



# WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION

## Annual Report and Accounts

For the year ended 31 March 2006

Presented to the House of Commons pursuant to section 7 of the Government  
Resources and Accounts Act 2000

Ordered by the House of Commons to be printed: 24 July 2006

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## General Information

### BOARD MEMBERS

Keith Barwell (Chair)  
John Weir (Deputy Chair)  
John Farrow  
Mary Burrows  
David Dickinson  
Ann Tate  
Nick Thompson  
Cllr Lee Barron  
Cllr Phil Larratt  
Cllr Arthur McCutcheon  
Cllr Ben Smith  
Cllr Chris Millar  
Cllr Sanda Barnes

### EXECUTIVE DIRECTORS

#### CHIEF EXECUTIVE OFFICER

Mike Hayes  
(Appointed 12 September 2005)

#### DEPUTY CHIEF EXECUTIVE

Roger Mendonca  
(Appointed 1 August 2005)

#### PLANNING AND DEVELOPMENT

Stephen Kelly  
(Appointed 17 December 2005)

#### ACCOUNTING OFFICER

Mike Hayes  
(Appointed 26 September 2005)

#### EXTERNAL AUDITOR

Comptroller and Auditor General



## The Board

West Northamptonshire Development Corporation Board Members at the inaugural Board meeting on 15 March 2005:

Standing (from left) Cllr Lee Barron, Cllr Phil Larratt, Keith Barwell (Chairman), Cllr Chris Millar, David Dickinson; Nick Thompson, Cllr Arthur McCutcheon. Seated (from left) John Farrow, Mary Burrows, Cllr Sandra Barnes, Ann Tate, John Weir (Deputy Chairman). (Cllr Ben Smith, not available for the group photograph).

The WNDC Board is made up of 13 members, including a Chair and Deputy Chair. With the exception of Cllrs Barron, Larratt, Millar, McCutcheon, Barnes, and Smith who were nominated by Local Authorities, all members were selected through a competitive process supervised by the Office of the Commissioner for Public Appointments (OCPA) and appointed by the First Secretary of State. With the exception of the Chair, whose appointment became effective from 7<sup>th</sup> January 2005, Member's appointments became effective from 15<sup>th</sup> March 2005.

Board members are collectively responsible for the conduct of all business undertaken by WNDC. Consequently, in addition to the statutory powers and duties of the WNDC, Members have both fiduciary duties and general duties of skill and care. This means that they are not only responsible for the Board's strategic direction and policies but also for ensuring that it is properly and effectively managed. In particular, Members are responsible for the stewardship of the public funds entrusted to the Board.

**Chair – Keith Barwell**

After leaving school at 16, Keith began work with a commercial apprenticeship at Stewarts and Lloyds in Corby. Keith has since built up several highly successful businesses, and in 1973 became the Chief Executive and co-founder of a free newspaper group, building the group up to employ 500 staff. In 1984 he became the sole owner of the group which he then sold to The Thompson Corporation for £20m. Keith is currently the Chair and Chief Executive of Northampton Rugby Football Club. He has also been closely involved with the restoration of one of Northampton's most interesting 20th century buildings, 78 Derngate, formerly the home of the Bassett Lowke family and whose interior was furnished by Charles Rennie Mackintosh.

Keith lives in South Northamptonshire.

**Deputy Chair – John Weir**

Raised in Derby, John studied architecture at Newcastle upon Tyne and Nottingham University. John has spent most of his career in the development and house building industry. Starting his career with David M Adams Developments Ltd, he joined Wilson Connolly in 1984. His strong belief in the importance of the sustainability agenda is reflected in his launch of a Wilson Connolly subsidiary "The Lifebuilding Company", which promotes the sustainable agenda.

Since leaving Wilson Connolly in 2002, John has established a consultancy Haute Future, which advises clients such as The Peabody Trust and PRP on the design and marketing of sustainable developments. He sits on the board of Design for Homes (a not for profit organisation promoting good housing design), is a director of The New Homes Marketing Board, a Fellow of the Royal Society of Arts and a member of the Congress for New Urbanism.

John lives in Daventry district.

**Cllr Sandra Barnes**

Sandra has been leader of The South Northamptonshire Council since 1999 and is Ward Councillor for the Tove Ward. She represents her council at the Northamptonshire Partnership where she is a Board Member and chairs the Audit Committee for the Partnership. She also chairs the Northamptonshire Councils Association. Sandra has had a long-standing interest and commitment to the Health Service and is currently a non-executive director of the Daventry and South Northants Primary Care Trust where she chairs the Audit Committee and is involved in Primary Care Development and Clinical Governance. She had been Chair of her local Primary School for the past 4 years and is now the Vice Chair, she has also served as a Parish Councillor.

Sandra is a member of the United Kingdom Delegation to the Congress of Local Authorities and Regions at the Council of Europe, and is Vice President of the Local Authorities Social Cohesion Committee, and is a rapporteur for Municipal Policing and the Convention of Trafficking in human beings. She

has observed municipal elections in the former Yugoslavian Republic of Macedonia.

Sandra Barnes has lived in South Northamptonshire for over 30 years.

### **Cllr Lee Barron**

Lee Barron is 36 years old and is currently the Leader of the Labour Group on Northampton Borough Council. He has been a councillor since May 1999 and represents Caste Ward. Since an early age Lee has been involved in the labour movement. In 1992 he was elected Leader of the county's postal workers and currently represents over 2,500 members throughout Northamptonshire.

### **Mary Burrows**

Mary is currently Chief Executive of Northampton Primary Care Trust, which commissions and provides local health care. An American citizen and UK resident, she has worked in the United States, Saudi Arabia and the United Kingdom respectively.

After graduating from University in 1978, Mary trained and practiced as a medical technologist before moving into management positions in the mid 1980's.

After moving to the UK in 1990, Mary worked at the Oxford Radcliffe Hospitals NHS Trust in senior management positions before being appointed to her first chief executive position in Northampton in 2000. She continues to contribute to national policy through previous work on the Health and Safety Commission's Health Services Advisory Committee and more recently on Department of Health policy boards and committees.

Mary holds a Bachelor of Science in Bacteriology and Public Health from Washington State University, USA (1978), a Masters in Business Administration from University of Leicester, England (1995) and a Masters in Medical Law (LLM) from the University of Wales in Cardiff (2001).

In 1996, Mary was awarded an honorary MBE for risk management work in the NHS, an honour afforded to very few Americans.

### **David Dickinson**

Born in Chester, and educated at Watford Grammar School and Peterhouse, Cambridge. Having undertaken Arctic and Antarctic expeditions, David spent 25 years in the brewing industry managing new-build projects for Guinness and Whitbread. A career change led to London property development. A founding Director of Stanhope Properties, a leading 1980s property development company responsible for such London landmark projects as Broadgate and Stockley Park. David was also founder Chairman of the East London Training and Enterprise Council, helped pilot a Railway Act through Parliament and has given evidence to Parliamentary Committees on Employment and the Environment. David has been a trustee of The Guinness

Trust for 17 years.

David is Chairman of Guinness Developments Ltd and a director of Northamptonshire Enterprise Ltd. He lives in Daventry district.

### **John Farrow**

John received his planning education at Oxford Polytechnic and an MBA from the Schulich Business School in Toronto. In the UK he worked in Coventry, Rotherham and London. He is President of LEA International Ltd., a transportation, engineering and planning consultancy based in Toronto with 950 employees in five countries. Previously he was Managing Partner Canada for Coopers & Lybrand Management Consultants, and President of the Canadian Urban Institute, an urban policy think tank. He is a professional planner and management consultant whose work is focused on city management and urban policy. For government clients he has undertaken projects on city planning, city management and economic development. He has also worked extensively for the private sector including Honda, General Motors, Mazda, Spar Aerospace, the Bank of Montreal, and a number of real estate development companies.

### **Cllr Phil Larratt**

Having been born and educated in Northampton, Phil left school at the age of 17 and joined the Civil Service. He now works for the Health & Safety Executive.

Becoming involved in politics in 1974, Phil was elected to Northampton Borough Council in 1983, remaining a member until 1995. He was re-elected in 1999.

Phil served as Conservative Leader / Leader of the Opposition from 1993 to 1995, Conservative Leader from 2000, and Leader of the Council from 2003 to January 2006. He is now a Member of the Council's Cabinet and is the Portfolio Holder responsible for Parks & Open Spaces, Street Scene, Community Engagement and Democratic Services.

Phil enjoys rugby, he is a Northampton Saints season ticket holder, motor racing and enjoying the Northamptonshire countryside.

### **Cllr Arthur McCutcheon**

Brought up in Belfast and Tyneside, Arthur McCutcheon's first degree was from Keele University, and he began work as a labourer and convenor of shop stewards in a factory in Croydon. He worked in Trade Union research, and in sales and marketing management in London. In the seventies he moved into teaching, taking Masters courses in London and Leicester Universities. He taught in grammar and comprehensive schools in London and Northampton, where he entered local politics. He was first elected councillor in 1983. Arthur serves on Northampton Borough Council and has been a cabinet member,

and chaired many committees, both Executive and Scrutiny. He is married with three children.

### **Cllr Chris Millar**

Chris Millar worked in the banking industry in Manchester, London and the Midlands over a period of 25 years. Chris played a key operational role in setting up a Telephone Banking Operation for a major UK bank. He also initiated some innovative schemes in branch banking.

Chris has been Leader of Daventry District Council since August 1999 in which he has led the Authority successfully through some major challenges. He has played a major role in bringing Daventry Town into the MKSM growth area. Chris is also a County Councillor, Chair of the Northamptonshire Waste Partnership Shadow Board, Member of the LGA Executive Board, Member Peer Idea, Northamptonshire LAA Board member and has been involved with other "Leadership in Local Government" initiatives.

### **Cllr Ben Smith**

Since 1987 Ben Smith has been a Northamptonshire County Councillor and is currently Deputy Leader of the Council and Cabinet Member for Environment. He is a member of the Police Authority and a member of the Environment Agency's Anglian (Northern) Flood Defence Committee. Ben is an IDeA Peer Member and has undertaken consultancy work at a number of councils in England. He is a former member of the East Midlands Regional Planning Forum, the LGA Environment & Regeneration Executive and LGA Brownfield Land Task Group.

After training as a landscape architect Ben returned to university to obtain an MSc in Environmental Resources. He is the principal of Benjamin Smith Design Associates. The practice is registered with the Landscape Institute and retains corporate membership of the Institute of Environmental Management and Assessment. Between 1972 and 1985 he was the Chief Landscape Architect for Northampton Development Corporation. In 2002 he attended the United Nations World Summit on Sustainable Development in Johannesburg and was the only councillor on the official UK delegation.

### **Ann Tate**

Ann Tate is Vice Chancellor of the University of Northampton.

Ann was born and educated in Lancashire and took undergraduate and postgraduate degrees in Sociology from the University of London. Following higher education Ann took up a lecturing post in a new Further Education College in Belfast in 1972 and from there progressed to lecturing in higher education at the Ulster Polytechnic and the University of Ulster. She rose to the position of Pro-Vice Chancellor at the University of Ulster before taking up her current post.

Apart from her significant experience in lecturing and management in higher

education, Ann has had wide experience of economic development and regeneration programmes in Northern Ireland and has first hand knowledge of the potential impact of higher education on social and economic regeneration and development. She is a strong advocate of inclusion and access in higher education as a key factor in enabling all members of the community to benefit from the opportunities presented by economic development.

Ann has served on many varied Boards and Committees including the British Council in Northern Ireland, The Mental Health Review Tribunal, the Irish Sports Council, the Belfast Vision team and The Training and Employment Agency for Northern Ireland. In 2003 she was appointed to the Learning and Skills Council for Northamptonshire and in 2004 she was appointed to the Board of the Higher Education Funding Council for England. She is a member of the Board of Governors of Northampton High School.

Ann is a graduate of the Cabinet Office Top Management programme.

Ann lives in Northampton.

### **Nick Thompson**

Nick Thompson qualified as a Chartered Surveyor in 1972 and retired in May 2004 as a Director and Head of Fund and Investment Management at Prudential Property Investment Managers Ltd.

He participated in various property industry forums to promote the advancement of property as an investment asset with Government and the Bank of England. He chaired the ABI Property Investment Panel from 1999 to 2004.

Nick holds the position of Chairman at ING UK Real Estate Income Trust, Investment Property Databank Ltd's Performance Analysis Consultative Group and Berkshire UK Industrial Properties Fund. He is a Director of the Lend Lease Retail Partnership and a Governor of the Cambridge International Land Institute.

### **Register of Declarable Interests**

The Register of Declarable Interests for the Board Members of WNDC is available on the WNDC website, [www.wndc.org.uk](http://www.wndc.org.uk) under the 'About Us/Board Members' section.

## Chair's Report

During 2005/06, its first full year of operation, WNDC has come a long way.

Recruitment of senior staff is complete; £25 million in Growth Area Funding (2006-2008) has been allocated to WNDC by the Office of the Deputy Prime Minister (ODPM) - from 5 May 2006, the Department for Communities and Local Government (DCLG); we embraced the challenge for the transfer of strategic Development Control Powers on 6 April 2006; and a Prospectus, setting out WNDC's future direction, has been published and subject to extensive consultation.

Our success in laying the foundations for regeneration and sustainable growth in West Northamptonshire has, however, created a new set of challenges for the coming year.

Working with our partners in the local authorities and other statutory agencies, we now have the opportunity to make Northampton a world class sustainable city at the heart of a dynamic West Northamptonshire economy.

Realising this vision requires massive investment in new infrastructure and a step-change in the quality of new homes. Over the coming year, WNDC's Growth Delivery Plan will set out an ambitious programme for achieving these objectives in a number of key development sites located across West Northamptonshire.

At all of these sites, WNDC will judge its success in the year to come not only by the results of our own activity, but by the impact we have on communities as a whole, in raising standards and in delivering successful sustainable development. This will only be achieved if WNDC works in effective partnership with both the public and private sector.

My colleagues on the Board have made an enormous contribution during the past year and I would like to thank them all for their hard work and enthusiasm. I look forward to what I am sure will prove to be a busy and challenging year ahead.



**Keith Barwell**  
Chair

10 July 2006

## **Chief Executive's Report**

WNDC is a new style, strategic development corporation designed to utilise the leadership skills of an experienced Board of largely local people, drawn from the public and private sectors and working through a small, dynamic team of executives who bring their own skills and experience to a focused agenda.

WNDC is empowered to enable the development of sustainable communities and achieve step change in housing delivery in West Northamptonshire. It seeks to add value to the communities of West Northamptonshire by combining its own powers, resources and experience with those of its key partners and stakeholders, particularly the local authorities, to achieve a common agenda.

I am pleased to report that in its first full year WNDC has made considerable progress in establishing the organisation, laying the foundations for a work programme to deliver its objectives and putting in place the mechanisms to engage with its partners in both the public and private sectors - partnerships which are essential to achieving successful outcomes. In addition, considerable effort has gone into establishing the organisation's profile with communities and stakeholders and in the media.

### **Providing Leadership**

2005/06 saw the organisation establish its governance, audit and risk management procedures.

The Board met regularly on a monthly basis in public and, in addition, undertook a large number of briefing and training sessions. Audit and Risk and Remuneration Committees were established and met regularly, along with an advisory Financial Resources Group.

Board meetings have been held in a variety of locations in Northampton, Daventry and Towcester both during the day and in the evening.

In September 2005 I joined the organisation and Roger Mendonça became Deputy Chief Executive. David Naylor was appointed Head of Finance and Corporate Affairs and in December Stephen Kelly took up his role as Director of Planning and Development and immediately began an intensive period of work leading up to the operation of our strategic Development Control Powers on 6 April 2006.

WNDC had frequent and positive engagement with our internal auditors from ODPM (now DCLG) and external auditors from the National Audit Office. In 2005/06 both informal and formal reports were positive reflecting the good work of the finance and risk team. Meetings of the internal Risk Committee, chaired by the Chief Executive, take place on a monthly basis.

Our key partners are the four local authorities. Each has nominated members to the Board and during the year WNDC worked successfully to develop good working relationships with each organisation at both member and officer level.

## Realising the Opportunity

During 2005 a major baseline study of West Northamptonshire was undertaken, which identified ten strategic objectives to be addressed in order to achieve sustainable growth and regeneration. In December over two hundred people attended the launch of the WNDC Prospectus, *Realising the Opportunity*, with its central theme that the growth agenda was challenging; however if partners worked together it offered the opportunity to create a 'world class Northampton in a world class Northamptonshire'.

The Prospectus was extensively consulted on over a three month period. Over 400 people attended six public meetings, individual presentations were made on request to groups and organisations, including the Northampton Youth Forum, and 77 written representations were received. The response was overwhelmingly positive. People generally recognised the need for growth and the opportunity it represented; but were concerned that it was done well and, particularly, that the infrastructure was provided to support the development of new communities.

The Prospectus and the responses to it will now inform the *Growth Delivery Plan*.

## Achieving delivery

A major achievement was to have WNDC's Development Control Powers in place and operational by April 6<sup>th</sup> 2006. Hard work by our sponsor team at ODPM (now DCLG), our local authority partners, the Board and the Executive ensured that, following a second round of consultation, the statutory orders were laid and service level agreements negotiated. Board training was undertaken and local planning committees established in each of the three urban development areas to put in place an innovative process to determine strategic planning applications, and all applications for change of use and new development in the centre of Northampton.

## Creating Sustainable Communities

In March 2006 the Board agreed that at the heart of WNDC's delivery mission should be a *Growth Delivery Plan*. This is envisaged as a rolling process pursued on two parallel tracks. Track one culminating in a long-term *spatial investment plan* for the area as a whole and track two in short-medium term delivery plans for six key development areas:

- Northampton Town Centre
- Northampton Waterfront/Brownfield Initiative
- Northampton South West district
- Dallington/King's Heath
- Daventry urban development area
- Towcester urban development area

Progress on the *Growth Delivery Plan* is being achieved through an organisational structure that enables WNDC to engage with our partners and

stakeholders at both strategic and local level.

### **Enabling action**

In 2005/06 WNDC took responsibility to programme manage three Growth Area Fund Round 1 projects in West Northamptonshire. All three projects – Salcey Forest Tree Walk, Getting Northampton to Work and the Brownfield Initiative – were completed to time and budget. This experience laid the foundation for WNDC taking responsibility for Growth Area Funds Round 2 in 2006/07.

### **Conclusion**

2005/06 represented WNDC's 'start-up' phase. A year of hard work and achievement has laid a solid foundation for the current operational phase. Considerable credit must go to the staff, both permanent and those who became part of the team on a temporary basis, whose hard work has made this possible and particularly to Roger Mendonça, who, as an ODPM employee, started WNDC from scratch and has sustained the organisation through its early phase. My thanks also go to the Board, who have given generously and positively of both their time and experience and have provided invaluable leadership and support; to our sponsor in DCLG; to our many partners, all of which have positively embraced this new organisation and given it advice, support and resource; and, finally, to the Chairman, Keith Barwell, for his energy, enthusiasm and leadership.



**Mike Hayes**

Chief Executive, West Northampton Development Corporation

10 July 2006

## Management Commentary

### *The Policy Context*

#### **Sustainable Communities**

“Sustainable Communities: building for the future” (ODPM, February 2003), set out the Government’s aim of achieving a step change to deliver successful, thriving and inclusive communities. As part of the plan, four Growth Areas were identified as the focus of policy led growth with additional support from Government on infrastructure and stronger delivery arrangements. West Northamptonshire is a key area within the Milton Keynes/South Midlands (MKSM) Growth Area. The other Growth Areas are London-Stansed-Cambridge-Peterborough, Ashford and the Thames Gateway.

West Northamptonshire, along with other parts of the MKSM Growth Area has already demonstrated a dramatic capacity for economic success. In the decade 1991-2000, employment growth in the area was over three times the national average. The area has seen substantial rates of population growth over this time. New areas of housing are needed to accommodate this growth, but development must be planned in a sustainable way.

As current and planned development patterns indicate, there are major opportunities for boosting the economic strength of Northampton and neighbouring centres in Daventry and Towcester. There is scope to create an enhanced urban environment and improve public infrastructure through regeneration and high quality design focusing on a series of town centre and urban fringe sites. Successful regeneration of these centres would enhance the development of sustainable and viable local communities able to accommodate proposed levels of growth. It would also recognise the key sub-regional links between Northampton, South Northamptonshire and Daventry Districts.

Various delivery vehicles have been proposed for the individual growth locations within the MKSM Growth Area. In West Northamptonshire, central Government and local authorities agreed that the scale and intensity of the task of land assembly required an Urban Development Corporation (West Northamptonshire Development Corporation) with its additional powers, focus and ability to generate increased private sector confidence.

#### **Public Service Agreement 5**

The work of the West Northamptonshire Development Corporation (WNDC) supports the delivery of ODPM’s Public Service Agreement (PSA) Target 5. This looks to:

“Achieve a better balance between housing availability and the demand for housing, including improved affordability, in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities.”

In West Northamptonshire, there is a shortage of housing. The market is keen to address this shortfall. The key targets for the area are therefore ensuring design quality, improving affordability, protecting valuable countryside and improving the sustainability of towns and cities through the provision of social, economic, environmental and physical infrastructure.

### **Regional Spatial Strategy for the East Midlands**

The current version of Regional Spatial Strategy for the East Midlands (RSS8) was published in March 2005 following the Public Examination (March-April 2004) and subsequent public consultation on proposed changes related to the MKSM Sub-Regional Strategy. The next major review, covering the period up to 2026, was launched in 2005 and is expected to be published in its final form early in 2008.

RSS8 sets out the broad development strategy for the East Midlands, including West Northamptonshire, up to 2021. The main role of RSS8 is to provide a strategy within which local authorities' planning documents and local transport plans can be prepared. It identifies the scale and distribution of provision for new housing and priorities for the environment, transport, infrastructure, economic development, agriculture, energy, minerals and waste treatment. RSS8 therefore provides the long-term planning framework for the WNDC.

Northampton is already a large urban area. Its growth over the next twenty-five years, coupled with its strategic location, will make it one of the most important cities too (as shown in Figure 1). Co-ordinated development led by WNDC can ensure it is also one of the most sustainable.

### **Statutory Background**

The order establishing a UDC for West Northamptonshire – specifically the towns of Northampton, Daventry and Towcester – was approved by Parliament in December 2004. While the order does not set a time limit on WNDC, ODPM have indicated that they expect the body to have a ten year lifespan. This will be reviewed after 5 years.

WNDC's objective is to secure the sustainable regeneration and development of the three towns within its area, to help encourage growth and attract extra public and private sector investment to the county. This means creating more and better jobs, improving town centres and creating better places to live.

WNDC's general powers are set out in the Local Government, Planning and Land Act 1980. These powers enable WNDC to:

- Acquire (compulsorily if necessary), hold, manage, reclaim and dispose of land and other property
- Carry out building and other operations
- Seek to ensure the provision of water, electricity, gas, sewerage and other services
- Carry on any business or undertaking for the purposes of its object
- Generally do anything necessary or expedient for the purposes of its objective or for purposes incidental to those purposes.

Subject to Parliamentary approval, the Secretary of State has also used his powers under the 1980 Act<sup>1</sup> to make WNDP the planning authority for strategic applications from April 2006. Further details on how WNDP intends to use its powers are set out later in this document, under the heading **Strategic Development Control**.

## **Accounts Direction**

The financial statements contained within this Report and Accounts have been prepared under the Accounts Direction given by the First Secretary of State, with the consent of the Treasury, in accordance with Paragraph 10(3) of Schedule 31 to The Local Government, Planning and Land Act 1980. The full document, together with the attached Schedules 1 & 2, is reproduced on pages 54-59.

## **Aims and Objectives**

WNDP has been established to promote and deliver the sustainable regeneration and growth of West Northamptonshire, within the context of the national policy set out in the Sustainable Communities Plan, the plans for the wider Milton Keynes and South Midlands sub-region and for the East Midlands as a whole.

### ***Realising the Potential: The Prospectus for West Northamptonshire***

On 6 December 2005, WNDP published for consultation its Prospectus<sup>2</sup> for future growth and prosperity in West Northamptonshire. The consultation closed on 6 March 2006.

The growth agenda creates a series of challenges and opportunities for West Northamptonshire. Our job is to work with partners to tackle these challenges and make the most of these opportunities. In the Prospectus, we stated our aspiration to make Northampton a world class sustainable city at the heart of a world class West Northamptonshire.

To achieve this aspiration we identified three linked objectives:

- To improve our **competitiveness** – finding a position within the global economy that enables West Northamptonshire to compete successfully with the rest of the world;
- To support community **cohesion** – making the opportunities arising from growth available for all; both existing and future residents; and
- To increase design **quality** – creating places that are well designed and make a positive contribution to the natural environment.

<sup>1</sup> Statutory Instrument - (SI/2006/616).

<sup>2</sup> WNDP "Realising the Opportunity: West Northamptonshire in the 21<sup>st</sup> century. A prospectus for growth and prosperity." (December 2005)

Following an analysis of West Northamptonshire's existing strengths and weaknesses and the opportunities and threats the area will face in the future<sup>3</sup>, WNDC has identified ten key areas for action to achieve co-ordinated, sustainable development. In none of these areas is WNDC the lead organisation – they must be tackled through strong public, private, voluntary and community sector partnerships. However, we can support partners' ability to deliver in each of these areas by the use of our resources and powers. These areas are therefore an indication of our priorities for action and form the basis for the development of our programme of activity.

- A. ***Improving and diversifying the economic base*** to tackle West Northamptonshire's over-reliance on a few employment sectors and promote an innovative and dynamic economy which offers quality, well-paid employment opportunities, is highly competitive and generates a substantially greater level of added value.
- B. ***Transforming town centres*** that are currently struggling to compete, to create distinctive, robust and vibrant places to satisfy the needs of existing and new communities.
- C. ***Providing a greater number and range of well designed, eco-friendly diverse housing*** to redress the imbalance in West Northamptonshire's existing housing stock and increase the size, quality and choice of housing stock to meet the needs of communities and individuals.
- D. ***Establishing a more recognisable sense of place and identity*** for the three individual towns and West Northamptonshire as a whole.
- E. ***Improving connectivity*** by utilising West Northamptonshire's regional and national linkages suitably upgraded whilst substantially improving internal accessibility and movement.
- F. ***Creating inclusive communities*** by ensuring opportunities afforded by growth are available to new and existing residents.
- G. ***Developing high quality skills***, resolving West Northamptonshire's current disadvantage, enabling individuals to reach their full potential and helping employers locate the skills they require.
- H. ***Achieving quality in the built and natural environment*** to create distinctive places where people want to live.

<sup>3</sup> Northamptonshire Observatory "The West Northamptonshire Development Corporation: a baseline profile" (March 2005); Scott Wilson-EDAW "WNDC Regeneration Framework Project Initiation Document" (May 2005), "West Northamptonshire Regeneration Framework Baseline Issues Scoping" (June 2005), "Towards a Regeneration Framework: Policy and Delivery Perspectives" (July 2005), "The Shape of Things to Come: Vision and Urban design Perspectives" (July 2005), "WNDC Baseline Issues Scoping Report" (August 2005), "WNDC Board Workshop Presentation" (August 2005) and "West Northamptonshire Development Corporation Regeneration Framework" (September 2005)

- I. ***Improving management of environmental assets and resources***, maximising the contribution the superb West Northamptonshire environment makes to peoples' quality of life whilst minimising the impact of human activity on that environment.
- J. ***Helping West Northamptonshire's rural communities*** to thrive and be more secure for the future, by reinforcing the strong relationship between town and country.

## **Review of Activities**

### **During 2005/06 WNDC has laid the foundations for the sustainable development and regeneration of West Northamptonshire:**

- Successful programme management of Growth Area funded (Round 1) projects totalling over £13 million.
- WNDC secured (by Parliamentary Order laid on 15 March 2006) strategic development control powers to be enacted from 6 April. Robust administrative and management protocols are being developed with local authorities to support WNDC's development control functions.
- Recruitment of senior members of the core team is complete, including a permanent Chief Executive and Director of Planning and Development. WNDC has also recruited associated managerial and administrative staff to meet the operational requirements of the organisation.
- Establishment of internal governance arrangements has taken place.
- Programme management systems have been prepared and detailed guidance has been agreed and made available to those wishing to apply for WNDC administered Growth Area Funding (Round 2).
- Excellent working relationships have been established with a wide variety of stakeholders especially the local authorities and English Partnerships. WNDC has also held extensive discussions with a range of community representatives, pressure groups, Government agencies, landowners and developers to enable the regeneration of West Northamptonshire.
- A Prospectus setting out WNDC's objectives and role in delivering those objectives was published in December 2005. As part of a wider engagement strategy, consultation on the Prospectus has taken place with stakeholders and public. The consultation closed on 6 March, following 80 responses from members of the public, businesses, public sector organisations and the voluntary and community sector. As part of the consultation we held four public meetings across West Northamptonshire, attended by over three hundred and fifty members of the public.
- WNDC, in partnership with local authorities and other agencies, has commissioned a study of the development potential of Castle Station in Northampton. WNDC continues to work very closely with partners on a

jointly commissioned Development, Design and Movement study for Northampton town centre.

- WNDC's Financial Resources Group has been established to investigate funding for sustainable growth.
- The terms of reference for a Growth Delivery Plan were agreed by the Board in March 2006. The Plan sets an ambitious framework for delivery across the short, medium and longer-term.

### **Financial Performance**

The Income and Expenditure Account shows the total income for the year at £15,353,000. Of this total, the elements are:

- The take up of the allocated Resource Grant in Aid from the WNDC sponsor department amounted to £1,490,000. This is the source that is used to pay for the on-going operational costs of WNDC, such as staff, office and consultancy costs.
- During 2005/2006, 3 capital projects originally programme managed by Government Office for the East Midlands were novated, or the responsibility for programme management and payment approval passed, to WNDC. Under these 3 novated capital projects, all funded via the the first round of Growth Area Funding (GAF 1), the total capital costs claimed by WNDC from ODPM amounted to £13,671,000. This amounted to 100% of the agreed funding for 2005/2006.
- The Corporation received grant income of £154,000 from Invest Northants for consultancy fees in relation to project costs.
- Other operating income of £11,000 represents invoices raised by WNDC in respect of co-funding development reports and reclaiming the costs of training courses run by WNDC from attendees from interested parties.
- The transfer from Government Grant Reserve of £27,000 represents the funding of the non-cash depreciation and amortisation charge for the year.

The expenditure for the year totals £15,343,000.

- The staff costs total £840,000.
- Other Administration costs total £678,000, which includes £27,000 of non cash Depreciation charges in respect of IT equipment and software.
- Project costs total £13,825,000, being novated contracts £13,671,000 and £154,000 for other projects.

The Balance Sheet at 31 March 2006 shows Net liabilities of £94,000, which is primarily due to the inclusion, as required by FRS 17, of the £198,000 liability calculated for the actuarial valuation of the WNDC pension scheme. Current Assets represent cash and amounts due to WNDC, being primarily £3,974,000 receivable from ODPM in respect of Capital Project expenditure

under the novated contracts.

On-going funding for the 2006/2007 financial year has been agreed by the sponsor department and an operating budget has been completed which indicates that WNDC will be able to continue its on-going operations. WNDC does not envisage any short term future events that will materially impact its ability to continue with its statutory and business objectives.

### **Going Concern basis of accounting**

The Balance Sheet at 31 March 2006 shows net liabilities of £94,000. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from WNDC's other sources of income, may be met only by future grants or grants-in-aid from WNDC's sponsoring department, the Department for Communities and Local Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-aid for 2006-07, taking into account the amounts required to meet WNDC's liabilities falling in that year, has already been included in the Department's Estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### **Risk Factors**

The Risk Group of senior WNDC officers meets regularly to review the Corporate Risk Register (Statement on Internal Control refers) and reports to the Audit and Risk Committee of the WNDC Board. The Risk Register has constantly evolved and has been updated every month since the first Register was presented to the Audit and Risk Committee in October 2005.

Risks within WNDC are organised into 15 discrete headings. All identified risks are assessed under a 'traffic light' classification, with the highest 'Red' risks requiring constant monitoring by the appropriate Lead Manager, through 'Amber', requiring update reports each month, to 'Green', which require on-going monitoring. All risks are assessed at each Risk Group meeting to confirm their status and to move through the classifications as necessary. Not all headings contain business critical or 'Red' risks. The major risks, the actions taken and their current sources of assurance are as follows:

- Payments from developers in respect of contributions towards infrastructure projects (Section 106 receipts) may not deliver sufficient income at the right time. The potential risk is that the future income streams may lag behind the 'up front' payments, or indeed that the total future income may not cover the actual expenditures.

WNDC has met and continues to meet, a range of potential capital finance providers. WNDC has formed a Financial Resources Working Group to receive potential funding solutions from specialist

regeneration and infrastructure providers.

- Unbudgeted costs may occur during the financial year. The Grant in Aid allocations for 2006/2007 and 2007/2008 are 99% allocated to the ongoing operational costs of WNDC and do not allow the creation of any material 'Contingency Fund'.

WNDC has always kept the sponsor department at DCLG fully aware of the potential for unbudgeted costs. WNDC is actively managing the Resource budget to achieve maximum flexibility, together with developing innovative ways to create additional, retainable revenue.

- The Local Development Framework, a single core strategy for the growth agenda in West Northamptonshire, may not be complete by the 2008 deadline, or is found to be unsound.

WNDC has worked with all of the partner agencies in West Northamptonshire, together with Government Office for the East Midlands (GOEM) to progress the discussion to date. GOEM have given clear support to a preferred option for the creation of the appropriate Local Development Scheme which will underpin the Local Development Framework.

Whilst a number of other risks have been classified 'Amber' and 'Green', the majority relate to potential operational and financial risks which WNDC consider to be containable within the current operating environment. There are also a number of 'uncertainties', which whilst not classified as risks to ongoing operations, may impact on WNDC. Such items are: the overall Government policy on Regeneration and Renewal and the regional basis for strategic development areas, and the results of the the next Government Spending Review and the allocation of central funds to the Growth Area Funds.

WNDC currently reclaims all VAT suffered and for 2005-06, an amount of £141,000 has been recovered from HM Revenue & Customs (HMRC). At the Balance Sheet date, a further amount of £49,000 is shown as a debtor and receivable from HMRC. WNDC has become aware of an HMRC decision concerning another public body which throws some uncertainty on to the Corporation's VAT status. Some of the reclaimed VAT may be recovered by HMRC. No liability in this respect however, has been provided for in the 2005-06 Accounts.

### **Payment Performance**

At the request of WNDC's sponsor department, WNDC draws down funds from ODPM upon receipt of submitted invoices and subsequently makes payments to its creditors with respect to the supply of goods and services. During the period under review WNDC did not incur any interest charges with respect to late payments against submitted invoices (as defined by the Payment of Commercial Debts (Interest) Act 1988). All non-disputed invoices have been paid within the WNDC payment terms of 30 days.

### **Post Balance Sheet Events**

For the year ended 31 March 2006, the sponsor for WNDC was the Office of the Deputy Prime Minister. From 5 May 2006, the sponsoring department has been the Department for Communities and Local Government.

### **Disclosures to Auditors**

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the Local Government, Planning and Land Act 1980 and the Government Resources and Accounts Act 2000.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Corporation's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Corporation's auditors are aware of that information.

The cost of work performed by the auditors in respect of the year ended 31 March 2006 is as follows:

Fee for statutory audit work:	£13,500
Fee for other work:	£Nil

### **Social and Community issues**

Over the past 12 months, WNDC officers and Board Members have worked hard to raise the profile of West Northamptonshire across the region and nationally. We continue to work with a wide range of partners, attending and supporting a diverse range of activities to inform and engage the community with our work. Meaningful and effective consultation has played a central role in obtaining feedback on our recent Prospectus which will now inform our Growth Delivery Plan. The forthcoming year will see a step change in our work as WNDC will seek to not only inform and engage diverse groups but to empower and ensure communities benefit from future progress.

### **Environmental policy**

WNDC is working towards developing an Environmental policy. The current working practices include participating in an approved recycling programme, whereby all discarded office stationery and packaging is collected and passed to recycling contractors each week. Wherever possible, all new office stationery is ordered from sustainable or recycled products.

### **Employee policies**

WNDC follows all of the Equal Opportunities legislation in terms of its recruitment and retention practices. All HR policies follow best practice in terms of statutory and legislative requirements.

## Key relationships with stakeholders

WNDC has key relationships with a number of stakeholders operating within West Northamptonshire, such as Northampton Borough Council, Northamptonshire County Council, Daventry District Council and South Northamptonshire District Council. Other major relationships include English Partnerships and our sponsor department, DCLG. It is not envisaged that any potential dispute or challenge from our key stakeholders is likely and would lead to any material long term impairment of WNDC's operating performance.

## Future Developments

WNDC's key priorities between April 2006 and March 2008 are:

- Developing and implementing the Growth Delivery Plan. This will set our approach to the delivery of strategic infrastructure, and the unlocking of development locations.
- Enabling high quality development through effective use of our development control powers.
- Investing Growth Area Funding in West Northamptonshire

Focusing on these priorities will enable WNDC to deliver the outputs below<sup>4</sup>:

	<b>Gross Direct Outputs</b>	<b>Gross Indirect Outputs</b>	<b>Total Gross Outputs</b>
<b>Housing (number of units)</b>	717	1,822	2,539
<b>Commercial floorspace created (m<sup>2</sup>)</b>	12,255	5,502	17,757
<b>Jobs created or safeguarded (FTEs)</b>	428	124	552
<b>Private sector investment attracted (£)</b>	89,000,000	201,480,000	290,480,000
<b>Public sector investment attracted (£)</b>	8,750,000	0	8,750,000

<sup>4</sup> The majority of these outputs will arise outside the current Corporate Plan (2006-2008) period.

## **The Growth Delivery Plan**

The Prospectus proposed the development of a Growth Delivery Plan (GDP), to be in place by March 2007.

The Growth Delivery Plan will be a series of reports, programmes and projects. It will be pursued through two parallel, but interdependent tracks.

The first track will address the long term up to 2021, and will seek to build up a clear picture of the location of growth, strategic infrastructure requirements and funding mechanisms. The end result will be a “spatial investment plan” which will set out the “where, what, how, when and how much” of growth delivery over the planning period.

Track two will focus on delivering regeneration and sustainable development at a series of development locations. Six specific development locations have been identified as the focus for action. These are:

- Northampton town centre
- Northampton Brownfield initiative/Waterside – Northampton built-up area
- South West District – Northampton urban extension
- Dallington/King’s Heath – Northampton urban extension
- Daventry UDA – encompassing Daventry town centre, built-up area and potential urban extensions
- Towcester UDA – encompassing Towcester’s town centre, built-up area and potential urban extensions

WNDC will instigate an audit of these locations and develop an action plan for delivery.

A Steering Group of local authorities and statutory agencies, chaired by WNDC, will drive the Growth Delivery Plan forward. The Steering Group will report progress to WNDC’s Board.

## **Strategic Development Control**

ODPM transferred Development Control Powers for “strategic” planning applications from the relevant local authorities to WNDC on 6 April 2006.

Until recently, the planning system allowed development to take place where there was no demonstrable harm. However, in 2004 Planning Policy Statement 1 (PPS1) introduced a new approach based around ensuring that development delivers demonstrable good. In considering planning applications, WNDC will expect developers to be able to demonstrate how their proposals deliver the best possible combination of social, economic and environmental benefits from any site. WNDC will prepare a “standard” for planning setting out in more detail what will be expected in order to demonstrate that developments meet the new quality threshold, using site specific “concept statements” where appropriate. The “standard” will aim to provide clarity for both developers and the community.

## Investing Growth Area Funding in West Northamptonshire

WNDC is funded by grant-in-aid from the Office of the Deputy Prime Minister (ODPM) – from 5 May 2006, the Department for Communities and Local Government (DCLG) - Growth Areas Fund (GAF). For 2006/07 DCLG have provisionally allocated £10m of capital funding. For 2007/08 our allocation is £15m capital. Funding for future years is dependent on the outcome of future Government spending reviews.

The vast majority of GAF funding will be allocated to projects developed by WNDC in partnership with external bodies.

Funding will be invested in activity that supports delivery in the ten action areas identified in the Prospectus. However, GAF money alone will clearly not be sufficient to deliver all West Northamptonshire's sustainable regeneration and growth requirements. This requires substantial resources created by development and attracted from the private sector and Government departments.

The DCLG capital money is therefore primarily "seedcorn" which WNDC will use to provide the key infrastructure that unlocks the development potential of land – thereby attracting larger sums for delivering sustainable projects – making the WNDC area more attractive for private sector investors, and ensuring that public sector investment matches the increased needs of a growing population.

WNDC has divided its Growth Areas Funding into four separate programmes that support the objectives of Growth Delivery Plan:

- Programme 1: Northampton (£15m between April 2006-March 2008) – a geographically based programme that will support the delivery of investment in strategic infrastructure for the town, and activity that supports delivery of the town's four development locations: (Northampton town centre, Northampton Brownfield Initiative/Waterside, South West district and Dallington/King's Heath). Subject to Treasury approval, £10.8m has been committed to Phase 4 of the Northampton Brownfield Initiative. This will deliver strategic flood mitigation works for Northampton as a whole, and improve the quality of development in within the Brownfield Initiative/Waterside location.
- Programme 2: Daventry (£6.5m) – the same principles as for Northampton
- Programme 3: Towcester (£1.5m) – the same principles as for Northampton
- Programme 4: Flagship Projects (£2m) – The baseline evidence prepared for the Prospectus indicates that while West Northamptonshire is perceived as a relatively well-off area, its regional, national and international identity is not clearly defined and a number of existing communities are not fully benefiting from this wealth. Accordingly this programme is targeted at activity that increases the

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perception of West Northamptonshire as world class, and/or delivers a step change in the quality of the built and/or natural environment, or the level of community cohesion.

Signed: 

Mike Hayes, Accounting Officer and Chief Executive

Date: 10 July 2006

## REMUNERATION REPORT

### Remuneration Committee Membership

Arthur McCutcheon - Chair  
Ann Tate - Board member  
Nick Thompson - Board member

### Policy

- 1 As set out in section 12 of Schedule 26 of the Local Government, Planning and Land Act 1980, the WNDC Board is responsible for determining the remuneration for WNDC staff.
- 2 The Remuneration Committee is an advisory committee with no executive authority. The Committee advises the WNDC Board in all aspects of the Rewards Strategy for WNDC officers.
- 3 The Committee is authorised by the Board to investigate any activity within these terms of reference and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its enquiries.
- 4 The Remuneration Committee is authorised to obtain independent professional advice if it considers it necessary.
- 5 The specific duties of the Remuneration Committee in advising the WNDC Board shall be through reviewing and proposing (inter alia):
  - a) The Chief Executive's performance and his proposed bonus/increment;
  - b) The Chief Executive's proposals for the remuneration of the Deputy Chief Executive and Director of Planning;
  - c) WNDC's overall remuneration strategy, and whether it enables the organisation to recruit and retain key staff.
- 6 The Committee will report their findings to the Board. The Committee Minutes will form the main source of the formal written report at the next appropriate Board Meeting.

### Performance related pay

The performance related pay will be a maximum of 10% of gross annual salary. For 2005/2006 each member of staff had a contract of employment stipulating that a performance bonus would be considered on successful completion of WNDC objectives for the year. The Chief Executive proposed to the Remuneration

### Duration of contracts

Directors	Fixed 5 year contracts
	3 months notice for both parties
	No contractual termination payment

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**Directors' contracts**

Chief Executive	Commenced 12 September 2005 Expires 11 September 2010 Unexpired term 4 years 5 months
Deputy Chief Executive	Commenced 1 August 2005 Expires 31 July 2010 Unexpired term 4 years 4 months
Planning and Development	Commenced 17 December 2005 Expires 16 December 2010 Unexpired term 4 years 8.5 months

**Termination costs**

There were no costs in respect of early termination of contracts.

**Board members' costs**

	2005-06		2004-05
Name	Salary £	Pension contributions	Salary £
Keith Barwell - Chair	11,259	-	9,790
John Weir - Deputy Chair	33,450	5,749	1,394
John Farrow	11,259	-	469
Mary Burrows	11,259	-	469
David Dickinson	11,259	-	469
Ann Tate	11,259	-	469
Nick Thompson	11,259	-	469
Cllr Lee Barron	11,259	-	469
Cllr Phil Larratt	11,259	-	469
Cllr Arthur McCutcheon	11,259	-	469
Cllr Ben Smith	11,259	-	469
Cllr Chris Millar	11,259	-	469
Cllr Sandra Barnes	11,259	-	469

The Barwell Corporation (Chair and CEO Keith Barwell) also invoiced WNDC for the use of the Chair's office in the amount of £37,501 (2005 - £nil)

The Deputy Chair post is pensionable and contributions have been set aside whilst details of a 'by analogy' scheme are being finalised.

### Salaries of Senior Managers

	2005-06	2004-05
	Salary £'000	Salary £'000
Michael Hayes <i>Chief Executive</i> (from 12 September 2005)	70-75 (115-120 full year equivalent)	-
Roger Mendonca <i>Deputy Chief Executive</i> (from 1 August 2005)	55-60 (80-85 full year equivalent)	-
Stephen Kelly <i>Director of Planning</i> (from 17 December 2005)	20-25 (70-75 full year equivalent)	-

There were no benefits in kind in the year ended 31 March 2006 (2005 £Nil)

### Amounts paid to third parties for the services of the following interim senior managers

	2005-06	2004-05
	£'000	£'000
<i>Chief Operating Officer</i> (to 18 August 2005)	60-65	15-20
<i>Director of Planning &amp; Regeneration</i> (to 31 March 2006)	150-155	15-20

### Pensions

WNDC is an admitted body within the Local Government Pension Scheme (LGPS) as administered by the Pensions Department of Northamptonshire County Council (NCC). The LGPS is a contributory defined benefit final salary scheme. The appointed Actuaries to the scheme, Mercer Human Resource Consulting Ltd (Mercers), conduct a full actuarial valuation each three years. The results of the valuation give, inter alia, the recommended contribution rates for each of the bodies participating in the scheme. Indicative contribution rates prior to a full valuation as at 31 March 2007 were set by the actuaries when WNDC first joined LGPS in April 2005 and these rates, 6% for employees and 16.5% for the employers, have been used throughout 2005/2006.

The Service Level Agreement between NCC and Mercers requires the provision of full FRS 17 disclosure details to each of the admitted bodies. The full disclosure of the WNDC scheme details is given in Note 14 to the Accounts. The main results may be summarised as follows:

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• Market value of scheme assets	£ 881,000
• Less; Actuarial value of scheme liabilities	£1,079,000
• Net scheme (deficit)	<b>£ (198,000)</b>

Comprised of:

• Surplus/(deficit) at 1 April 2005	£ -
• Current service cost	£ ( 44,000)
• Employer contributions	£ 36,000
• Past service costs	£ 28,000
• Actuarial gain/(loss)	£ (218,000)
• Surplus/(deficit) at 31 March 2006	<b>£ (198,000)</b>

As regards individual members of the scheme, the following details apply to senior management:

	Accrued pension at age 65 as at 31/3/06 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mike Hayes <i>Chief Executive</i>	0-1 plus lump sum of 2.0-2.5	0-2.5 plus lump sum of 0-2.5	11	-	7
Roger Mendonca <i>Deputy Chief Executive</i>	10-15 plus lump sum of 30-35	10.-12.5 plus lump sum of 32.5-35	114	-	53
Stephen Kelly <i>Planning and Development Director</i>	0-5 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	2	-	1

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure

pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Signed:



Mike Hayes, Accounting Officer and Chief Executive

Date: 10 July 2006

### **Statement of The Board's and Accounting Officer's Responsibilities**

The Accounts were prepared on the 31 March 2006 in accordance with the Accounts Direction provided by the First Secretary of State. A copy of the Accounts Direction is provided on page 54 to 59 of this document.

On the 12 September 2005 Mike Hayes was appointed Chief Executive and on 26 September 2005 he was designated as Accounting Officer. The relevant responsibilities of the Accounting Officer, including the responsibilities for the propriety and regularity of the public finances for which an Accounting Officer is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum.

The accounts were prepared on an accruals basis and show a true and fair view of the WNDC's state of affairs at the period-end and of its income and expenditure and cash flows for the financial period.

In drawing up these accounts the Board is required to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and;
- Prepare financial statements on a going concern basis, unless it is inappropriate to presume that the WNDC will continue in operation.

## Statement on Internal Control 2005/2006

### 1. Scope of responsibility

The Board is accountable for internal control. As Accounting Officer, and Chief Executive of this Board, I am responsible for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accounting Officer Memorandum.

The Chief Executive provides Board level leadership for corporate governance and risk management. The Board Committee that oversee these processes, namely the Audit and Risk Committee, is chaired by a Non-Executive Member of the West Northamptonshire Development Corporation Board. The Chief Executive and Head of Finance and Corporate Affairs attend the Committee to ensure an effective and integrated governance process.

In order to fulfil my responsibilities to the Board and the public, a system of governance is in place that provides the necessary challenge and scrutiny of the functions of West Northamptonshire Development Corporation. As part of an objective assessment of this process, we continue to work with the National Audit Office and the Internal Audit Service of the Department for Communities and Local Government which holds the Board, and myself, to account for financial probity and corporate governance.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and assess their impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in West Northamptonshire Development Corporation for the majority of the year ended 31 March 2006, and up to the date of approval of the annual report and accounts by the West Northamptonshire Development Corporation Board.

### 3. Capacity to handle risk

The Chairman, Chief Executive and the rest of the Board set the example for the organisation on the importance of risk management. The risk management process is led through the activities and roles of the senior Officers and the Board. Other systems that we have put in place to give us capacity to handle risk are:

- Risk management as a key responsibility within executive and senior management roles;

- A Risk Group which meets regularly to review the on-going Risk Register and to ensure individuals carry out their risk management responsibilities, and to embed processes across the organisation. The Risk Group is comprised of the Chief Executive, Deputy Chief Executive, Director of Planning and Development and the Head of Finance and Corporate Affairs.

The West Northamptonshire Development Corporation Board receives updates on the Corporate Risk Register each quarter as part of the report from the Audit and Risk Committee.

The risk register is a comprehensive and pro-active tool, which provides a complete and detailed analysis of all identified risks, to which West Northamptonshire Development Corporation is or may be exposed. It specifies risk ownership, inherent risk, control mechanisms and action plan details for each separate risk in order that West Northamptonshire Development Corporation can clearly demonstrate the positive effects of Risk Management techniques. The development and review of the Risk Register is governed by and in accordance with the Risk Management Strategy, which has been reviewed in year and approved by the Audit and Risk Committee.

#### **4. The risk and control framework**

The Risk Management Strategy is a robust document, which sets out techniques in use by West Northamptonshire Development Corporation to determine and align responsibility and ownership for risk. The document was reviewed during 2005/06 and henceforth on an annual basis, in order to ensure we continually apply best practice techniques. The Risk Management Strategy is at the crux of all Risk Management activity and aims to reduce subjectivity via sound methods of control to perform risk identification, quantification, treatment and monitoring procedures. The Strategy is supported in a number of ways:

- Continual review and scrutiny by the Risk Group;
- Identifying risk as a regular component of the Board business;
- Monitoring by the Audit and Risk Committee;
- Development and continual review of the overall Risk Register and appropriate reporting to Committees and the Board.

#### **5. Review of effectiveness**

As Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The reports from Internal Audit provide me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control also provide me with assurance.

My review is also informed by a number of other means such as: -

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- Information provided by external auditors;
- Our rolling programme of actions raised through internal and external audits; and
- Regular Risk Group meetings and information presented to the Audit and Risk Committee and to the Board.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control, primarily by the internal audit function. In addition, reassurance is gained via the Board and the Audit and Risk Committee.

I am confident that a plan to address any weaknesses and to ensure continuous improvement of the systems is in place. I can confirm that there are no significant internal control issues within West Northamptonshire Development Corporation.



Signed ..... Date ..10 July 2006.....

Michael Hayes, Accounting Officer and Chief Executive  
West Northamptonshire Development Corporation

***THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND  
AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT***

I certify that I have audited the financial statements of West Northamptonshire Development Corporation for the year ended 31<sup>st</sup> March 2006 under the Local Government, Planning and Land Act 1980 as amended by Statutory Instrument 2005(913) of the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

**Respective responsibilities of West Northamptonshire Development Corporation Board, Accounting Officer and auditor**

The West Northamptonshire Development Corporation Board and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government, Planning and Land Act 1980 as amended by Statutory Instrument 2005(913) of the Government Resources and Accounts Act 2000 and the directions made thereunder by the First Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board's and Accounting Officer's Responsibilities. My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 as amended by Statutory Instrument 2005(913) of the Government Resources and Accounts Act 2000 and directions made thereunder by the First Secretary of State. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if West Northamptonshire Development Corporation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 33-35 reflects West Northamptonshire Development Corporation's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of West Northamptonshire Development Corporation's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chair's Report, the Chief Executive's Report, the unaudited part of the Remuneration Report and the Management Commentary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the West Northamptonshire Development Corporation, its Board and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Corporation's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

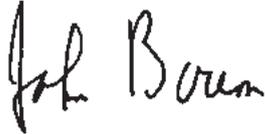
### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government, Planning and Land Act 1980 as amended by Statutory Instrument 2005(913) of the Government Resources and Accounts Act 2000 and directions made thereunder by the First Secretary of State, of the state of West Northamptonshire Development Corporation's affairs as at 31<sup>st</sup> March 2006 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 as amended by Statutory Instrument 2005(913) of the Government Resources and Accounts Act 2000 and directions made thereunder by the First Secretary of State; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "John Bourn". The signature is written in a cursive style with a large initial 'J'.

*John Bourn*  
*Comptroller and Auditor General*  
*National Audit Office*  
*157-197 Buckingham Palace Road*  
*Victoria*  
*London*  
*SW1W 9SP*  
*Date 12 July 2006*

## FINANCIAL STATEMENTS

### INCOME AND EXPENDITURE ACCOUNT for the period ended 31 March 2006

	Note	2005-06 £'000	Re-stated 2004-05 £'000
<b>Income</b>			
Grant-in-Aid	2a	1,490	109
Grant income	2b	13,825	-
Other operating income		11	-
Transfer from Government Grant Reserve	13	27	-
		<b>15,353</b>	<b>109</b>
<b>Expenditure</b>			
Staff Costs	3	840	65
Other Administration costs	4	678	44
Project costs	5	13,825	-
		<b>15,343</b>	<b>109</b>
<b>Net operating surplus/(deficit)</b>		<b>10</b>	<b>-</b>
Interest receivable		5	-
Interest payable		-	-
Cost of Capital	1c	(2)	-
<b>(Deficit)/surplus on ordinary activities for the year</b>		<b>13</b>	<b>-</b>
Taxation		-	-
<b>(Deficit)/surplus after tax for the year</b>		<b>13</b>	<b>-</b>
Transfer to pension reserve	14	(20)	-
Reversal of Cost of Capital	1c	2	-
<b>(Deficit)/surplus retained for the year</b>		<b>(5)</b>	<b>-</b>

	2005-06 £'000	Re-stated 2004-05 £'000
<b>STATEMENT OF RECOGNISED GAINS AND LOSSES</b>		
Asset gain	38	-
Liability gain/(loss)	(222)	-
Change in assumptions	(34)	-
<b>Net gain/(loss) on Pension Liability</b>	<b>(218)</b>	<b>-</b>

*Restatement of 2004-05 figures is explained in Note 18*

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

**FINANCIAL STATEMENTS**

**BALANCE SHEET as at 31 March 2006**

		31 March 2006 £'000	Re-stated 31 March 2005 £'000
	<b>Note</b>		
<b>Fixed assets:</b>			
Tangible assets	7	100	-
Intangible assets	8	9	-
Investments		-	-
		<b>109</b>	-
<b>Current assets:</b>			
Debtors	9	4,139	117
Cash at bank and in hand	10	217	-
		<b>4,356</b>	<b>117</b>
<b>Current liabilities:</b>			
Creditors: amounts falling due within one year	11	4,361	117
		<b>(5)</b>	-
<b>Net Current Assets</b>			
		<b>104</b>	-
<b>Total assets less current liabilities excluding pension liability</b>			
Pension liability	14	(198)	-
		<b>(94)</b>	-
<b>Total assets/(liabilities) including pension asset/(liability)</b>			
<b>Capital &amp; Reserves</b>			
Government Grant Reserve	13	109	-
Pension Reserve	14	(198)	-
Income and Expenditure Reserve	13	(5)	-
		<b>(94)</b>	-

(Signed)  (Chair)

(Signed)  (Accounting Officer)

Date 10 July 2006

## FINANCIAL STATEMENTS

### CASH FLOW STATEMENT for the period ended 31 March 2006

	Note	2005-06 £'000	Re-stated 2004-05 £'000
Net cash inflow from operating activities	1	212	-
Returns on investments and servicing of finance		5	-
Capital expenditure		(136)	-
Financing (government grant to fund capital expenditure)		136	-
Increase in cash in the period	2	217	-

## FINANCIAL STATEMENTS

Notes to the Cash Flow Statement	2005-06 £'000	Re-stated 2004-05 £'000
<b>1 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Net operating (deficit)/surplus from I&E account	10	-
Depreciation/amortisation charges	27	-
Transfer from Government Grant reserve for Depreciation	(27)	-
Pension cost as valued for FRS 17	16	-
Pension contribution made in year	(36)	-
Increase in debtors	(4,022)	(117)
Increase in amounts payable within one year	4,244	117
<b>Net cash inflow from operating activities</b>	<b>212</b>	<b>-</b>
<b>2 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>		
Cash at bank and in hand at 31 March 2006	217	-
Less: Cash at bank and in hand as at 1 April 2005	-	-
<b>Increase in cash in the period</b>	<b>217</b>	<b>-</b>

## FINANCIAL STATEMENTS

### Notes to the Accounts

#### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2005-06 government Financial Reporting Manual (FReM) issued by H.M. Treasury.

The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Corporation for the purpose of giving a true and fair view has been selected.

The Corporation's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.a Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets where material.

#### 1.b Recognition of Grant-In-Aid

In accordance with HM Treasury guidance, Grant-in-aid is credited to the Income and Expenditure Account to cover operating costs paid during that year.

Funding for the purchase of Fixed Assets is credited to the Government Grant Reserve and released to the Income and Expenditure Account over the useful lives of the relevant assets. On the disposal of a Fixed Asset funded by Government Grant an amount equal to the profit or loss on disposal is transferred from the Government Grant Reserve to the Income and Expenditure Account.

#### 1.c Capital charge

To comply with HM Treasury guidance, the Corporation is required to charge a notional cost of capital charge against the Income and Expenditure Account to reflect the use of capital in the business in the year. The charge is calculated as 3.5% of the average carrying value of net assets during the period (2005: 3.5%).

#### 1.d Pensions

WNDC employees are invited to join the Local Government Pension Scheme (LGPS) a final salary, defined benefit scheme. Pension costs are accounted for under FRS 17 as calculated by the scheme appointed Actuaries, Mercer Consulting.

#### 1.e Tangible fixed assets

Tangible fixed assets comprise computer equipment and are deemed to have a useful economic life of 4 years and are valued on an historical cost basis.

The capitalisation threshold is £2,500. Items below this amount will be grouped into a single asset where they form part of a distinct or specific project.

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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Depreciation is provided to write off the costs of individual assets over their useful economic life on a straight line basis.

**1.f Intangible fixed assets**

Intangible fixed assets comprise software licences and are deemed to have a useful economic life of 4 years and are valued on an historical cost basis.

The capitalisation threshold is £2,500. Items below this amount will be grouped into a single asset where they form part of a distinct or specific project.

Amortisation is provided to write off the costs of individual assets over their useful economic life on a straight line basis.

**1.g Operating Leases**

Expenditure under operating leases is recognised in the Income & Expenditure account on a straight line basis over the period of the lease.

**1.h VAT**

WNDC is registered for VAT. Expenditure and the cost of fixed asset additions is stated net of recoverable VAT.

**1i Grants payable**

WNDC deems that grants are payable only when the terms of the grant have been met. Project costs are the Growth Area Funding grants paid/payable by WNDC.

**2 Income**

<b>2.a Grant in Aid</b>	<b>2005-06</b>	<b>Re-stated</b>
	<b>£'000</b>	<b>2004-05</b>
		<b>£'000</b>
Grant in aid allocation for the current year	1,683	109
Grant in aid received during the year:		
In respect of the current year	1,663	-
In respect of the prior year	109	-
Less: opening GIA debtor	(109)	-
Add: closing GIA debtor	-	109
Add: opening deferred GIA creditor	-	-
Less: closing deferred GIA creditor	(37)	-
<b>Total GIA for year</b>	<b>1,626</b>	<b>109</b>
GIA recognised in Income and Expenditure account	1,490	109
GIA credited to the Government Grant Reserve	136	-
<b>Total GIA for the year</b>	<b>1,626</b>	<b>109</b>

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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<b>2.b Grant Receivable</b>	<b>2005-06</b>	<b>Re-stated</b>
	<b>£'000</b>	<b>2004-05</b>
		<b>£'000</b>
Grants from ODPM for approved growth area projects	13,671	-
Grants from other public bodies	154	-
<b>Total Grant for year</b>	<b>13,825</b>	<b>-</b>

**3 Staff numbers and related costs**

Staff costs comprise				<b>2005-06</b>	<b>Re-stated</b>
				<b>£'000</b>	<b>2004-05</b>
					<b>£'000</b>
	Permanent staff	Agency & temporary staff	Board Members	Total	Total
Wages and salaries	552	53	174	779	64
Social security costs	29	-	10	39	1
Other pension costs	16	-	6	22	-
<b>Total net costs</b>	<b>597</b>	<b>53</b>	<b>190</b>	<b>840</b>	<b>65</b>

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). WNDC is an admitted member of the Scheme as administered by Northamptonshire County Council.

LGPS is a contributory final salary, defined benefit scheme with a 6% contribution rate from employees and a 16.5% contribution rate from WNDC.

**Loans to Employees**

There were no loans to employees (2005 - £Nil)

**Average number of persons employed**

The average number of whole-time equivalent persons employed during the year was as follows.

				<b>2005-06</b>	<b>2004-05</b>
				<b>Number</b>	<b>Number</b>
	Permanent staff	Agency & temporary staff	Board Members	Total	Total
<b>WNDC staff numbers</b>	<b>8</b>	<b>2</b>	<b>13</b>	<b>23</b>	<b>15</b>

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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<b>4 Other Administration Costs</b>	<b>2005-06 £'000</b>	<b>Re-stated 2004-05 £'000</b>
External consultancy fees	222	19
Office running costs	102	17
Communications & PR	78	-
Rentals under operating leases	53	6
Other	44	-
Legal fees	38	-
Professional fees	42	-
Training	32	-
Travel & Subsistence	22	-
Auditors' remuneration for audit work:		
National Audit Office	14	2
ODPM Internal Audit Service	4	-
<i>Non-cash items</i>		
Depreciation	24	-
Amortisation	3	-
Profit on disposal of fixed assets	-	-
Loss on disposal of fixed assets	-	-
Provision provided for in year	-	-
Unwinding of discount on provisions	-	-
	<b>678</b>	<b>44</b>
<b>5 Project costs</b>	<b>2005-06 £'000</b>	<b>Re-stated 2004-05 £'000</b>
<b>5a</b> Grants payable to the public sector for growth area projects	13,671	-
Amounts payable directly to suppliers for		
<b>5b</b> WNDC projects	154	-
<b>Total project costs</b>	<b>13,825</b>	<b>-</b>

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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**6 Leases**

Operating lease in respect of office premises with Northampton RFC Limited  
(Company registered in England: number 3139409).

Term of lease from 1 February 2005 to 31 March 2008.

The following annual amounts were committed at the balance sheet date.

Leases which expire:	2005-06 £'000	Re-stated 2004-05 £'000
Within 1 year	-	-
Between 2 and 5 years	53	53
Over 5 years	-	-

The Corporation had no finance leases during either period

**7 Tangible fixed assets**

	Information Technology £'000	Total £'000
<b>Cost or valuation</b>		
At 1 April 2005	-	-
Additions	124	124
Disposals	-	-
<b>At 31 March 2006</b>	<b>124</b>	<b>124</b>
<b>Depreciation</b>		
At 1 April 2005	-	-
Charged in year	24	24
Disposals	-	-
<b>At 31 March 2006</b>	<b>24</b>	<b>24</b>
<b>Net book value at 31 March 2006</b>	<b>100</b>	<b>100</b>
<b>Net book value at 31 March 2005</b>	-	-
<b>Asset financing</b>		
Owned	100	100

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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**8 Intangible fixed assets**

Intangible fixed assets comprise software licences.

		<b>Total £'000</b>
<b>Cost or valuation</b>		
At 1 April 2005	-	-
Additions	12	12
Disposals	-	-
<b>At 31 March 2006</b>		<b>12</b>
 <b>Amortisation</b>		
At 1 April 2005	-	-
Charged in year	3	3
Disposals	-	-
<b>At 31 March 2006</b>		<b>3</b>
 <b>Net book value at 31 March 2006</b>		<b>9</b>
 <b>Net book value at 31 March 2005</b>		<b>-</b>

		<b>Re-stated 2004-05 £'000</b>
<b>9 Debtors</b>	<b>2005-06</b>	
<b>Analysis by type</b>	<b>£'000</b>	<b>£'000</b>
<b>9a Amounts falling due within one year</b>		
GIA receivable	-	109
Grant receivable	4,078	-
Trade debtors	3	-
Payments on Account	-	-
Other debtors - VAT	49	8
Prepayments and accrued income	9	-
	<b>4,139</b>	<b>117</b>
 <b>Amounts falling due after more than one year:</b>	<b>-</b>	<b>-</b>

**9b Bad debt provision**

No bad debt provision was made in the year ended 31 March 2006 (2005 -£Nil)

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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	<b>2005-06</b>	<b>Re-stated</b>
	<b>£'000</b>	<b>2004-05</b>
		<b>£'000</b>
<b>9c Intra Government balances</b>		
Balances with other central government bodies	4,023	109
Balances with local authorities	104	-
Balances with bodies external to government	12	8
	<b>4,139</b>	<b>117</b>
<b>10 Cash at Bank and in hand</b>	<b>2005-06</b>	<b>Re-stated</b>
	<b>£'000</b>	<b>2004-05</b>
		<b>£'000</b>
Balance as at 1 April	-	-
Net change in cash balances	217	-
<b>Balance as at 31 March</b>	<b>217</b>	<b>-</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	217	-
<b>11 Creditors</b>	<b>2005-06</b>	<b>Re-stated</b>
<b>Analysis by type</b>	<b>£'000</b>	<b>2004-05</b>
		<b>£'000</b>
<b>11a Amounts falling due within one year</b>		
VAT	-	-
PAYE and social security	34	4
Trade creditors	146	62
Grant payable - Growth Area Funding	3,974	-
Deferred GIA	37	-
Other creditors	104	-
Accruals and deferred income	66	51
	<b>4,361</b>	<b>117</b>
		-
<b>11b Amounts falling due after more than one year</b>	<b>£'000</b>	<b>£'000</b>
	-	-

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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	<b>2005-06</b>	<b>Re-stated</b>
	<b>£'000</b>	<b>2004-05</b>
		<b>£'000</b>
<b>11c Intra Government balances</b>		
Balances with other central government bodies	71	4
Balances with local authorities	3,974	-
Balances with bodies external to government	316	113
	<b>4,361</b>	<b>117</b>

**12 Provisions for liabilities and charges**

There are no provisions for liabilities and charges as at 31 March 2006. ( 2005 - £Nil)

	<b>2005-06</b>	<b>2004-05</b>
	<b>£'000</b>	<b>£'000</b>
<b>13 Reserves</b>		
<b>Government Grant Reserve</b>		
Balance at 1 April	-	-
Acquisition of Tangible and Intangible Fixed Assets	136	-
Transfer to I&E Account for depreciation/amortisation	(27)	-
<b>Balance at 31 March</b>	<b>109</b>	<b>-</b>

	<b>2005-06</b>	<b>2004-05</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income &amp; Expenditure Reserve</b>		
Balance at 1 April	-	-
Retained surplus/(deficit) for the year	15	-
Transfer to Pension reserve	(20)	-
<b>Balance at 31 March</b>	<b>(5)</b>	<b>-</b>

**14 Pension cost**

Composition of the scheme

The local government scheme to which WNDC belongs is a defined benefit final salary scheme.

A full actuarial valuation was carried out at 31 March 2004 and updated to 31 March 2006 by a qualified independent actuary. The major assumptions used by the actuary were:

	<b>At</b>
	<b>31/03/2006</b>
Rate of increase in salaries	4.4%
Rate of increase in pensions in payment	2.9%
Discount rate	4.9%
Inflation assumption	2.9%

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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The assets in the scheme and the expected rate of return at 31 March 2006	<b>£'000</b>
Equities	7.0% 617
Government Bonds	4.3% 100
Other Bonds	4.9% 82
Property	6.0% 46
Cash/Liquidity	4.5% 36
<b>Total market value of assets</b>	<b>881</b>
<b>Present value of scheme liabilities</b>	<b>(1,079)</b>
<b>Surplus/(Deficit) in the scheme</b>	<b>(198)</b>
<b>Analysis of the amount charged to operating profit</b>	<b>£'000</b>
Current service cost	44
Past service/Curtailment/Settlement (gain)	(28)
<b>Total operating charge</b>	<b>16</b>
<b>Analysis of the amount charged to other finance income</b>	<b>£'000</b>
Expected return on pension scheme assets	16
Interest on pension scheme liabilities	(16)
<b>Net return</b>	<b>-</b>
<b>Analysis of amount recognised in statement of recognised gains and losses (SRGL)</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	38
Experience gains (losses) arising on scheme liabilities	(222)
Changes in assumptions underlying the present value of the scheme liabilities	(34)
<b>Actuarial gain recognised in SRGL</b>	<b>(218)</b>
<b>Movement in surplus during the year</b>	
Surplus/(deficit) at 1 April 2005	-
Current service cost	(44)
Employer contributions	36
Past service costs	28
Other finance income	-
Actuarial gain/(loss)	(218)
<b>Surplus (Deficit) at 31 March 2006</b>	<b>(198)</b>
<b>History of experience gains and losses</b>	<b>At 31/03/2006 £'000</b>
Difference between the expected and actual return on scheme assets percentage of scheme assets	38 4.3%
Experience gains and losses on scheme liabilities percentage of the present value of the scheme liabilities	(222) 20.6%
Total amount recognised in statement of recognised gains and losses percentage of the present value of the scheme liabilities	(218) 20.2%

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND  
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<b>Pension Reserve</b>	<b>£'000</b>
Balance at 1 April 2005	-
Actuarial Liability loss	(222)
Loss arising on change in actuarial assumptions	(34)
Actuarial calculation of asset gain during the year	38
Transfer from I&E	20
<b>Balance at 31 March 2006</b>	<b>(198)</b>

As there were no members of the WNDC Pension Scheme at 31 March 2005, no comparative figures have been included in these accounts.

## **15 Contingent liability**

The Corporation is a registered trader for VAT purpose and in this respect had been refunded £141,000 input VAT by HM Revenue & Customs during 2005-06. Additionally a further £49,000 receivable is included within debtors at the balance sheet date. . WNDC has become aware of an HMRC decision concerning another public body which throws some uncertainty on to the Corporation's VAT status: some of the reclaimed VAT may be recovered by HMRC. No liability in this respect has been provided for within these Accounts. However, given the material nature of the potential liability, the Board feel that disclosure is appropriate.

## **16 Related party transactions**

The WNDC is a Non-Departmental Public Body sponsored by the ODPM. The ODPM is regarded as a related party, as are other entities that it sponsors.

During the year, the WNDC incurred costs of £53,000 (2005: £5,833) for the rent for the WNDC offices which are rented from Northampton Rugby Football Club Ltd on an arms length basis. Keith Barwell (Chair) is a major shareholder of Northampton Rugby Club Ltd.

During the year, the WNDC incurred costs of £37,501 (2005: £Nil) for the use of the Chair's office which is invoiced by The Barwell Corporation Ltd. Keith Barwell (Chair) is Chairman and CEO of The Barwell Corporation Ltd.

WNDC had transactions during the normal course of its business with Northampton Borough Council, Northamptonshire County Council, Daventry District Council and South Northamptonshire Council. Cllrs Lee Barron (Northampton) Phil Larratt (Northampton) Arthur McCutcheon (Northampton) Sandra Barnes (South Northamptonshire) Chris Millar (Daventry) and Ben Smith (Northamptonshire) are Board Members of the Corporation nominated by those local authorities.

No other Board Member or key management staff or other related parties have undertaken any material transactions the WNDC during the year.

**17 Commitments**

At the Balance Sheet date WNDC had no grant commitments.

**18 Liquid Resources**

WNDC operates current and deposit account facilities with Lloyds TSB plc.

**19 Prior period figures**

The prior period figures have been restated as £'000 as the 2004-05 figures were stated to the £.

**20 Post Balance Sheet events**

For the year ended 31 March 2006, the sponsor for WNDC was the Office of the Deputy Prime Minister. From 5 May 2006, the sponsoring department has been the Department for Communities and Local Government.

## ACCOUNTS DIRECTION

### **ACCOUNTS DIRECTION GIVEN BY THE FIRST SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY, IN ACCORDANCE WITH PARAGRAPH 10(3) OF SCHEDULE 31 TO THE LOCAL GOVERNMENT, PLANNING AND LAND ACT 1980**

1. The annual accounts of West Northamptonshire Development Corporation (hereafter in this accounts direction referred to as “the Corporation”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for 2005/06 and for subsequent years shall be prepared in accordance with:-

(a) the accounting and disclosure requirements given in *Government Accounting* and in, the *Government Financial Reporting Manual* issued by the Treasury (“the FReM”) as amended or augmented from time to time, and subject to Schedule 1 to this direction;

(b) any other relevant guidance that the Treasury may issue from time to time;

(c) any other specific disclosure requirements of the First Secretary of State;

insofar as these requirements are appropriate to the Corporation and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the First Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the First Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.

3. This direction shall be reproduced as an appendix to the annual accounts.

4. This direction replaces that dated 31 March 2005.

Signed by authority of the First Secretary of State

Jenny Gibbons

An officer in the Office of the  
Deputy Prime Minister

Date: 22 March 2006

## SCHEDULE 1

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
2. Central government grants used to pay for fixed assets, stocks or work in progress shall be credited to a grant reserve. This is different from the requirement in accounting standards that such grants must be credited to deferred income.
3. With one exception, revaluation gains on fixed assets, stocks or work in progress, to the extent that the assets were financed by central government grants, shall be taken to the grant reserve in the balance sheet, without passing through the income and expenditure account. To the extent that the assets were financed by funds from other sources, revaluation gains shall be taken to the revaluation reserve in the balance sheet. This is different to the requirement of the Companies Act that all revaluation gains must be taken to one separate reserve. The exception is that any revaluation gain that reverses a previous revaluation loss should be taken to the income and expenditure account to the extent that the previous loss was itself taken to the income and expenditure account.
4. On the disposal of fixed assets, stock or work in progress, any amount in the grant reserve relating to the assets shall be transferred directly to the general reserve in the balance sheet, without passing through the income and expenditure account.
5. On the disposal of a fixed asset financed wholly by central government grants, the profit or loss on disposal shall be offset in the income and expenditure account by an equal and opposite amount transferred to or from the general reserve. Where central government grants were only used to finance a part of the cost of the asset, the amount of the transfer to or from the general reserve shall be reduced in proportion.
6. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

## SCHEDULE 2

### ADDITIONAL DISCLOSURE REQUIREMENTS

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

#### 1. The notes to the annual accounts

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) For grants from the Office of the Deputy Prime Minister, the following information shall also be shown:

- (i) the amount that the Corporation is entitled to receive for the year
- (ii) the amount received during the year
- (iii) the amount released to the income and expenditure account for the year
- (iv) the amount used to acquire or improve fixed assets in the year
- (v) movements on amounts carried forward in the balance sheet

and the note should make it possible to reconcile any of the amounts in (i) to (v) above, to each of the other amounts;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:-

- (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Corporation, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)

- (ii) the total amount of loans to employees
- (iii) employee costs during the year, showing separately:-
  - (1) wages and salaries
  - (2) early retirement costs
  - (3) social security costs
  - (4) contributions to pension schemes
  - (5) payments for unfunded pensions
  - (6) other pension costs
  - (7) amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

- I employed directly by the Corporation
- II on secondment or loan to the Corporation
- III agency or temporary staff
- IV employee costs that have been capitalised);

- (e) an analysis of liquid resources, as defined by accounting standards;
- (f) in the note on debtors, prepayments and payments on account shall each be identified separately;
- (g) a statement of debts written off and movements in provisions for bad and doubtful debts;
- (h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Corporation's operations.
- \* (i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Corporation), between the Corporation and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

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- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Corporation by each individual board member or key manager
- (iii) the following are related parties:
- (1) subsidiary and associate companies of the Corporation
  - (2) pensions funds for the benefit of employees of the Corporation or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
  - (3) board members and key managers of the Corporation
  - (4) members of the close family of board members and key managers
  - (5) companies in which a board member or a key manager is a director
  - (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
  - (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
  - (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
  - (9) settlements in which a board member or a key manager is a settlor or beneficiary
  - (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
  - (11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
  - (12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
  - (13) the Office of the Deputy Prime Minister, as the sponsor department for the Corporation.

For the purposes of this sub-paragraph:

(i) A key manager means a member of the Corporation's management board.

(ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.

(iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at Corporation meetings of the company.

\* Note to paragraph 1(i) of Schedule 1: under the Data Protection Act 1998 and the Human Rights Act 1998, the Corporation needs to obtain consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, or if for any other reason information is not available, this shall be stated in the note.

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