane	Civic Regalia	Total
	£'000	£'000	£'000	£'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
Closing Balance	8	219	18	245

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 2017. 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-19	Investment Property Income and Expenditure	31-Mar-20
£'000		£'000
(98)	Rental income from investment property	(144)
83	Direct operating expenses from investment property	277
(15)	Net (gain)/loss	133

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:

31-Mar-19		31-Mar-20
Non-Current	Investment Property Movements in Year	Non-Current
£'000		£'000
1,499	Balance at start of year	1,516
174	Additions: Acquisitions & enhancements	188
(157)	Net gains/losses from fair value adjustments	(400)
0	Transfers from other asset classes	155
1,516	Balance at the end of the year	1,459

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
	£000	£000	£000	£000
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial units	0	1,459	0	1,459
	0	1,459	0	1,459

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 2019
	£000	£000	£000	£000
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial units	0	1,516	0	1,516
	0	1,516	0	1,516

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 2019			31st March 2020	
Other Assets	Total		Other Assets	Total
£'000	£'000		£'000	£'000
		Balance at start of year:		
344	344	Gross carrying amounts	497	497
0	0	Adjustments to cost/value	0	0
344	344	Opening Balance as at 1 April 2018	497	497
(111)	(111)	Accumulated amortisation	(250)	(250)
0	0	Adjustments to depreciation/impairment	0	0
(111)	(111)	Opening Balance as at 1 April 2018	(250)	(250)
233	233	Net carrying amount at start of year	247	247
153	153	Additions: Purchases	349	349
(139)	(139)	Amortisation for the period	(105)	(105)
247	247	Net carrying amount at end of year	491	491
		Comprising:		
497	497	Gross carrying amounts	845	845
(250)	(250)	Accumulated amortisation	(355)	(355)
247	247		490	490

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

Financial Liabilities	Long Term		Short Term	
	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000
<i>Loans at amortised cost:</i>				
- Principal sum borrowed	0	0	0	(3,000)
- Accrued interest	0	0	0	(1)
Total Borrowing	0	0	0	(3,001)
<i>Liabilities at amortised cost:</i>				
- Trade payables	0	0	(49)	(68)
Included in Creditors	0	0	(49)	(68)
Total Financial Liabilities	0	0	(49)	(68)

The creditors lines on the Balance Sheet include £7,267k (2019 £7,201k) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

Financial Assets	Long Term		Short Term	
	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000
<i>At amortised cost:</i>				
- Principal	4,000	2,000	14,000	21,000
- Accrued interest	35	19	85	121
<i>At fair value through profit & loss:</i>				
- Fair value	0	0	1,489	1,473
Total Investments	4,035	2,019	15,574	22,594
<i>At amortised cost:</i>				
- Principal	0	0	622	287
<i>At fair value through profit & loss:</i>				
- Fair value	0	0	4,282	5,009
- Accrued interest	0	0	2	2
Total Cash and Cash Equivalents	0	0	4,906	5,298
<i>At amortised cost:</i>				
- Trade receivables	0	0	1,683	1,444
- Loans made for service purposes	3,063	3,063	0	0
- Accrued interest	124	283	0	0
- Loss allowance	(81)	(81)	0	0

Included in Debtors	3,106	3,265	1,683	1,444
Total Financial Assets	7,140	5,284	22,163	29,336

The debtors on the Balance Sheet in 2019/20 include £2,256k (2018/19: £3,685k) short-term and £521k (2018/19: £698k) 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-19	31-Mar-20
	£'000	£'000
Bank accounts in credit	539	49
Bank overdrafts	(154)	0
Net position of offset accounts	385	49
Other bank accounts	237	238
Net position on balance sheet	622	287

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:

	Financial Liabilities		Financial Assets		
	2018/19 Total	Amortised Cost	Amortised Cost	Fair Value through Profit & Loss	2019/20 Total
	£'000	£'000	£'000	£'000	£'000
Interest payable and similar charges	15	4	0	0	4
Interest and investment income	(378)	0	(387)	(79)	(466)
Net Gain/(Loss) for the Year	(363)	4	(387)	(79)	(462)

Financial Instruments - Fair Value

		Balance Sheet 31-Mar-19	Fair Value 31-Mar-19	Balance Sheet 31-Mar-20	Fair Value 31-Mar-20
	Fair Value Level	£'000	£'000	£'000	£'000
Financial assets held at fair value:					
Money market funds	1	5,774	5,774	6,484	6,484
<i>Financial assets held at amortised cost:</i>					
Short-term bank deposits	2	6,027	6,025	4,016	4,017
Long-term loans to local authorities	2	4,035	4,043	2,019	2,053
Short-term loans to local authorities	2	8,057	8,057	17,105	17,145
Long-term loans to companies	3	3,106	3,106	3,064	3,265
TOTAL		26,999	27,005	32,688	32,964
Assets for which fair value is not disclosed *		6,688		4,391	
TOTAL FINANCIAL ASSETS		33,687		37,079	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		3,804		3,585	
Long-term investments		4,035		2,019	
Short-term debtors		5,368		3,583	
Short-term investments		15,574		22,594	
Cash and cash equivalents		4,906		5,298	
TOTAL FINANCIAL ASSETS		33,687		37,079	

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-19	31-Mar-19	31-Mar-20	31-Mar-20
	Long-term	Short-term	Long-term	Short-term
	£'000	£'000	£'000	£'000
AA-	0	2,012	0	2,008
A+	0	4,015	0	2,008
A	0	0	0	0
Unrated local authorities	4,035	8,057	2,019	17,105
Total	4,035	14,084	2,019	21,121
Credit risk not applicable *	0	1,489	0	1,473
Total Investments	4,035	15,574	2,019	22,594

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-19	31-Mar-20
	£'000	£'000
One months	910	921
Two months	131	51
Three months	19	15
More than three months	623	457
TOTAL RECEIVABLES	1,683	1,444

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.

2018/19	General Stock	2019/20
£'000		£'000
114	Balance outstanding at start of year	127
419	Purchases	406
(406)	Recognised as an expense in the year	(428)
127	Balance Outstanding at Year End	105

Note 21a - Debtors

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

31-Mar-19		31-Mar-20
£'000		£'000
1,683	Trade receivables	1,444
401	Prepayments	375
3,284	Other receivable amounts	1,764
5,368	Total Debtors	3,583

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;

31-Mar-19		31-Mar-20
£'000		£'000
0	Less than three months	0
0	Three to six months	0
942	Six months to one year	553
331	More than one year	100
1,273	Total Debtors	653

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:

31-Mar-19		31-Mar-20
£'000		£'000
622	Cash and Bank Balances/(Overdraft)	287
4,285	Short Term Investments	5,011
4,906	Total Cash and Cash Equivalents	5,298

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.

31-Mar-19		31-Mar-20
£'000		£'000
(49)	Trade payables	(68)
(7,200)	Other payables	(7,319)
(7,249)	Total Creditors	(7,387)

Note 25 – Provisions

The main provisions during 2019/20 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

2019/20	NNDR Appeals	Total
	£000	£000
Opening Balance	(356)	(356)
Increase in provision during year	40	40
Utilised during year	25	25
Closing Balance	(291)	(291)

2018/19	NNDR Appeals	Total
	£000	£000
Opening Balance	(479)	(479)
Increase in provision during year	36	36
Utilised during year	87	87
Closing Balance	(356)	(356)

Long Term Provisions

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

2018/19	NNDR Appeals	Total
	£000	£000
Opening Balance	(430)	(430)
Increase in provision during year	(103)	(103)
Utilised during year	24	24
Unused Amounts Reversed	0	0
Closing Balance	(509)	(509)

2018/19	Total Provisions	2019/20
£000		£000
(909)	Opening Balance	(865)
(67)	Increase in provision during year	(205)
111	Utilised during year	73
0	Unused Amounts Reversed	0
(865)	Closing Balance	(997)

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-19		31-Mar-20
£'000		£'000
(4,353)	Balance 1 April	(1,231)
(723)	Capital Receipts in year	(663)
3,845	Capital Receipts used for financing	163
(1,231)	Balance 31 March	(1,731)

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

Capital Grants Unapplied

31-Mar-19		31-Mar-20
£'000		£'000
(525)	Balance 1 April	(1,027)
(834)	Capital grants recognised in year	(1,285)
332	Capital grants and contributions applied	343
(1,027)	Balance 31 March	(1,969)

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.

31-Mar-19		31-Mar-20
£'000		£'000
(7,338)	Revaluation Reserve	(14,611)
10	Available for Sale Financial Instruments Reserve	28
(17,661)	Capital Adjustment Account	(18,019)
45,983	Pension Reserve	39,336
(709)	Deferred Capital Receipts Reserve	(482)
(669)	Collection Fund Adjustment Account	(250)
60	Accumulated Absences Account	83
19,676	Total	6,085

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.

31-Mar-19		31-Mar-20
£'000		£'000
(6,941)	Balance 1 April	(7,338)
(524)	Upward revaluation of assets	(2,222)
25	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(5,136)
(499)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(7,358)
102	Difference between fair value depreciation and historical cost depreciation	85
0	Accumulated gains on assets sold or scrapped	0
102	Amount written off to the Capital Adjustment Account	85
(7,338)	Balance 31 March	(14,611)

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

31-Mar-19		31-Mar-20
£'000	Available for Sale Financial Instruments Reserve	£'000
7	Balance 1 April	10
0	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0
3	Other movements	18
10	Balance 31 March	28

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.

31-Mar-19		31-Mar-20
£'000		£'000
(15,183)	Balance 1 April	(17,661)
(15,183)	Opening Balance	(17,661)
1,050	Charges for depreciation and impairment of non-current assets	1,058
169	Revaluation losses on non-current assets	(657)
139	Amortisation of intangible assets	105
761	Revenue expenditure funded from capital under statute	384
0	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	37
2,119	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	927

(102)	Adjusting Amounts written out of the Revaluation Reserve	(85)
2,017	Net written out amount of the cost of non-current assets consumed in the year	842
(3,845)	Use of Capital Receipts Reserve to finance new capital expenditure	(163)
(559)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(705)
81	Statutory provision for the financing of capital investment charged against the General Fund	201
(329)	Capital expenditure charged against the General Fund	(933)
(4,652)	Capital financing applied in year:	(1,600)
157	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	400
(17,661)	Balance 31 March	(18,019)

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-19		31-Mar-20
£'000	Pension Assets & Liabilities Recognised in the Balance Sheet	£'000
98,320	Present value of the defined benefit obligation	85,087
(54,650)	Fair value of plan assets	(47,782)
43,670	Sub-total	37,305
2,313	Other movements in the liability	2,031
45,983	Net liability arising from defined benefit obligation	39,336

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 Capital Receipts Reserve.

31-Mar-19		31-Mar-20
£'000		£'000
(734)	Balance 1 April	(709)
25	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	227
(709)	Balance 31 March	(482)

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.

31-Mar-19		31-Mar-20
£'000		£'000
(726)	Balance 1 April	(669)
57	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	419
(669)	Balance 31 March	(250)

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.

31-Mar-19		31-Mar-20
£'000	Accumulated Absences Account	£'000
56	Balance at 1 April	60
0	Settlement or cancellation of accrual made at the end of the preceding year	0
0	Amounts accrued at the end of the current year	0
4	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	23
60	Balance at 31 March	83

Note 28 - Agency Services

31-Mar-19 £000	Brackley Town Council	31-Mar-20 £000
(72)	Income	(6)
71	Expenditure	8
(1) Net Surplus/Deficit on the Agency Arrangement		3

Note 29 - Members' Allowances

The total of Members' Allowances paid in the year amounted to £348k. This compares to £350k in 2018/19. 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 2019/20 were as follows:

31-Mar-19 £'000		31-Mar-20 £'000
321	Allowances	318
29	Expenses	30
350	Total Members' Allowances	348

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.

Officers' Remuneration		
Number of employees 2018/19	Remuneration Band	Number of employees 2019/20
5	£50,001 to £54,000	6
0	£55,001 to £59,000	0
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
6		7

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

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

The remuneration paid to senior employees in South Northamptonshire Council 2018/19 is as follows:

Post title	Salary (Including Fees & Allowances)	Expenses Reimbursed	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration	Date in post in 2018/19	Yearly Salary in this Organisation (without recharges)
Joint Chief Executive	37,448			37,448	5,490	42,938	Left Sep 18	147,393
Executive Director Place & Growth	24,075	2,000	13,443	39,518	3,863	43,381	Left Oct 18	92,629
Director - Customers and Service Development	25,277			25,277	3,766	29,044	Left Oct 18	86,666
Assistant Director Environmental Services	39,155			39,155	5,810	44,964	Apr-18	77,983
Assistant Director - Customers & Corporate Services	35,653	4		35,657	5,514	41,172	Jun-18	67,301
Assistant Director- Housing	23,918			23,918	3,482	27,400	Left Dec 18	73,710
Executive Director Environment	31,883			31,883	4,724	36,607	Left Dec 18	97,775
Assistant Director - Law & Governance	25,301			25,301	3,770	29,071	Left Dec 18	73,710
Assistant Director - Planning & Economy	42,105			42,105	6,449	48,554	May-18	73,710
Executive Director - Operations	47,968	95		48,063	0	48,063	Jun-18	92,629
Assistant Director Wellbeing	6,143	111		6,254	989	7,243	Mar-19	73,710
Assistant Director - HR, OD & Payroll	24,997			24,997	3,701	28,698	Left Dec 18	66,233
Assistant Director - Finance, Procurement & Property	48,163	328		48,491	7,397	55,888	Apr-18	73710
Assistant Director - Performance & Transformation	27,757	118		27,876	5,143	33,018	Left Dec 18	73264
Assistant Director Communities	24,437			24,437	3,641	28,078	Left Dec 18	65164
Assistant Director Property, Investment and Contract Management	15,206			15,206	2,228	17,434	Left Dec 18	73710
Assistant Director Economy and Regeneration	17,790			17,790	2,621	20,411	Left Dec 18	73710
Assistant Director Leisure and Sport	22,495		25,017	47,512	3,335	50,846	Left Nov 18	65164

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.

2018/19		2019/20
£000		£000
33	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	33
5	Fees payable to external auditors for the certification of grant claims and returns for the year	0
38	Total	33

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-19		31-Mar-20
£'000		£'000
(4,577)	Non-Domestic Rates (incl. Section 31 grant)	(4,587)
(2,445)	New Homes Bonus	(2,757)
(188)	Rural Services Grant	0
(435)	Disabled Facility Grants	(420)
(627)	Capital grants and contributions	(1,227)
(8,272)	Total	(8,991)

Credited to Services

31- Mar-19		31- Mar-20
£'000		£'000
(165)	New Burdens Grants	(99)
(130)	Housing Benefit Subsidy Administration Grant	(118)
(12,519)	Rent Allowances	(10,839)
(52)	CTRS Admin Grant	(49)
0	Neighbourhood Planning	(20)
(74)	Discretionary Housing Payments	(69)
(136)	Other grants and contributions	(591)
(1,701)	Contributions from Other Local Authorities	(1,275)
(108)	Non Domestic Rates Cost of Collection	(109)
(35)	Community Infrastructure Levy (CIL)	(98)
(28)	Developer Contribution (S106)	(125)
(13)	Universal Credit	(25)
(8)	Individual Election Registration	(8)
(14,969)	Total	(13,425)

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-19		31-Mar-20
£'000		£'000
(6,304)	S106 Deposits	(5,362)
(177)	Other grants and contributions	(1,638)
(6,481)	Total	(7,000)

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

31-Mar-19		31-Mar-20
£'000		£'000
(596)	S106 Deposit - St Rumboulds Way, Brackley	(596)
(1,024)	Community Infrastructure Levy	(1,170)
(1,620)	Total	(1,766)

Grants Receipts in Advance (Revenue Grants) - Long Term Liabilities

31-Mar-19		31-Mar-20
£'000		£'000
(1,205)	Grange Park 1998 S106 Deposits	0
(1,205)	Total	0

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 2019/20 works and services to the value of £2,235,127.93 (2018/19 £180,321) 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	SNV	£165,412.00
Councillor Ian McCord	GD Media Ltd	£7,240.90
Councillor Elaine Wiltshire	CSN	£2,062,475.03

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

Officers

South Northamptonshire Council during 2018/19 shared a number of officers with Cherwell Council under a joint working relationship. As South Northamptonshire Council will transition to a unitary authority in April 2021 this joint working relationship ceased during 2019/20 and therefore no senior officers were working in a shared capacity at as 31 March 2020. The officers employed by South Northamptonshire Council on 31st March 2020 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 £3.1m in 2019/20 (2018/19 £2.8m). 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 2019/2020

Member	Community	Amount
Councilor Dermot Bainbridge	Silverstone Parish Council	£43,707.28
Councilor Lisa Samiots	Towcester Football Club	£1,000.00

In addition, two grants were approved by members, but not paid during 2019/2020. These were:

Member	Community	Amount
Councilor David Harries	Bugbrooke Parish Council	£53,000.00
Councilor David Harries	Northampton Victoria County History Trust	£18,250.00

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.

31-Mar-19		31-Mar-20
£'000		£'000
45	Opening Capital Financing Requirement	3,127
0	Adjustment to Opening Capital Financing Requirement	(662)
45	Adjusted Opening Capital Financing Requirement	2,465
	Capital Investment:	
3,820	Property Plant and Equipment	1,068
153	Intangible Assets	349
761	Revenue Expenditure Funded from Capital Under Statute	384
3,081	Long Term Debtors	0
7,815	Total Capital Spending	1,801
	Sources of Finance:	
(3,845)	Capital receipts	(163)
(559)	Government Grants and other contributions	(705)
(329)	Funding from Earmarked reserve through Revenue	(933)
	Sums set aside from revenue:	
0	- Direct revenue contributions	0
(4,733)	Total Sources of Finance	(1,801)
3,127	Closing Capital Financing Requirement	2,465

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:

31-Mar-19		31-Mar-20
£'000		£'000
5	Not later than one year	0
0	Later than one year and not later than five years	0
0	Later than five years	0
5	Total	0

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

31-Mar-19		31-Mar-20
£'000		£'000
6	Minimum lease payments	5
6	Total	5

Authority as Lessor - Operating Leases

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

31-Mar-19		31-Mar-20
£'000		£'000
33	Not later than one year	40
131	Later than one year and not later than five years	156
154	Later than five years	121
318	Total	318

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 2019/20.

Note 37 - Termination Benefits

The Authority terminated the contracts of two employees in 2019/20, incurring liabilities of £32k (60k 2018/19) – see table below for the number of exit packages and total cost per band.

SNC entirely responsible for these costs

[a]	[b]		[c]		[d]		[e]	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [(b) + (c)]		Total cost of exit packages in each band £'000	
	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20
£0-£20,000	0	2	0	0	0	2	0	32
£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	0	2	0	0	0	2	0	32

CDC/SNC 50/50 responsible for these costs

[a]	[b]	[c]	[d]	[e]
Exit package cost band (including special payments)	Number of compulsory redundancies £000	Number of other departures agreed £000	total number of exit packages by cost band [(b) + (c)] £000	Total cost of exit packages in each band £000
	2018/19	2018/19	2018/19	2018/19
£0-£20,000	0	0	0	0
£20,001-£100,000	2	1	3	119

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 makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The South Northamptonshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Northamptonshire County Council. Policy is 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 recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

Comprehensive Income & Expenditure Statement	2018/19	2019/20
	£'000	£'000
Cost of Services:		
Current Service Cost	1,321	2,527
Past Service Cost/(Gain) – Including Curtailments	359	5
Administration Expense	36	40
Financing and Investment Income and Expenditure:		
Net Interest Expense	1,071	1,122
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	2,787	3,694
Other Comprehensive Income & Expenditure:		
Return on Plan Assets (excluding amounts included in net interest expense)	2,537	(6,667)
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	0	3,021
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	(7,122)	7,427
Experience (Gain)/loss on defined benefit obligation	0	0
Other actuarial (Gains) & Losses on assets	(80)	5,409
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(4,665)	9,190

	2018/19	2019/20
Movement in Reserves Statement	£'000	£'000
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(2,787)	(3,694)
Opening Balance Adjustment	212	0
Employer's Contributions Payable to the Pension Scheme	1,024	1,073
Total	(1,551)	(2,621)

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:

	2018/19	2019/20
Pension Assets & Liabilities Recognised in the Balance Sheet	£'000	£'000
Present value of the defined benefit obligation	(98,320)	(85,087)
Fair value of plan assets	54,650	47,782
Sub-total	(43,670)	(37,305)
Other movements in the liability	(2,313)	(2,031)
Net liability arising from defined benefit obligation	(45,983)	(39,336)

38.4 Assets and Liabilities in relation to Retirement Benefits

	2018/19	2019/20
Reconciliation of Present Value of Scheme Liabilities	£'000	£'000
Liabilities as of the Beginning of the Period	(94,430)	(100,633)
Current Service Cost	1,400	(2,567)
Interest Cost	(2,471)	(2,418)
Contributions by Scheme Participants	(351)	(388)
Change in financial assumptions	(7,122)	7,505
Change in demographic assumptions	0	3,021
Experience (Losses)/Gains on defined benefit obligation	(80)	5,409
Losses on Curtailments	0	0
Benefits Paid	2,780	2,958
Past Service Costs	(359)	(5)
Liabilities as of the End of the Period	(100,633)	(87,118)

Reconciliation of Fair Value of Scheme Assets	2018/19 £'000	2019/20 £'000
Assets as of the Beginning of the Period	54,663	54,650
Opening Balance adjustment	212	0
Adjusted Opening balance	54,875	54,650
Service cost	(2,757)	0
Interest on Assets	1,400	1,296
Return assets less interest	2,537	(6,667)
Actuarial Gains/(Losses)	0	0
Employer Contributions	1,024	1,073
Contributions by Scheme Participants	351	388
Benefits Paid	(2,780)	(2,958)
Assets as of the End of the Period	54,650	47,782

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 £87.189m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £39.155m.

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

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

The total contributions expected to be made to the Local Government Pension Scheme by the authority in the year to 31 March 2021 is £1,983k.

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 2019. 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 2020 as follows:

	2018/19	2019/20
Sensitivity analysis	£'000	£'000
0.5% decrease in the real discount rate	9,725	7,654
0.5% increase in the salary increase rate	1,190	581
0.5% increase in the pension increase rate	8,388	7,021
1 year increase in member life expectancy	4,022	3,485

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:

	2018/19	2019/20
Principal Assumptions	%	%
Rate of inflation: RPI	3.5	2.8
Rate of inflation :CPI	2.5	1.9
Rate of increase in salaries	2.8	2.4
Rate of increase In pensions	2.5	1.9
Rate of discounting scheme liabilities	2.4	2.3

These assumptions are set with reference to market conditions as at 31 March 2020.

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.

Future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI.

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

Mortality Assumptions	2018/19 Years	2019/20 Years
Longevity at 65 for current pensioners		
Men	22.1	21.5
Women	24.2	23.7
Longevity at 65 for future pensioners		
Men	23.9	22.3
Women	26.1	25.1

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 consists of the following categories, by proportion of the total assets held:

Estimated Asset Allocation	2018/19 %	2019/20 %
Equity Securities	36	7
Debt Securities	9	11
Private Equity	2	2
Real Estate	8	9
Investment Funds & Unit Trusts	43	69
Derivatives	0	0
Cash & Cash Equivalents	2	2
Total	100	100

Collection Fund

31-Mar-19			31-Mar-20			
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
INCOME:						
	(61,615)	(61,615)	Council Tax Receivable		(66,486)	(66,486)
(24,215)	0	(24,215)	Business Rates Receivable	(24,614)	0	(24,614)
(331)	0	(331)	Transitional Protection Payments Receivable	(277)	0	(277)
(24,546)	(61,615)	(86,161)	Total Income	(24,891)	(66,486)	(91,377)
EXPENDITURE:						
Allocation of Previous Year's Surplus/Deficit:						
640	0	640	Central Government	260	0	260
512	106	618	South Northamptonshire Council	208	138	346
128	484	612	Northamptonshire County Council	52	611	663
0	87	87	Northamptonshire Police and Crime Commissioner	0	115	115
0	0	0	Northamptonshire Fire & Rescue Service	0	30	30
Precepts, demands and shares:						
11,760	0	11,760	Central Government	5,951	0	5,951
9,408	9,318	18,726	South Northamptonshire Council	9,522	9,985	19,507
2,352	43,384	45,736	Northamptonshire County Council	8,094	44,583	52,677
0	7,756	7,756	Northamptonshire Police and Crime Commissioner	0	8,838	8,838
0	0	0	Northamptonshire Fire & Rescue Service	238	2,191	2,429
Charges to Collection Fund:						
19	(171)	(152)	Write-offs of uncollectable amounts	143	59	202
(229)	(9)	(238)	Increase/(decrease) in allowance for impairment	98	735	833
(111)	0	(111)	Increase/(decrease) in allowance for appeals	329	0	329
108	0	108	Charge to General Fund for allowable collection costs for non-domestic rates	109	0	109
Other transfers to General Fund in accordance with non-domestic rates regulations						
377	0	377	Renewable Energy	333	0	333
24,964	60,955	85,919	Total Expenditure	25,337	67,285	92,622
418	(660)	(242)	Movement on Fund Balance	446	799	1,245
(1,220)	(837)	(2,057)	Balance at the beginning of the Year	(802)	(1,497)	(2,299)
(802)	(1,497)	(2,299)	Balance at the end of the Year	(356)	(698)	(1,054)
Shares of Balance						
(401)	0	(401)	Central Government	(160)	0	(160)
(321)	(229)	(550)	South Northamptonshire Council	(142)	(106)	(248)
(80)	(1,072)	(1,152)	Northamptonshire County Council	(53)	(474)	(527)
0	(196)	(196)	Northamptonshire Police and Crime Commissioner	0	(94)	(94)
0	0	0	Northamptonshire Fire & Rescue Service	(1)	(24)	(25)
(802)	(1,497)	(2,299)	Balance at the end of the Year	(356)	(698)	(1,054)

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.

The Northamptonshire pool is one of 15 pools across the country that has been selected to pilot the 75% business rates retention scheme in 2019/20. In 2019/20, the additional business rates retained by South Northamptonshire Council as a result of piloting the 75% scheme, was transferred to a Northamptonshire sustainability fund, so that SNC retained the same level of business rates it would have done under the 50% retention scheme

Note 2. Business Rates

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

Business rates are calculated and collected by the Council. The Government specifies an amount (50.4p in 2019/20; 49.1p 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 £24.9m in 2019/20. The rateable value for the Council's area was £64.0m at 31 March 2020 VOA valuation (2018/19: £63.8m).

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 2019/20 the accumulated provision for bad debts stood at £2.188m (£1.355m for 2018/19) made up as follows:

	2018/19	2019/20
Provision for Uncollectable Amounts	£'000	£'000
Non Domestic Rates	320	418
Council Tax	1,035	1,770
Total Provision	1,355	2,188

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 2019/20 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	1,537	6/9ths	1,025
B	7,312	7/9ths	5,687
C	8,856	8/9ths	7,872
D	5,584	9/9ths	5,584
E	5,478	11/9ths	6,695
F	3,872	13/9ths	5,593
G	2,242	15/9ths	3,737
H	165	18/9ths	329.6
Totals	35,047		36,524
			Adjustment for collection rate and contributions in lieu (-1.25%) (457)
			Council Tax Base 2019/20 36,067
			Council Tax Base 2018/19 35,090

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	127.55	824.07	163.36	40.51	1,155.49
B	7/9ths	148.81	961.41	190.59	47.26	1,348.07
C	8/9ths	170.07	1098.76	217.81	54.01	1,540.65
D	9/9ths	191.33	1,236.10	245.04	60.76	1,733.23
E	11/9ths	233.85	1510.79	299.49	74.26	2,118.39
F	13/9ths	276.37	1785.48	353.95	87.76	2,503.56
G	15/9ths	318.88	2060.17	408.40	101.27	2,888.72
H	18/9ths	382.66	2472.20	490.08	121.52	3,466.46

Note 5 – Northamptonshire Fire and Rescue Authority

The governance of the Fire & Rescue Authority passed from the County Council to the Police, Fire & Crime Commissioner on 1st January 2019.

For accounting purposes, the expenditure on Precepts in the collection fund for Fire at the end of 2018-19 remained with the County Council.

For the purposes of being able to make comparisons to the previous year, the proportion relating to the Fire & Rescue Authority for precepts has been split out from County Council for 2018-19.

For business rates, the County share was 10% in 2018-19, of which the proportion for Fire was 1% and for council tax the proportions were 95.3% County and 4.7% Fire.

Collection Fund

31-Mar-19			31-Mar-20			
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
EXPENDITURE:						
Precepts, demands and shares:						
11,760	0	11,760	Central Government	5,951	0	5,951
9,408	9,318	18,726	South Northamptonshire Council	9,522	9,985	19,507
2,117	41,345	43,462	Northamptonshire County Council	8,094	44,583	52,677
0	7,756	7,756	Northamptonshire Police and Crime Commissioner	0	8,838	8,838
235	2,039	2,274	Northamptonshire Fire & Rescue Service	238	2,191	2,429

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 accruals 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. The company started trading in 2017/18, the surplus at the end of 2018-19 was £85k and this year ended the period with a surplus of £381k.. It has been included in the group according to IFRS 11:23.
- CSN Associates Ltd, which is intended to trade the services of CSN Resources with third parties, has not begun trading.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

Group Accounts Net Expenditure		Group Accounts Net Expenditure
31-Mar-19 £000		31-Mar-20 £000
4,057	Wellbeing	4,273
2,536	Environment	4,506
3,137	Planning	2,117
960	Corporate Services	1,214
6,592	Resources	4,257
<hr/>		
17,282	Net Cost of Services	16,367
<hr/>		
2,305	Other Operating Expenditure	2,702
928	Financing and Investment Income & Expenditure	1,239
(17,794)	Taxation and Non-Specific Grant Income	(18,991)
<hr/>		
2,721	(Surplus) / deficit on Provision of Service	1,317
<hr/>		
(499)	(Surplus) / deficit on the revaluation of non-current assets	(7,357)
4,665	Actuarial (gains) / losses on pension assets & liabilities	(9,268)
<hr/>		
4,166	Other Comprehensive Income & Expenditure	(16,625)
<hr/>		
6,887	(Surplus)/ deficit on Total Comprehensive Income & Expenditure	(15,308)
<hr/>		

GROUP MOVEMENT IN RESERVES STATEMENT

Group Accounts 31/03/2020	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account	Total Usable Reserves £000	Unusable Reserves	Total Reserves £000
Balance at 31 March 2019	(1,953)	(10,463)	(1,231)	(1,027)	(14,674)	19,676	5,002
Movement in Reserves during 2019/20							
Surplus or deficit on the provision of services	1,317	0	0	0	1,317	0	1,317
Other Comprehensive Income / Expenditure	0	0	0	0	0	(16,625)	(16,625)
Total Comprehensive Income and Expenditure	1,317	0	0	0	1,317	(16,625)	(15,308)
Adjustments between accounting basis and funding basis under regulations	(1,592)		(500)	(942)	(3,034)	3,034	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(275)	0	(500)	(942)	(1,717)	(13,591)	(15,308)
Transfers to / from Earmarked Reserves	(320)	320	0	0	0		0
Increase or Decrease in 2019/20	(595)	320	(500)	(942)	(1,717)	(13,591)	(15,308)
Balance at 31 March 2020	(2,548)	(10,143)	(1,731)	(1,969)	(16,391)	6,085	(10,306)

GROUP BALANCE SHEET

Group Accounts 31-Mar-19 £000		Group Accounts 31-Mar-20 £000
22,537	Property, Plant & Equipment	30,182
245	Heritage assets	245
1,516	Investment Property	1,459
247	Intangible Assets	490
3,804	Long Term Debtors	3,585
4,035	Long term Investments	2,019
32,384	Long Term Assets	37,980
15,575	Short Term Investments	22,594
127	Inventories	105
5,158	Short Term Debtors	3,306
5,239	Cash and Cash Equivalents	6,303
26,099	Current Assets	32,308
0	Short Term Borrowing	(3,001)
(7,331)	Short Term Creditors	(7,882)
(356)	Receipts in Advance	(291)
(6,481)	Provisions	(7,000)
(14,168)	Current Liabilities	(18,174)
(45,983)	Other Long Term Liabilities	(39,336)
(509)	Provisions	(706)
(2,825)	Capital Grants Receipts in Advance	(1,766)
(48,875)	Long Term Liabilities	(41,808)
(5,002)	Net Assets / (Liabilities)	10,306
(14,674)	Useable Reserves	(16,391)
19,234	Unusable Reserves	6,085
5,002	Total Reserves	(10,306)

GROUP CASHFLOW

31-Mar-19 GROUP £000		31-Mar-20 SNC £000	31-Mar-20 CSN £000	31-Mar-20 GROUP £000
Cash Flows from Operating Activities				
2,721	Net (Surplus)/Deficit on Provision of Services	1,507	(190)	1,317
(1,050)	Depreciation & Impairment	(1,058)	0	(1,058)
(169)	Changes in Market Value of Property, Plant & Equipment	657	0	657
(139)	Amortisation of Intangible Assets	(105)	0	(105)
(157)	Changes in Fair Value of Investment Properties	(400)	0	(400)
23	Disposal of Assets	37	0	37
13	Changes in Inventory	(22)	0	(22)
1,139	Changes in Debtors (increase)	(2,004)	(67)	(2,071)
(254)	Changes in Creditors (decrease)	(138)	(415)	(553)
44	Changes in Provisions (increase)	(132)	0	(132)
(6,138)	Changes in Net Pension Liability	(2,621)	0	(2,621)
(1,062)	Capital Grants Recognised	(1,647)	0	(1,647)
(952)	Other Non-Cash Movements Charged to Surplus/Deficit on Provision of Services	(813)	0	(813)
723	Proceeds on Disposal of Property, Plant & Equipment	663	0	663
(5,257)	Net Cash Flows from Operating Activities	(6,076)	(672)	(6,748)
Cash Flows from Investing Activities				
3,646	Purchase of Property, Plant & Equipment	880	0	880
174	Purchase of Investment Property	188	0	188
153	Purchase of Intangible Assets	349	0	349
(723)	Proceeds from the Disposal of Property, Plant and Equipment	(663)	0	(663)
(4,923)	Net Changes in Short-term and Long-term Investments (increase)	5,004	0	5,004
(1,673)	Net Cash Flows from Investing Activities	5,758	0	5,758
Cash Flows from Financing Activities				
332	Changes in Grants and Contributions	343	0	343
1,062	Capital Grants and Contributions Recognised	1,647	0	1,647
		(3,001)	0	(3,001)
2,559	Any other items for which the cash effects are investing or financing cash flows	937	0	937
3,953	Net Cash Flows from Financing Activities	(74)	0	(74)
(2,977)	Net Increase/Decrease in Cash and Cash Equivalents in the Period	(392)	(672)	(1,064)
2,262	Cash and Cash Equivalents at the Beginning of the Period	4,906	333	5,239
5,239	Cash and Cash Equivalents at the End of the Period	5,298	1,005	6,303

Note 1 - Accounting Policies of for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, 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-19		31-Mar-20
£000s		£000s
1,473	Trade Receivables	1,167
401	Prepayments	503
3,284	Other receivable Amounts	1,636
5,158	Total Debtors	3,306

Note 3 – Creditors

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

31-Mar-19		31-Mar-20
£000s		£000s
(49)	Trade Payables	(68)
(7,282)	Other Payables	(7,814)
(7,331)	Total Creditors	(7,882)

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:

31-Mar-19		31-Mar-20
£'000		£'000
954	Cash and Bank Balances/(Overdraft)	1,292
4,285	Short Term Investments	5,011
5,239	Total Cash and Cash Equivalents	6,303

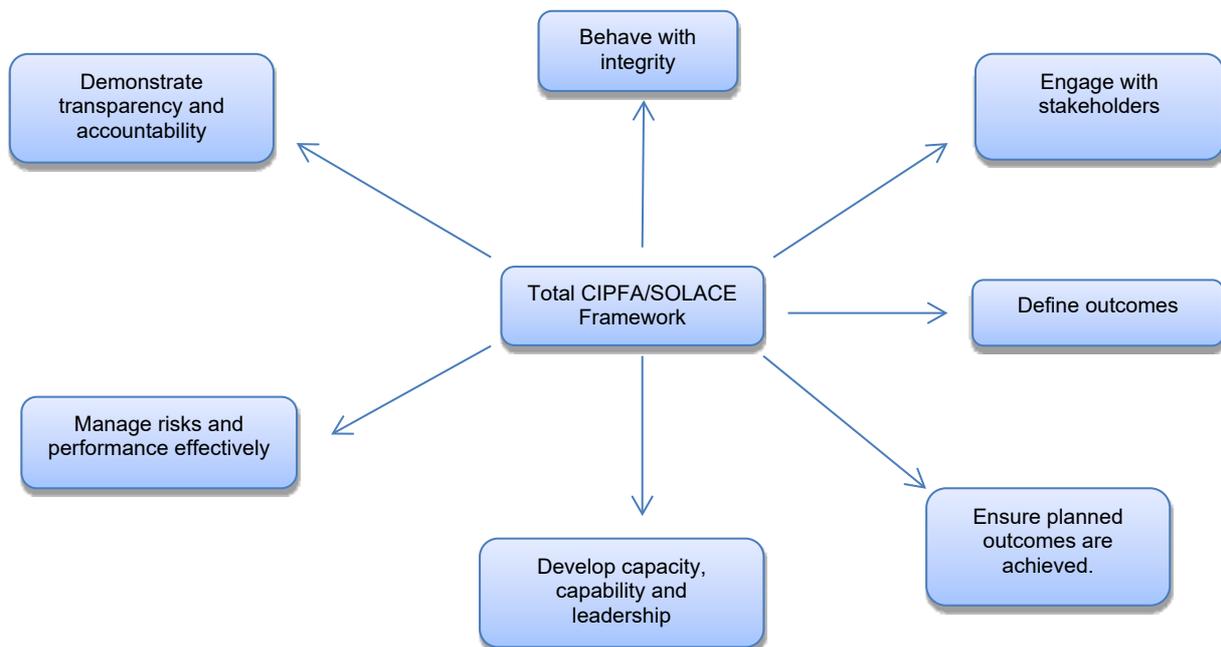
Annual Governance Statement 2019/20

Introduction

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

In discharging this overall responsibility, South Northamptonshire Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

South Northamptonshire Council has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. The table below details the seven requirements in practice: -



The CIPFA/SOLACE Framework

Principle 1 – Behaving with Integrity, Commitment to ethical values and respect for the rule of law

Chief Officers and Assistant Directors take responsibility for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

South Northamptonshire Council observes all specific legislative requirements and adheres to the general principles of good administrative law – rationality, legality and natural justice.

The Executive Director Resources is designated as the Council's Monitoring Officer and it is his responsibility to ensure that the Council's business is conducted in a legal and proper fashion and in accordance with Council policies.

All reports that go before Council and Cabinet are reviewed by the Monitoring Officer to ensure the legality of the Council's actions. Specialist legal advice (either internal or external) is sought where appropriate.

South Northamptonshire Council actively recognises the limits of lawful activity implicit in the ultra vires doctrine, and strives to employ its powers to the full benefit of its communities.

Principle 2- Ensuring openness and comprehensive stakeholder engagement

The Council sees effective consultation as a key part of its programme to provide services which meet the needs of the local residents, both now and in the future. The Council has a Consultation and Engagement strategy and Annual Action Plan which sets out the Council's aspirations and approach with regard to consulting with local residents across all Council objectives and services.

The Council is part of the Northamptonshire Residents Panel; members can expect to be consulted on a wide range of issues, both local and countywide. There is a dedicated consultation email address to make it easy for residents to contact the Council regarding consultations: consultation@southnorthants.gov.uk

Principle 3 – Defining outcomes in terms of sustainable economic, social, and environmental benefits

Mechanisms are in place to measure the quality of services for users, ensuring they are delivered in accordance with South Northamptonshire Council's objectives and that they represent the best use of resources. The Council continues to improve performance management within the organisation. Service quality and best use of resources is ensured via:

- Quarterly review by Cabinet and Scrutiny Committee, and a monthly review by the Senior Management Team (SMT) as a standing agenda item.
- Performance Management - a performance management system for monitoring and recording performance indicator data and business plans is in place with monthly and quarterly performance reporting.
- Transformation Programme and Projects

The Council recognises that to drive improvement it needs to closely monitor and review its performance. The Council routinely monitors its spend against budgets, and its performance against a suite of performance indicators and also against service plans and strategies. This is encapsulated in the Performance Management Framework.

Principle 4 – Determining the intervention necessary to achieve intended outcomes

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

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

Principle 5 – Developing capacity, including the capability of leadership and individuals within the Council

The Council's vision is to show strong leadership across South Northamptonshire to preserve what's special, to protect our quality of life, secure a prosperous and sustainable future and enhance the Council's performance.

The Council identifies and communicates the vision of its purpose and intended outcomes for citizens and service users through its five year business strategy and annual Business Plan. This is a high level, strategic document which outlines the Council's ambitions and corporate priorities for five years and in more detail for the forthcoming year. The latest five year Business Strategy and annual Business Plan of the Council is an adopted and published document and can be found on the Council's website.

The strategic priorities are used to structure the information and targets contained in individual service plans produced by each service. In turn the targets are used to set objectives for all employees of the Council through the Employee Performance and Appraisal Development Review.

The Appraisal process ensures that the Council's overall aims and objectives are translated into employee activities and that every employee understands clearly what their role is and what they are expected to achieve linking in to the "golden thread" of the Business Plan.

Principle 6 – Managing the risks and performance through strong internal control and financial management

The Leadership Risk Register is developed and managed by SMT, and ensures that identification and consideration of risk corporately and across services is emphasised and highlighted. The Audit Committee receives regular risk management updates and reviews the Leadership Risk Register. This oversight of risk ensures there is senior officer level and political commitment to effective risk management.

Arrangements are in place, to ensure risk management is embedded across the Council, as follows:-

- A monthly review process, covering both the strategic register at SMT level.
- Quarterly monitoring reports are presented to relevant Council committees to ensure Councillors have good access to risk information.
- Risk management awareness training sessions have been facilitated for Councillors and employees. Members of the committees with specific responsibility for the management of risk will be offered dedicated training events. The potential of risk management awareness to be included on induction programmes will be explored.
- An internal audit of risk management takes place annually.

Principle 7 – Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council has strong practices in place to ensure the provision of clear and accurate information.

Minutes of all committee and Council meetings, decisions, all items of expenditure exceeding £500 and registers of interests are published on the Council's website. The governance framework has been in place at South Northamptonshire Council for the year ended 31st March 2020 and up to the date of the approval of the statement of accounts.

The review of the effectiveness of the system of internal control is underpinned by an Assurance Framework for internal control. The Framework is managed by the statutory officers, who seek to provide assurance by adopting a dual approach, assessing information from a service perspective provided by service managers and a more corporate overview from the SMT.

Roles and Responsibilities

A clear statement of the respective roles and responsibilities of the Cabinet, the members and the senior officers are held within:

The Constitution (link to the document below)

<http://modgov.southnorthants.gov.uk/ieListMeetings.aspx?CId=377&info=1&md=constitution&bcr=1>

Key Elements of the Council's Governance Framework are summarised below:

The Cabinet

Exercises all of the Council's executive functions, receives reports, referrals and recommendations from other Committees and formulates recommendations in relation to the budget and policy framework.

Council

The Council Meeting is attended by all Councillors of the district. Council approves policies and strategies, approves budgets and determines Council Tax levels.

Section 151 Officer

The Section 151 officer, their deputy and Monitoring Officer meet informally as necessary to review the governance arrangements of the Council and provide input into this Annual Governance Statement.

Audit Committee

The Audit Committee comments on the scope and depth of external audit work, considers and approves the Council's arrangements for the internal audit service and monitors the effective development and operation of the Council's risk management.

Budget and Financial Strategy Committee

Provide strategic overview of matters that could significantly impact upon the Council's finances. Provide advice on the impact of business and housing growth. Support the budget setting strategy. West Northamptonshire Joint Committee
The Committee has been established between South Northamptonshire Council, Northampton Borough Council, Daventry District Council and Northamptonshire County Council in order to undertake the necessary preparatory work prior to the establishment of a West Northamptonshire Shadow Authority.

Scrutiny Committee

Has overall responsibility of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government Involvement in Health Act 2007) on behalf of the Council. Conducts proceedings in accordance with the Scrutiny Procedure Rules set out in the Councils Constitution

Standards Committee

Promotion and maintenance of high standards of conduct by members and co-opted members of the Council along with Town and Parish Councils. Revision of the Code of Conduct. The approval and administration of arrangements under which allegations of breach of the code of conduct can be investigated and decisions on these can be made. The determination of items that must be entered in the Council's register of members interests over and above any that are legally required.

Review of Effectiveness

The key documents and techniques used to develop the code of conduct and high standards of behaviour that we achieve within South Northamptonshire Council comprise:

The Constitution	Complaints policy and procedure
Codes of conduct and associated protocols	Internal Audit work
HR policies and procedures	External Audit Reports
Internal / External Communications Policy	Staff briefings
Whistle blowing policy	Staff Times
Recruitment policy and Appraisal processes	Staff Induction Programme
Registers of Member interests	Intranet and Website Messages

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the SMT which has responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors and any other review agencies and inspectorates. For 2019/20 the Council's internal auditors, CW Audit, concluded that the Council could place significant assurance on its governance and control environment.

The Council has a number of mechanisms it uses to review the effectiveness of its governance arrangements. These include the Annual Report and Independent Audit Opinion received from the Council's Internal Auditors.

Good Governance Arrangements in Respect of Partnerships

The Council currently leads and participates in a range of partnerships and will ensure that all current and proposed partnerships support the objectives and priorities of the Council for the ultimate benefit of our communities, provide value for money and sustainable partnerships.

A Partnership Protocol has been adopted. The purpose of the policy statement and the protocol is to provide a framework for ensuring that the Council participates effectively in partnerships in pursuit of the Council's objectives. The protocol provides definitions and a framework, informed by good practice elsewhere, for managing and evaluating partnerships.

The following have been identified as key partnerships:

- SNC Community Safety Partnerships, Police & Crime Commissioner (PCC Northamptonshire)
- Health & Wellbeing Partnership South Midlands
- West Northamptonshire Joint Planning Unit (JPU)
- South East Midlands Local Enterprise Partnership (SEMLEP)

SMT will continue to review partnerships and identify mitigating actions that can be employed in an attempt to lower the overall risk to the Council.

Financial Management Arrangements, Performance and Value for Money

The Council, like many others, continues to go through a period of change, as it delivers the Council's objectives with fewer resources and through new mechanisms for delivery. The Council believes that it is even more important to ensure that strong governance continues throughout the organisation.

The financial statements have been prepared on a going concern basis. The Council believes that the functions and services delivered by the Council will continue in operational existence. The Council remains aware of potential changes to local government in its own and neighbouring areas. Members have up-to-date information about not only the current but also the medium term outlook, for decision making purposes.

Financial performance is measured across a range of indicators that are reported quarterly. Budget monitoring is reported quarterly to the Budget and Financial Strategy Committee and to Cabinet.

Covid-19 Pandemic

The coronavirus pandemic started towards the end of March 2020 so had little impact on the Council during 2019/2020. However, the pandemic has been ongoing during 2020/2021 where the Council has managed any potential impact on services throughout the year.

Local Government Reorganisation

The Government has recently announced its decision on Local Government Reorganisation in Northamptonshire; to replace the seven districts/boroughs, and the County Council with two new unitary authorities.

The new Unitary Authority of West Northamptonshire is already in operation in its 'shadow' form. The actual authority is currently planned to come into being on 1 April 2021.

Declaration

We have been advised on the implications of the result of the review of effectiveness of the Councils governance framework. The overall assessment is that the arrangements continue to be regarded as fit for purpose. We are satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.

This document has described our governance arrangements and assessed how closely we align with good practice. In overall terms this is a positive statement for 2019/20.

Richards Ellis
Chief Executive

Cllr Ian McCord
Leader of the Council