



WNDC

**West Northamptonshire Development Corporation
Annual Report and Accounts**

For the year ended 31 March 2012

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For the year ended 31 March 2012

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of the Local Government, Planning and Land Act 1980
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2. Introduction



Working in support of the local authorities, West Northamptonshire Development Corporation (WNDC) delivers major regeneration schemes in Northampton, Daventry and Towcester.

As an Urban Development Corporation, WNDC has benefitted from a wide range of specialist powers, including:

- Development - WNDC has a portfolio of development-focused powers, including the ability to acquire, manage and sell land and property, together with powers to develop, invest and provide business support.
- Investment - So far WNDC has invested over £85 million in the regeneration of Northampton, Daventry and Towcester, with major schemes underway in all three town centres.
- Planning - WNDC was established with the power to determine strategic planning applications in its area of operation. Following a Government review, these powers were returned to the local authorities on 31 March 2012.

WNDC is supporting the local authorities to deliver a range of regeneration schemes across Northampton, Daventry and Towcester. This includes six core projects in Northampton town centre:

1. Grosvenor Centre

An extension to the Grosvenor Shopping Centre, doubling its size and providing a modern shopping experience in the heart of Northampton.



2. Castle Station

An iconic new gateway to Northampton, which will offer better facilities, capacity and station services. It will be accompanied by new offices and a multi-storey car park.



3. St Peter's Waterside

A new beginning for Northampton's waterside area, regenerating brownfield land with up to 40,000 sq m of new office development, including an Innovation Centre.



4. Avon Nunn Mills

A major mixed-use development on the brownfield riverside site, which includes a derelict factory and a disused power station. It is located opposite the recently completed Becket's Park Marina.



5. Project Angel

Located within Northampton's emerging cultural quarter, Project Angel is a major office development that will bring almost 2,000 public sector workers into the town centre.



6. St John's

This scheme includes a new hotel and student accommodation. Neighbouring Project Angel, it will complement the various cultural attractions in the surrounding area.



3. 'The future starts now'

2011/12 was the first year in WNDC's final delivery phase. However, it would be more accurate to think of last year as the start of a new beginning for West Northamptonshire.

Together, WNDC and the local authorities have reached a crucial point in our shared delivery programme. Following an important period of identifying and preparing our key projects, we have accelerated into full scale delivery.



The results of this approach can be seen across Northampton, Daventry and Towcester. In March, the Becket's Park Marina was officially opened, marking a symbolic moment for the renaissance of Northampton's waterside. It is a sign of improvements to come for the area, as we prioritise the redevelopment of Northampton town centre during the next two years.



Similarly, Daventry is very well placed for the future. The iCon Innovation Centre formally opened in the Summer and will be followed by a mixed-use development on land to the north of Daventry town centre, including a University Technical College (UTC). WNDC is one of several key partners supporting the UTC, which is expected to open in 2013.

In Towcester, Morgan Sindall Investments Ltd was announced as the development partner for the Moat Lane regeneration scheme in March. The award winning mixed-use development will showcase the historic heart of Towcester alongside modern facilities, including new shops and an office complex for South Northamptonshire Council. I think this £40 million scheme, which will start later this year, shows how the public sector can act as a catalyst for town centre regeneration.



Crucially, both our Board and delivery team have continued to evolve over the past year. We have welcomed two new faces to our Board, with Cllr Mary Clarke from South Northamptonshire Council and Cllr Tim Hadland representing Northampton Borough Council. At the same time, our Board has been reduced from 13 to 9 members, creating a streamlined and effective unit with a majority of local authority members.

I am very grateful for the support we have received from Central Government during challenging economic circumstances. Together with our local authority partners, we have been able to invest in projects that will contribute to the economic recovery of central England. I'd like to thank everyone for an encouraging year and look forward to a repeat performance over the next 12 months.

John Markham

Chairman
Date: 14 June 2012

4. *'Alive with Enterprise'*

Nationally, 2011/12 was marked by economic uncertainty. Like the rest of Europe, Britain continued to feel the aftershocks of turmoil in the financial markets, combined with the effects of tightening public expenditure.

Nevertheless, in the midst of these turbulent times, West Northamptonshire has enjoyed a highly promising year. Indeed, 2011/12 was arguably the most eventful year we have had to date.

In August, we were delighted that Northampton Waterside was awarded Enterprise Zone status. Then, just five months later, the first building proposed for the Zone received planning approval. The £6.5 million Innovation Centre, which is being led by the Corporation, will house up to 55 small businesses in the heart of the town.

Elsewhere in the Enterprise Zone, WNDC granted planning approval for a major development by Carlsberg UK. Almost instantaneously, work began on their £20 million bottling plant, which I think speaks volumes about the strength of private sector confidence in the town. Opposite the Innovation Centre site, we continued to make progress on our plans for Castle Railway station. This included completing the outline design phase and securing 'prior planning approval' through Network Rail's permitted development rights.



Meanwhile, one of the largest investments in our history was announced in November, when we decided to invest £8 million in the re-location of bus services in Northampton town centre. By supporting demolition of the infamous Greyfriars bus station, it will unlock the much anticipated expansion of the Grosvenor Shopping Centre. Locally, this retail scheme has been on the agenda for many years and I'm pleased that we have been able to finally unlock one of the key barriers to progress.



Since becoming Chief Executive of the Corporation, I have sought to use the full extent of our statutory powers to support local priorities. I was, therefore, very pleased when our Board made the decision to commence two vital Compulsory Purchase Orders in 2011/12. Ultimately, both the Avon Nunn Mills and the St Peter's Waterside orders have the same objective – to secure landmark commercial office development in the Waterside Enterprise Zone.

Clearly, Northampton has been alive with activity and enterprise during the past 12 months. However, the town has not been our sole focus. We have maintained our commitment to the regeneration of Daventry and Towcester town centres. The opening of Daventry's iCon Innovation Centre in the summer, as well the announcement of a development partner for Towcester Moat Lane towards the end of the year, were the culmination of intensive effort by WNDC and our local partners.

Alongside the physical regeneration of West Northamptonshire, we have continued to place an emphasis on the creation of job opportunities for local people. Nowhere is this more evident than in our ground-breaking Construction Futures training scheme. This initiative, which makes the delivery of apprenticeships a legal requirement on new developments, has attracted interest from across the UK. It was a proud moment for some of our young trainees when Business Secretary Vince Cable visited them on a local site in February. Equally, it was an encouraging time for the Corporation when he endorsed the scheme and recognised its national potential.

As we commence a new financial year, we are a differently equipped organisation. On 31 March 2012, our planning powers were returned to the local authorities, completing a phased transition which began in 2011. During our time as a planning authority, WNDC approved over 6,000 new homes and nearly 2 million sq m of commercial development, creating thousands of new jobs. However, this change to our powers is very important. It will enable the Corporation to prioritise its investment and regeneration programme in the main centres of West Northamptonshire.

I'd like to thank every member of our team, past and present, who have collectively contributed to an excellent year.

Peter Mawson

Accounting Officer and Chief Executive

Date: 14 June 2012

5. Management Commentary

Statutory Context

“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, including Milton Keynes South Midlands. West Northamptonshire is a key area within the Milton Keynes South Midlands (MKSM) Growth Area and the West Northamptonshire Development Corporation (WNDC) is the delivery vehicle established to lead delivery of new jobs, homes and investment. The Order establishing an Urban Development Corporation (UDC) for West Northamptonshire – specifically the towns of Northampton, Daventry and Towcester – was approved by Parliament in December 2004. In 2011 WNDC’s existence as an Arms Length Body was confirmed by the Department of Communities and Local Government (DCLG).

Accounts Direction

The Financial Statements contained within this Report and Accounts have been prepared under the Accounts Direction given by the 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 61 to 65.

Financial Performance

The net expenditure for the period 1 April 2011 to 31 March 2012 was £9.241million (2010/11: £9.855 million). This net expenditure is not a loss but instead will be fully met by ‘grant-in-aid’. The Statement of Financial Position at 31 March 2012 shows Total Assets Less Liabilities of £4.626 million (2010/11: £5.043 million).

Going Concern Basis of Accounting

As set out in Note 1 (a) to the Financial Statements, the Accounts have been prepared on a going concern basis.

Performance Payment

The Corporation’s policy is to pay a supplier within 30 days of the submission date of a valid invoice unless the terms of contract dictate otherwise.

WNDC recognise that the government’s extant prompt payment policy is to pay 80 per cent of undisputed invoices within 5 days. The Corporation’s internal processes are not currently

able to ensure full compliance with this policy however suppliers, the majority of whom are local, are consistently paid within their payment terms.

During the period under review WNDC paid suppliers within an average of 11 days and 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).

Environmental Policy

WNDC aims to be carbon-neutral over our lifetime. We aim to minimise our impact on the environment by reducing our consumption, re-using resources wherever possible, and recycling what cannot be re-used. 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, and wherever possible, all new office stationery is ordered from sustainable or recycled products.

Corporate Performance

The Corporation has developed key corporate policies and has an internal audit programme, which is provided under a service level agreement by the internal audit division of Communities and Local Government and carried out to Government Internal Audit Standards.

Employee Policies

The Corporation aims to be a responsible employer and to this end has produced and distributed to all staff a guidance document (the Corporation's 'Employee Handbook') modelled on the terms and conditions of employment of other non-departmental public bodies and DCLG. The Corporation is fully committed to a policy of equal opportunities in respect of employment and to ensure the fair and equal treatment of all employees, customers and contractors regardless of race, colour, age, nationality, ethnic or national origin, disability, sex or marital status, sexual orientation, religion or belief.

WNDC employees have undertaken corporate social responsibility activities which involved volunteering their time and skills to help a number of local charities and community groups.

Our sickness level per employee per annum is 7 days.

In 2011/12 there were no personal data related incidents and therefore none reported to the Information Commissioner's Office.

Key Objectives

Key Project Milestones		Target	Progress
Avon Nunn Mills			
1	NBC to confirm agreement of land take at Bedford Road junction and support for CPO	Q1	Agreement in draft
2	Collaboration Agreement to be signed by all parties	Q1	After withdrawal of key landowner commitment CPO strategy was revised
3	Submit planning application for road infrastructure	Q1	Achieved
4	Make the CPO (formally start process)	Q1	CPO made on 30 April 2012
5	Secure negotiation with Network Rail to secure rail crossing	Q1	Achieved
6	Planning approval for Nunn Mills spine road	Q2	Achieved
7	Complete London Road / Ransome Road junction works	Q3	Achieved
8	Secure Network Rail/ORR decision on 'at grade' rail crossing	Q4	Moved to Q1 2012/13
Grosvenor / Greyfriars			
1	WNDC viability assessment for the Grosvenor Centre refurbishment and extension	Q1	Achieved
2	NBC/NCC decision on the preferred solution to the new bus interchange	Q1	Achieved
3	DCLG to confirm funding for Stagecoach lease buy out	Q3	Achieved
4	NBC/NCC to finalise outline design and costs for new bus interchange	Q3	Completed in April 2012, Now (May2012) in planning
5	Funding agreement signed with NBC for Stagecoach lease buy out	Q4	Achieved
6	Stagecoach to start work on new bus layover facility	Q3	Achieved
7	Submit planning application for new bus interchange	Q4	Achieved
8	L&G submit hybrid planning application for Grosvenor Centre	Q4	Moved to Q3 2012/13

In the table above and overleaf shading denoted milestones for which the lead responsibility lies with partner organisations.

Key Project Milestones		Target	Progress
St Johns / Project Angel			
1	Core partners (NCC, NBC, WNDC) to agree programme for delivery of a transportation (& car parking) strategies for town centre	Q1	Outstanding
2	Joint St Johns/Angel St master plan refresh complete	Q2	Outstanding
3	Transportation & Car Parking Strategies approved for consultation	Q2	Outstanding
4	Scope & programme of key highway works confirmed with NCC and NBC	Q3	Achieved
5	Planning application for St Johns student accommodation	Q2	Achieved
6	Planning application for St Johns hotel (Albion Place CP)	Q2	Outstanding
7	Planning approval for St Johns student accommodation	Q4	Achieved April 2012
8	Planning approval for St Johns hotel	Q3	Outstanding
9	Development Agreement signed by NBC with Development Partner	Q4	Moved to Q2 2012/13
10	NCC confirm Project Angel OBC and cabinet decision to proceed	Q4	Now forecast for Q3 2012/13
Castle Station			
1	Secure Network Rail approval of GRIP4 Stage	Q1	Achieved
2	Complete Planning Prior Approval process	Q1	Achieved
3	Agree and commence public affairs campaign	Q1	Achieved
4	4. Submit 2 nd round RGF Bid	Q2	Achieved
5	Produce Business Case and Green Book Appraisal	Q2	Achieved
6	Secure 2 nd round RGF Funding	Q2	Bid unsuccessful
7	Secure alternative Funding	Q4	Achieved Q1 2012/13
8	Sign-off Implementation Agreement with NR	Q4	Moved to Q2 2012/13

Key Project Milestones		Target	Progress
St Peter's Waterside			
1	Secure East Mids Urban Development Fund (EMUDF) approval (in principle)	Q1	Achieved
2	Secure C&P agreement to enter into a joint venture / land sale to deliver Phase 1 development	Q1	Agreement not reached: CPO strategy developed
3	Develop CPO strategy	Q3	Achieved
4	Commence Innovation Centre Stage D Scheme Design	Q1	Achieved
5	Secure agreement of University to the delivery, funding & governance arrangements for Innovation Centre (IC)	Q1	Moved to Q2 2012/13
6	National Grid approval in principle to decommission gas holders	Q1	Moved to Q2 2012/13
7	DCLG approve funding for the Innovation Centre and C&P land purchase	Q2	Achieved
8	Complete IC outline design (RIBA Stage D) & submit Planning Application	Q3	Achieved
9	Planning approval for IC	Q3	Achieved
10	Confirm contract strategy & commence OJEU process for IC	Q2	Dependent upon on Milestone 5

Disclosures to Auditors

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the Government Resources and Accounts Act 2000.

So far as I am aware there is no relevant audit information of which the Corporation's auditor is unaware. I have taken all the steps I should as Accounting Officer in order to make myself aware of any relevant audit information and to establish that the Corporation's auditor is aware of that information.

The cost of work performed by the auditors in respect of the year ended 31 March 2012 is as follows:

Fee for statutory audit work:	£31,000
Fee to DCLG for Internal Audit Services	£10,542

6. Board and Executive Report

Board Members

Chairman	John Markham
Deputy Chairman	John Weir
Northamptonshire County Council nominees	Cllr Richard Church Cllr Jim Harker
Northampton Borough Council nominees	Cllr Joy Capstick Cllr Tony Woods (to 31 July 2011) Cllr Tim Hadland (from 1 August 2011)
Daventry District Council nominee	Cllr Chris Millar
South Northamptonshire Council nominees	Cllr Sandra Barnes (to 31 July 2011) Cllr Mary Clarke (from 3 August 2011)
Appointed by open competition	Deirdre Newham (from 23 March 2011)

Executive Directors

Chief Executive (CEO)	Peter Mawson
Deputy Chief Executive & Chief Operating Officer	Roger Mendonca
Director of Planning Services	Adrian Arnold (to 10 April 2012)
Director of Regeneration & Development	Christopher Garden
Accounting Officer	Peter Mawson

The Board

In April 2011, WNDC's Board was made up of nine members. Six members were nominated by local authorities, the other three members including the Chair and Deputy Chair, were selected in open competition.

On 31 July 2011 the contracts of Cllr Sandra Barnes and Cllr Tony Woods expired. Cllr Tim Hadland and Cllr Mary Clarke were appointed as from 1 August 2011 and 3 August 2011 respectively.

All nine members were selected on merit by the Secretary of State in accordance with the rules for Ministerial appointments set out by the Office of the Commissioner for Public Appointments (OCPA). Board member biographies are available on the WNDC website, www.wndc.org.uk under the 'About Us/Board Members' section.

Board members are collectively responsible for the conduct of all business undertaken by WNDC. In addition to the statutory powers and duties of WNDC, members have both fiduciary duties and general duties of skill and care. This means that they are responsible for the Board's strategic direction and policies, and for ensuring that WNDC is properly and effectively managed. In particular, members are responsible for the stewardship of the public funds entrusted to the Board.

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 under the 'Publications/Board' governing documents section.

7. Remuneration Report

Remuneration Committee Membership

- John Weir - Chair
- Cllr Richard Church – Vice Chair
- Deidre Newham – Board member
- Cllr Jim Harker – Board member
- John Markham – Board member (ex-officio)

Terms of Reference

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 will provide advice and support to the Chief Executive and assurance to the Board. The Committee is an advisory body with no executive authority.
3. The Committee will advise the WNDC Board on all aspects of the Rewards Strategy for WNDC officers.
4. 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.
5. The Remuneration Committee is authorised to obtain independent professional advice if it considers it necessary.
6. The specific duties of the Remuneration Committee in advising the WNDC Board shall be through reviewing and commenting upon (inter alia):
 - the Chairman's proposals for the remuneration of the Chief Executive,
 - the Chief Executive's proposals for the remuneration of the other members of the Executive team, and

- the Chief Executive's proposals for WNDC's overall remuneration strategy and whether it enables the Corporation to recruit and retain key staff.

7. The Committee report their findings to the Board and produce a formal written report to the next appropriate Board Meeting.

Performance Related Pay

The Corporation does not operate a performance related pay scheme. The Corporation may make an award on the basis of exceptional performance in the year. There were no such awards in 2011/2012.

Director's Contracts

Chief Executive	Service Agreement Commenced 1 August 2009 18 months notice for both parties
Deputy Chief Executive/Chief Operating Officer	Service Agreement Commenced 1 August 2010 12 months notice for both parties
Planning Services	Service Agreement Commenced 1 January 2010 Terminated 10 April 2012
Regeneration and Development	Service Agreement Commenced 1 January 2010 3 months notice for both parties

Board Member Costs

	2011-12	2010-11
	Salary	Salary
	(£)	(£)
John Markham – Chair	47,332	47,332
John Weir – Deputy Chair	35,556	35,556
Cllr Jim Harker	11,968	12,300
Cllr Joy Capstick	11,968	12,300
Cllr Chris Millar	11,968	11,968
Cllr Richard Church	11,968	11,968
Cllr Sandra Barnes – to 31 July 2011	3,989	11,968
Cllr Tony Woods – to 31 July 2011	3,989	11,968
Dierdre Newham – from 23 March 2011	12,198	-
Cllr Tim Hadland – from 1 August 2011	7,979	-
Cllr Mary Clarke – from 1 August 2011	7,979	-
Nick Thompson – to 14 March 2011	-	11,469
Mary Burrows – to 14 March 2011	-	11,469
John Farrow – to 31 December 2010	-	8,977
David Dickinson – to 31 December 2010	-	8,977
Ann Tate – to 31 December 2010	-	8,977

John Markham, as Chair had not taken up the offer of a 'by-analogy' by 31 March 2012. The Deputy Chair has declined to take up the offer of a 'by-analogy' pension scheme. No other Board members were entitled to any by-analogy pension arrangements. To date WNDP has not made pension contributions on behalf of Board members.

Salaries of Senior Managers

	2011-12 Salary £'000	2011-12 Contractual Bonus £'000	2010-11 Salary £'000	2010-11 Bonus £'000
Peter Mawson Chief Executive	120-125	15-20	120-125	25-30
Roger Mendonca Deputy Chief Executive/Chief Operating Officer	120-125	-	120-125	10-15
Adrian Arnold Director of Planning Services	80-85	-	80-85	5-10
Christopher Garden Director of Regeneration & Development	80-85	-	80-85	5-10

The information on Board members and senior managers' costs above is subject to audit.

There were no benefits in kind in the year ended 31 March 2012 (2011: £Nil).

Pensions

WNDC is an admitted body within the Local Government Pension Scheme (LGPS) as administered by Northamptonshire County Council (NCC). The LGPS is a contributory defined benefit final salary scheme. The appointed Actuaries to the scheme are Hymans Robertson LLP. The Corporation and its employees pay contribution into the fund at rates intended to meet the growth in pension liabilities over the longer term.

The Service Level Agreement between NCC and Hymans Robertson LLP requires the provision of full IAS 19 disclosure details to each of the admitted bodies. The full disclosure of the WNDC scheme details is given in Note 18 to the Accounts.

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

	Accrued pension at age 65 as at 31/03/12 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31/03/2012	CETV at 31/03/2011	Real Increase in CETV
	£'000	£'000	£'000	£'000	£'000
Peter Mawson Chief Executive	5-10	0-2.5	84	41	31
Roger Mendonca, Deputy Chief Executive/Chief Operating Officer	25-30 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	384	301	63
Adrian Arnold Director of Planning Services	25-30 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	482	427	34
Christopher Garden Director of Regeneration & Development	25-30 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	449	392	38

* The CETV values at 31 March 2012 are based on the member's pensions at the date of leaving.

The information on senior managers' pensions above is subject to audit.

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 this 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.

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.

Hutton Review of Fair Pay

WNDC is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce. The median is calculated based on the annualised full time equivalent remuneration of the total workforce excluding the highest paid director.

	2011-12 Salary & Benefits	2010-11 Salary & Benefits
Band of highest paid director's total (£'000)	135-140	145-150
Median total	£40,677	£35,573
Ratio of highest paid director to median salary	3.4	4.2

The banded remuneration of the highest-paid director in WNDC in the financial year 2011-12 was £135,000-£140,000 (2010-11, £145,000-£150,000). This was 3.4 times (2010-11, 4.2 times) the median remuneration of the workforce, which was £40,677 (2010-11: £35,573).

In 2011-12, there were no employees receiving remuneration in excess of the highest-paid director (2010-11: no employees).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

There has been a small reduction in the number of staff as a result of natural wastage due to the impending transfer of planning powers, however there has been no change to the structure of the workforce or the highest paid director of WNDC during 2011-12.

The Hutton Review of Fair Pay information above is subject to audit.

Peter Mawson

Accounting Officer and Chief Executive

Date: 14 June 2012

8. Statement of Accounting Officer's Responsibilities

Under the Local Government, Planning and Land Act 1980 the Secretary of State with the consent of the Treasury has directed West Northamptonshire Development Corporation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of West Northamptonshire Development Corporation and of its income and expenditure, changes in taxpayer's equity and cash flows for the financial year.

In preparing the accounts, the Corporation is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular 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 as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the Financial Statements, and
- prepare the Financial Statements on a going concern basis.

The Secretary of State has designated the Chief Executive as Accounting Officer of West Northamptonshire Development Corporation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the West Northamptonshire Development Corporation's assets, are set out in the *Government Financial Reporting Manual* published by HM Treasury.

9. Governance Statement

Purpose and Scope

As Accounting Officer, I have a duty to ensure that WNDC conducts its operations economically, efficiently and effectively. This Governance Statement provides an overview of the risks WNDC has faced over the past year and the level of controls WNDC has put in place to manage and mitigate those risks. As set out in Managing Public Money, this Governance Statement provides an overview of the dynamics of the organisation and its control structure, its stewardship, its vulnerabilities and how successfully the organisation has coped with the challenges it faces. Through good governance practices, WNDC has developed into a flexible organisation with the right culture and ability to respond quickly to risks and opportunities.

WNDC's Risk Profile

WNDC is facing the challenge of delivering the six key projects amongst an economic downturn. Many of the risks to the projects relate to securing funding and our partners' ability to commit to the delivery of the key projects.

WNDC was unsuccessful in its bid for Regional Growth Funding (RGF) for one of its key projects, Castle Station. In response to this WNDC sought to identify other sources of funding in particular from Department of Communities and Local Government (DCLG), Department for Transport (DfT) and local partners. This is still ongoing and will continue through 2012/13. The reduction in central government funding has also proved challenging to the delivery of all key projects. WNDC bid for £60m for its capital programme from DCLG and was granted £20m. As a consequence of this, the six key projects rely more on outside partners to deliver key project milestones.

The impact of the economic downturn also affected the ability for all partners to sign a collaboration agreement for the Avon Nunn Mills project. In response to this, WNDC has taken decisive action to compulsory purchase the site, and reduce the risk to the future of the project.

WNDC has taken a joint partnership approach to project delivery, recognising the role that partners such as the local authorities and the private sector play in securing success for the key projects. Many project related risks rest with partners and are outside the control of WNDC. One of the tests for WNDC is its ability to support partners in managing those risks.

Alongside this, in 2011/12, WNDC returned its planning powers to the local authorities. The aim of the transitional arrangement project was to ensure the high quality planning service was not disrupted, and affected staff were transferred smoothly amongst the three local authorities. During this time, the local authorities were undertaking their own staff restructures which added further pressure to all parties. Consequently, of the twelve staff affected as part of the transfer, only four members of staff transferred.

The key risks to this project were the retention of staff, the possibility that applicants may launch appeals if they lose confidence in the transition plans, and the need to transfer information efficiently into three different operating systems. To manage these risks, WNDC and the three local authorities established a transitional arrangements project board. The project board set the strategy for the transition. Risks and issues were also escalated to this group for review. The transition was coordinated through a WNDC project manager.

The internal audit from phase one of the transfer in 2010/11 demonstrated that WNDC had substantial internal control over the project. Lessons learnt from the transfer of minor planning powers in 2010/11 had been incorporated into the final transfer of powers.

Overall, risks were managed well, and the planning service transferred on 31 March 2012.

The local elections in 2011 resulted in a change of leader for two local authorities. In response to this, the WNDC Board saw two members step down, and two new members appointed in accordance with The Commissioner for Public Appointments Code. To manage the risks associated with new appointments, WNDC implemented its Board induction programme. This helped to fully incorporate the new members on to the Board.

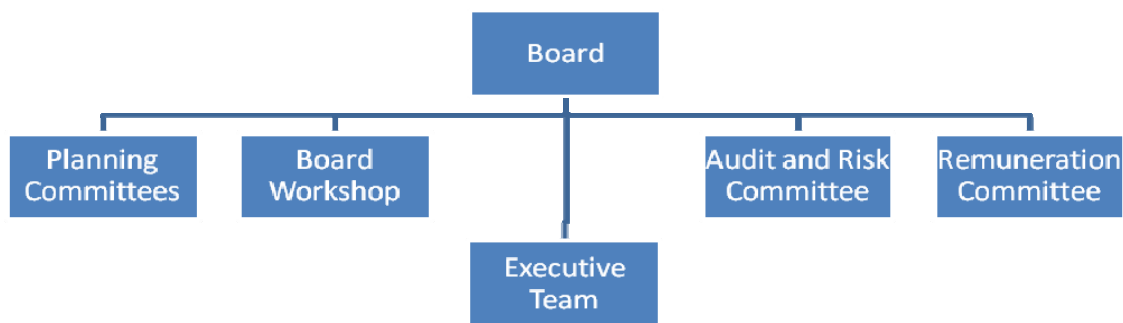
The other key operational risk for WNDC remains managing the business in a rapidly changing environment, within the restrictions currently imposed by DCLG on delegated action. WNDC's Administration budget is now an integral part of the DCLG budget and capital programme spend on the key projects requires approval from the DCLG Investment Sub Committee (ISC) with the effect that WNDC is now less of an 'Arms Length Body' in that respect.

Areas covered by the government Spending Controls and which affect WNDC, are: procurement of commodity goods and services, a freeze on all new advertising, marketing, consultancy and recruitment, and a pay freeze. Of these, the freeze on consultancy spend and recruitment have been the main concern which, in conjunction with the time taken to

process requests for approval by DCLG, limit the capacity of the Corporation to act quickly if required to achieve our aims.

WNDC has also experienced a significant increase in requests for information from DCLG and wider Government through Data Commissions. WNDC has to divert staff resource to understand and respond to these data requests at short notice which impacts on the performance of the organisation's core functions.

Over the coming years WNDC will be preparing to transition into a new delivery body. This is expected to complete by March 2014. One of the key challenges will be to maintain focus on delivering the six key projects whilst also managing the establishment of a successor vehicle with the right powers to secure the continued delivery of the key projects. Alongside that, preparations will be made to manage the wind down of WNDC and to minimise liability to DCLG and partners.



Governance Framework

Board and Committee Structure

WNDC has a robust governance framework that has allowed prompt and effective decision making at all levels. Overall the organisation is led by a Board made up of a majority of members from the four local authorities and a further three external professionals. There was a risk that the reduction in Board members during 2011 from the private sector might have affected the relationship WNDC has with the private sector. However the Chairman and I, in my capacity as Chief Executive, have ensured that good working relationships are maintained with the sector.

As Accounting Officer and Chief Executive I have attended Board meetings along with members of the Executive Team.

Board meetings were held bi-monthly where reports were presented on progress and risks against programme milestones as well as other organisational items such as audit findings. DCLG and Homes and Community Agency (HCA) sit as observers to the Board. Board workshops were held between Board meetings which allowed the Board to receive interim updates and provide strategic direction in between formal board meetings. The Board has two sub-committees, the Audit and Risk Committee and the Remuneration Committee. Both reported back to the formal Board meetings throughout the year.

The Audit and Risk Committee is an advisory committee of the Board and has no executive authority. The Committee advises the Accounting Officer and the Board on the adequacy of the Corporation's risk management and internal controls arrangements. It met five times during 2011/12 and had average of 90% attendance rating from Members.

The Remuneration Committee is an advisory committee to the Board, and has no executive authority. Its role is to review the remuneration of the Chief Executive and review the Chief Executive's proposals for WNDC's overall remuneration strategy. It met twice during 2011/12, and had 100% attendance from Members.

There is a supportive risk management culture within WNDC and risks were identified and escalated in accordance with the risk management framework. Programme risks and actions were reviewed by the Programme Board. Any risks that could not be resolved at Programme Board level were escalated to the Executive Team and then to the WNDC Board for decision. Organisational risks were reviewed by the Executive Team monthly. At all stages throughout the risk and reporting process, risk response actions were communicated to relevant staff at all levels. All staff and Board members were inducted into the risk management framework used by WNDC.

WNDC's financial controls are appropriate and sufficient to safeguard public funds and to ensure compliance with the 2011-12 Government Financial Reporting Manual (FRoM) issued by HM Treasury. Internal controls, such as segregation of duties, have been applied and continually assessed to ensure good financial management and best practice.

Review of Effectiveness

Given the volatile risk environment, it is important for WNDC to review the effectiveness of its internal controls. The role of the internal audit is to independently evaluate these controls and make any recommendations for improvements.

During 2011/12, the following internal audits were carried out by DCLG Internal Audit Services (IAS):

- Programme and Project Governance and Financial Management
- Transfer of Planning Powers
- IT systems
- Finance Key Control Testing

The internal auditors offered guidance and advice on ways to improve the activity of WNDC. For example, the internal audit on Programme and Project Governance suggested that the programme timeline should indicate the point of transfer of WNDC projects to other organisations as part of the wind down of WNDC. This is to help identify the shift in responsibilities for project delivery post 2014. This and other suggestions have been accepted by the project team. The overall audit opinion found WNDC to have full and substantial assurance over its project governance. All internal audit findings were reported to the Audit and Risk Committee. Audit actions were coordinated by WNDC's Governance Officer.

Internal Audit has produced an Annual Audit Report and Opinion 2011-2012. The report provides the Head of Internal Audit's conclusion on the adequacy and effectiveness of risk management, control and governance within the Corporation. The Head of Internal Audit's Opinion is that "based on the work we have completed this year, overall I am able to give substantial assurance that WNDC's risk management, control and governance arrangements are established and found to be working effectively with some weaknesses." My opinion concluded that "there are no significant control issues arising from our work that require disclosure in the Corporation's Governance Statement."

The National Audit Office audits the Financial Statements of WNDC in accordance with the International Standards on Auditing and on behalf of the Comptroller and Auditor General.

The Chair of WNDC conducts appraisals and sets development objectives for each Board member. Each member received an appraisal rating of either 'good' or 'excellent'. The Board held their annual strategy day to evaluate the organisation's progress against objectives, reflect on the performance of the Board as a whole and discuss future activity and risks. In particular the Board found that the main risks to project delivery rest with partner organisations, such as the local authorities, at a strategic level. It concluded that individual

Board members will increasingly play a role in reducing those risks at their respective organisations.

The high attendance rate of Board members also reflects the level of engagement that the Board have with WNDC activity. Board meeting attendance is below:

Board Meeting attendance between April 2011 – March 2012

	17 May 2011	5 July 2011	20 Sept 2011	15 Nov 2011	13 Dec 2011	17 Jan 2012	15 Feb 2012	20 Mar 2012	Total	%
John Markham	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
John Weir	✓	✓	✓	✓	x	✓	✓	✓	7/8	88
Cllr Richard Church	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Cllr Chris Millar	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Cllr Joy Capstick	✓	x	✓	✓	✓	✓	✓	✓	7/8	88
Cllr Jim Harker	x	✓	x	✓	x	x	x	x	2/8	25
Deirdre Newham	✓	✓	✓	✓	✓	✓	x	x	6/8	75
Cllr Tim Hadland	n/a	n/a	✓	✓	✓	✓	✓	✓	6/6	100
Cllr Mary Clarke	n/a	n/a	✓	✓	x	✓	x	✓	4/6	67
Tony Woods	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	2/2	100
Cllr Sandra Barnes	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	2/2	100

Staff morale and attitudes are leading performance indicators. Every quarter we have undertaken a short staff survey.

The results have allowed us to look forward and generate actions that will improve performance, such as clarifying personal objectives against organisational objectives.

In line with the aim of continual improvement, WNDC has developed a shared risks register that will be accessible by relevant project partners. This should be fully operational by 2012/13 and will support the shared working approach to project delivery.

Overall, WNDC is keen to develop and improve where needed. By regularly reviewing effectiveness in every corner of the organisation, we have been able to deliver a high standard of performance.

WNDC has a clear and documented delegation chain for both capital programme expenditure on projects and administration expenditure. Regular monthly review were undertaken at all delegation levels to ensure that actual expenditure was in line with the budgetary approvals in place and that the work undertaken was on time and of the required quality. Regular feedback was provided to the Executive Team and Board members by the Head of Finance and Resources. Monthly feedback was also provided to DCLG on each expenditure line within the overall WNDC budget.

WNDC has also made a concerted effort to ensure the highest quality of information is reported to the Board and its committees. As a result, where we have expected further movements on projects in the week before a Board meeting, we have delayed circulating reports in order to provide the most up to date information. This has meant Board reports are sometimes circulated five days before a Board meeting as opposed to the usual five working days.

Board briefings were also circulated throughout the year to provide important updates between meetings. These also included summaries of media coverage received.

Staff team briefings were also held throughout the year to provide general strategic updates and provide staff with the opportunity to ask questions and share their views amongst the team. This proved even more important due to the transfer of planning powers. There was a level of uncertainty about the future of the planning team, and so regular updates and information sharing sessions were needed.

Significant Governance Issues

The detailed provisions of the Corporate Governance Code (the Code) published by HM Treasury and the Cabinet Office relate to ministerial departments. However, this statement demonstrates WNDC's compliance as far as appropriate with the principles set out in the Code. The relationship with DCLG is set out in WNDC's Management Statement. The Chair and I met regularly with Ministers and other government officials to discuss priorities and progress, and regular contact was also maintained with our sponsors in DCLG. I have assessed compliance with the Code, in particular in respect of the governance structure and the arrangements in place for risk assessment.

There are no significant governance issues or lapses in data security to report for 2011/12. WNDC has built in the right balance of governance to allow us to identify and manage risks in this difficult environment, Looking to the future, the most significant risk to the projects will be the establishment of a successor body with the appropriate resources to continue to deliver the regeneration programme for West Northamptonshire.

Peter Mawson

Accounting Officer and Chief Executive

Date: 14 June 2012

10 Auditor's Report

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 the West Northamptonshire Development Corporation (the Corporation) for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Corporation, Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Corporation and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Corporation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Corporation's affairs as at 31 March 2012 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions issued thereunder.

Emphasis of matter - Going Concern uncertainty

Without qualifying my opinion, I draw attention to the disclosures made in note 1(a) to the financial statements concerning the application of the going concern principle in light of the announcement to abolish the West Northamptonshire Development Corporation, which is subject to legislation. This proposal indicates the existence of a material uncertainty about the ability of the West Northamptonshire Development Corporation to continue as a going concern.

Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Local Government, Planning and Land Act 1980; and
- the information given in Chief Executive's Report and the Management Commentary included within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these Financial Statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 18 June 2012

11. Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

Expenditure	Note	Total 2011-12 £'000	Total 2010-11 £'000
Staff Costs	4	(2,766)	(2,087)
Depreciation	9	(54)	(89)
Amortisation	10	(19)	(32)
Impairment	11	(266)	(1,083)
Grants Payable (Project Costs)	7	(6,293)	(11,462)
Planning Appeal Costs	6	175	(175)
Other Expenditure	5	(998)	(1,417)
		(10,221)	(16,345)
Income			
Income from Activities	3a	210	4,967
Other Income	3b	810	1,579
		1,020	6,546
Net Expenditure		(9,201)	(9,799)
Finance (charge) for pensions	18	(13)	(55)
Net Expenditure after Interest		(9,214)	(9,854)
Taxation	16	(27)	(1)
Net Expenditure after Tax for the Year	2	(9,241)	(9,855)
Net Expenditure retained for the year		(9,241)	(9,855)
Other Comprehensive Expenditure			
Experience (loss)/gain arising on the scheme liabilities	18	(294)	718
Total Comprehensive Expenditure for the year ended 31 March 2012		(9,535)	(9,137)

All activities derive from continuing operations.
The notes on pages 39 to 60 form part of these accounts.

Statement of Financial Position as at 31 March 2012

	Note	2011-12 £'000	2010-11 £'000
Non-Current Assets			
Property, Plant and Equipment	9	56	110
Intangible Assets	10	63	15
Total Non-Current Assets		119	125
Current Assets			
Inventories	11	3,463	3,729
Trade and Other Receivables	12a	243	1,507
Cash and Cash Equivalents	13	5,281	4,146
Total Current Assets		8,987	9,382
Total Assets		9,106	9,507
Current Liabilities			
Trade and Other Payables	14a	(3,084)	(3,256)
Provision for Liabilities and Charges	15	-	(175)
Total Current Liabilities		(3,084)	(3,431)
Non-Current Assets plus/less Net Current Assets/Liabilities		6,022	6,076
Non-Current Liabilities			
Pension Liability	18	(1,396)	(1,033)
Total Non-Current Liabilities		(1,396)	(1,033)
Assets Less Liabilities		4,626	5,043
Taxpayers' Equity			
General Reserve	17a	72,913	63,726
I&E Reserve	17b	(66,891)	(57,650)
Pension Reserve	18	(1,396)	(1,033)
Total Taxpayers' Equity		4,626	5,043

The notes on pages 39 to 60 form part of these accounts.

(Signed)

(Chair)

(Signed)

(Accounting Officer)

Date: 14 June 2012

Statement of Cash Flows as at 31 March 2012

	2011-12 £'000	2010-11 £'000
Cash Flows from operating activities		
Net expenditure	(9,201)	(9,799)
Depreciation / amortisation / impairment	73	187
(Increase) / decrease in Inventories	266	(817)
Transfer from/(to) Pension reserve	56	(463)
Decrease in trade and other receivables	1,264	827
Decrease in trade and other payables	(347)	(338)
<i>Net cash outflow from operating activities</i>	<u>(7,889)</u>	<u>(10,403)</u>
Cash Flows from investing activities		
Purchase of intangible assets	(67)	-
<i>Net cash outflow from investing activities</i>	<u>(67)</u>	<u>-</u>
Cash Flows from financing activities		
Grants from parent department	9,118	11,265
Corporation tax	(27)	(1)
<i>Net financing</i>	<u>9,091</u>	<u>11,264</u>
Net increase in cash and cash equivalents in the period	1,135	861
Cash and cash equivalents at the beginning of the period	4,146	3,285
Cash and cash equivalents at the end of the period	<u>5,281</u>	<u>4,146</u>
	1,135	861

The notes on pages 39 to 60 form part of these accounts.

Statement of Changes in Taxpayers' Equity as at 31 March 2012

	General Grant Reserve £'000	I&E Reserve £'000	Pension Reserve £'000	Total Reserves £'000
Balance at 31 March 2010	52,869	(47,795)	(2,159)	2,915
Changes in taxpayers' equity 2010-11				
Net gain on Pension actuarial assumption	-	-	718	718
Transfers between reserves	(408)	-	408	-
Net expenditure	-	(9,855)	-	(9,855)
<i>Total Recognised Income and Expenditure for 2010-11</i>	(408)	(9,855)	1,126	(9,137)
Grant from Parent	11,265	-	-	11,265
Balance at 31 March 2011	63,726	(57,650)	(1,033)	5,043
Changes in taxpayers' equity 2011-12				
Net loss on Pension actuarial assumption	-	-	(294)	(294)
Transfers between reserves	69	-	(69)	-
Net expenditure	-	(9,241)	-	(9,241)
<i>Total Recognised Income and Expenditure for 2011-12</i>	69	(9,241)	(363)	(9,535)
Grant from Parent	9,118	-	-	9,118
Balance at 31 March 2012	72,913	(66,891)	(1,396)	4,626

The notes on pages 39 to 60 form part of these accounts.

Notes to the Accounts

1(a) Statement of Accounting Policies

These Financial Statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by H.M. Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances for the West Northamptonshire Development Corporation, WNDC hereafter, for the purpose of giving a true and fair view has been selected. The particular policies adopted by the WNDC are described below:

The Corporation's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. WNDC has considered, in accordance with IAS 8, whether there have been any changes to accounting policies (either voluntary or arising from IFRS and/or the FReM) which have an impact on the current or prior period, or may have an effect on future periods. WNDC has also reviewed any new or amended standards issued by the IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS's that are or will be applicable (references to 'new IFRS's include new interpretations and any new amendments to IFRS's and interpretations).

It is not anticipated that the amended standards will impact materially on the Financial Statements for the Corporation.

Going Concern

On 14 October 2010, Cabinet Office Minister, Francis Maude, announced plans to substantially reform hundreds of public bodies as part of the Government's commitment to radically increase the transparency and accountability of all public services and enable the Government to operate in a more efficient way. For WNDC the proposed reforms are:

- it will no longer be an NDPB and will be abolished; and
- its functions will be devolved to a locally led delivery body.

The future abolition of the Corporation, which is subject to legislation, indicates a material uncertainty about WNDC's ability to continue as a going concern from a legal entity perspective. Dissolution will be approved by Parliament through a Dissolution Order under the Local Government Planning and Land Act 1980. The timescales for dissolution have not yet been officially confirmed but, based on Ministerial statements in Parliament it is anticipated to be 1st April 2014.

The Corporation has considered its continuing operations as a going concern. After making enquiries and discussing the situation with its sponsor Department, the Board and Chief Executive are satisfied that the remit and funding for the Corporation remain in place for 2012-13. Indeed the Corporation has received confirmation of funding from DCLG for not only 2012-13, but also for 2012-14. The Board and executive are satisfied that sufficient funding is in place to enable the Corporation to continue operations for the foreseeable future and to meet obligations as they fall due. For these reasons, the Corporation continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

1(b) Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1 (c) Recognition of Income

Under the FReM, funding from Parliament is treated as an injection of capital rather than income. WNDC recognises revenue in the period in which services are provided and has four main revenue streams;

Project Management Recharge

As part of the funding awarded to projects, WNDC agrees with the applicant an amount in respect of WNDC programme management costs, which will be recharged to the Grant funding recipient. This income and the related costs are recognised over the life of the project. Its recovery is subject to the availability of funding and the completion of projects.

Planning Fees

WNDC receives a statutory fee for each Planning Application lodged. The accounting policy adopted by WNDC in respect of these fees is to apportion the fee over the period from receipt of application to final determination. WNDC's planning powers transferred back to the relevant Local Authorities on 31 March 2012 and there were no unspent fees at the date.

S106 Income

All monies received by WNDC from S106 (Local Government, Planning and Land Act 1980) agreements, which includes those signed by WNDC and those inherited on the granting of WNDC planning powers, are held in a separate bank account. These funds are solely for the provision of infrastructure and services as specified in the S106 agreement and as such are not treated as WNDC income but included within the payable balance. S106 contributions held by WNDC as at 31 March 2012 will transfer to the relevant Local Authority as a result of the transfer of planning powers. The transfer of monies and related liabilities is subject to an agreed protocol between WNDC and the individual Local Authority.

Grant Income

WNDC may receive grants from various bodies as contributions towards the provision of specific projects. This income and the related cost fall due over the life of the project. The percentage of completion method is utilised to recognise revenue on long term projects. Any balance of grant not credited to income by the end of the accounting period is shown as deferred income. At the completion of the project, any grant not spent may be repayable.

Rental Income

WNDC may receive rental income from the stock of development properties held as inventories. Any rental income will be recognised on an accruals basis.

Grant in Aid

The Corporation's activities are funded primarily by way of grant-in-aid provided by the Corporation's sponsor, Department of Communities and Local Government (DCLG). In accordance with Government guidance this is credited directly to the General Reserve.

1(d) Employee Benefits

Retirement Benefit Costs

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). WNDC employees are invited to join the LGPS administered by Northampton County Council, a final salary defined benefit scheme. Pension costs are currently accounted for under IAS 19 as calculated by the scheme appointed Actuaries, Hymans Robertson LLP.

Holiday Pay

Employees of WNDC are entitled to 28 days paid leave each year (pro rata where necessary). The organisation has a fixed holiday year from January to December. The balance of untaken leave at the end of the financial year is accrued. This is calculated using a day rate for each employee and multiplying it by the number of days untaken from their entitlement at the financial year end. An element for National Insurance Contributions is then accrued on top of the employee's day rate.

1(e) Plant Property & Equipment (PPE)

PPE comprise of computer and office equipment which are deemed to have a useful economic life of four years, and furniture and fittings which are deemed to have a useful economic life of eight years. All WNDC's PPE are valued on historical cost basis, as stated in IAS 16, they are deemed to be short life, low value assets and eligible to be valued under the historical cost basis.

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- they are lower than the threshold value and can be grouped into a single asset where they form part of a distinct of specific project.

Depreciation

Depreciation for fixed furniture and fittings is provided to write off the costs of individual assets over their useful economic life. Depreciation for other individual PPE is provided to write off the cost over their useful economic life on a straight line basis at the following rates:

- | | |
|-----------------------|-------|
| ▪ Computer Equipment | 25% |
| ▪ Office Equipment | 25% |
| ▪ Other Movable Items | 12.5% |

1(f) Intangible Assets

Intangible assets comprise of software licences and are deemed to have a useful economic life of four years. All WNDC's intangible assets are valued on historical costs basis, as stated in IAS 38, they are deemed to be short life, low value assets and eligible to be valued under the historical cost basis.

If the Corporation had high value or long life intangible assets, they would be valued using a fair value basis.

Capitalisation

Intangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- they are lower than the threshold value and can be grouped into a single asset where they form part of a distinct or specific project.

Amortisation

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

- Computer Software 25%

1(g) Inventories-Stock of Development Assets

Development Assets are held by WNDC for regeneration purposes and are shown as inventories, and in line with FReM requirements are held at the lower of cost and net realisable value under IAS 2. Costs of acquisition and any resulting write downs of these properties (historic cost to net realisable value) are accounted for annually and recorded as expenditure in the Statement of Comprehensive Net Expenditure.

Net realisable value is determined by reference to quoted market prices where possible, otherwise by valuation techniques in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

The Corporation assesses the value of Inventories annually and obtains an external valuation by professional valuers at least every two years. Gains from valuation are held in the revaluation reserve on the Statement of Financial Position, losses from impairment are recorded as an expense in the year in the Statement of Comprehensive Net Expenditure.

1(h) Related Party Transactions

IAS 24 requires transactions between a reporting entity and its related parties to be disclosed in its Financial Statements.

A related party can be an individual, and entity, or an unincorporated business. As per the standard, WNDC uses the general criteria to determine relationships involving control, joint control and significant influence that are required to be disclosed.

The following definitions' are used to determine the aforementioned relationships;

Control

'The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities'

Joint Control

'The contractually agreed sharing of control over and economic activity'

Significant Influence

'The power to participate in the financial and operating policy decisions of an entity, but is not in control over these policies. Significant influence may be gained by share ownership, statute or agreement'

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

1(i) Provisions, Contingent Liabilities and Contingent Assets

As per IAS 37, WNDC recognises a provision when; it has a present legal obligation as a result of a past event, it is probable that WNDC will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties. Where the provision is measured using the cash flows estimated to settle the obligation, no discounting has been applied as it is deemed unlikely to be materially affected by the time value of money.

When some or all the economic benefits required to settle a provision are expected to be received from a third party, the receivable amount is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where WNDC has a contract under which the avoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when WNDC has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of WNDC.

1 (j) VAT

WNDC is registered for VAT. On 1 January 2007 WNDC brought in-house the Development Control function in respect of planning applications received by WNDC and as a result the Planning Fees for those applications are paid direct to WNDC.

Such fees are deemed 'Out of Scope' for VAT purposes. A partial recovery of VAT has been agreed with HM Revenue & Customs whereby WNDC expenditure is matched to the relevant income stream and the VAT dealt with accordingly. Income and expenditure will be included in the accounts either gross or net depending upon the VAT recovery for that particular item.

1(k) Project Costs

WNDC deems that project costs are payable only when the terms of the grant have been met.

1(l) Financial Instruments

Financial assets and liabilities are valued in the Statement of Financial Position at fair value. This is usually the amount expected to be received or paid unless the terms of the contract make the use of such a basis of valuation misleading.

1(m) Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Investments made comply with WNDC's Treasury Management Policy.

1(n) Leases

All WNDC leases have been reviewed in accordance with IAS17 and are operating leases. Expenditure under operating leases is recognised in the Net Expenditure Account on a straight line basis over the period of the lease.

1(o) Operating Segments

In line with IFRS 8, WNDC has determined that it has three operating segments: Planning, Regeneration and Other Core business. Overheads are not reported as a separate segment, and have been apportioned across segments. As WNDC is funded by central government (DCLG), there is no requirement to raise funds and maintain shareholder value. Therefore, the organisation does not manage its assets in the same way as the private sector and does not rely on different segments to contribute towards profit by optimising the use of assets.

2. Analysis of Net Expenditure by Segment

	Planning	Regeneration	Other Core	Total 2011-12	Total 2010-11
	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	1,348	7,454	1,459	10,261	16,401
Income:					
Income from Activities		(210)		(210)	(4,967)
Project Management Recharge		(100)		(100)	(668)
Planning Fees	(407)			(407)	(540)
Other Income	(4)	(299)		(303)	(371)
Net Expenditure	937	6,845	1,459	9,241	9,855

3. Income

	2011-12 £'000	2010-11 £'000
a. Income from Activities	210	4,967
b. Other Income		
Project Management Recharge	100	668
Planning Fees	407	540
Other Income	303	371
Total other income in the year	810	1,579
Total Income for the year	1,020	6,546

4. Staff numbers and related costs

	Permanent Staff	Agency & Temp Staff	Board Members	Total 2011-12	Total 2010-11
	£'000	£'000	£'000	£'000	£'000
Wages and salaries	1,587	138	167	1,892	2,148
Social security costs	165	0	14	179	171
Redundancy costs	298			298	-
Other pension costs	341	0	0	341	231
Pension past service cost	56	0	0	56	(463)
Total net costs	2,447	138	181	2,766	2,087

No staff costs were capitalised during the year (2010/11: nil).

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 variable contribution rate, between 5.5% and 7.5% from employees, a 10.6% contribution rate from WNDC together with an annual lump sum payment.

There are 3 loans to employees for £2,350 (2011: 1 loan £828)

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

	Permanent Staff	Others	Total 2011-12	Total 2010-11
Directly Employed	35	2	37	38
Other	1	0	1	3
Total	36	2	38	41

Average number of persons employed by Segment

	Planning	Regeneration	Other Core	Total 2011-12	Total 2010-11
Directly Employed	11	14	11	36	38
Other	0	0	2	2	3
Total	11	14	13	38	41

Reporting of Civil Service and Other Compensation Schemes – Exit Packages

Exit Package Cost Band	Number of Compulsory Redundancies	Number of other Departures Agreed	Total number of Exit Packages by Cost Band (Total Cost)
< £10,000	9 (7)	- (-)	9 (7)
Total 2011/12 (2010/11)	9 (7)	- (-)	9 (7)

WNDC has a Discretionary Redundancy Policy under which 9 compulsory redundancy payments were made based on the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006.

5. Other Expenditure

	2011-12	2010-11
	£'000	£'000
Legal & Professional fees	284	310
IT Services and External consultancy fees	221	461
Training	120	105
Rentals under operating leases & licences	105	124
Office running costs	88	67
Local Authority Support	58	76
Travel & Subsistence	39	32
General Goods & services	29	-
Bad and Doubtful Debt provision	10	169
Recruitment	-	32
Auditor's remuneration for audit work:		
National Audit Office – statutory audit work	31	27
DCLG Internal Audit Service	11	12
Actuary's Fee	2	2
	998	1,417
Non-Cash Items		
Depreciation	54	89
Amortisation	19	32
Impairment of Property, Plant and Equipment Assets	-	61
Impairment of Intangible Assets	-	5
	73	187

6. Planning Appeal Costs

	2011-12	2010-11
	£'000	£'000
	(175)	175

WNDC's planning powers transferred back to the relevant Local Authorities on 31 March 2012 and therefore the Corporation's liabilities in respect of planning appeals ceased at that date.

7. Grants Payable (Project Costs)

Grants payable to the public sector in respect of the following approved growth area projects:	2011-12	2010-11
	£'000	£'000
iNet Revenue	16	261
Northampton SNEAP Implementation project	140	188
Northampton Grosvenor/Greyfriars	4,000	-
Northampton Avon/London Road	1,219	838
Northampton Community Foundation	-	221
Northampton Becketts Park	-	1,307
Northampton Sandy Lane Improvements	-	1,238
Towcester Watermeadows	-	75
	5,375	4,128

	2011-12	2010-11
	£'000	£'000
Amounts payable directly to suppliers for WNDC projects:		
WNDC Project Northampton Waterside	89	530
WNDC Project Northampton Castle Station	24	277
WNDC Project Northampton Avon Nunn Mills	255	272
WNDC Project Daventry iHub	-	6,061
WNDC Project Northampton Grosvenor/Greyfriars	57	-
WNDC Project Northampton Waterside Innovation Centre	229	-
WNDC Project Northampton Project Angel	74	-
Construction Futures	160	162
Upton Lodge Feasibility Study	3	-
Sport England	-	5
Sustainable Design Solutions	-	12
Arts Council Arts Monitoring Officer	27	-
Arts Council Arts Delivery Plan	-	15
	918	7,334
Total Project costs	6,293	11,462

8. Leases

WNDC has an operating lease with Northampton RFC Limited (Company registered in England: number 3139409), in respect of office premises. The full term of the lease is from 1 July 2011 to 31 March 2014. Various other operating leases are held for office equipment expiring between May 2012 and October 2014.

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2011-12	2010-11
	£'000	£'000
Obligations under operating leases comprise		
Expiry within 1 year	138	26
Expiry after 1 year but not more than 5 years	134	51
Expiry hereafter	-	-

The Corporation had no finance leases during either period.

9. Property, Plant & Equipment

	Fixtures & Fittings £'000	Information Technology £'000	Total £'000
Cost or Valuation			
At 1 April 2011	89	386	475
Additions	-	-	-
Disposals	-	(1)	(1)
At 31 March 2012	89	385	474
Depreciation			
At 31 March 2011	46	319	365
Charged in year	17	37	54
Disposals	-	(1)	(1)
At 31 March 2012	63	355	418
Net Book Value at 31 March 2011	43	67	110
Net Book Value at 31 March 2012	26	30	56
Asset Financing			
Owned	26	30	56
Cost or Valuation			
At 1 April 2010	199	402	601
Additions	-	-	-
Disposals	(110)	(16)	(126)
At 31 March 2011	89	386	475
Depreciation			
At 1 April 2010	75	266	341
Charged in year	26	63	89
Impairment	55	6	61
Disposals	(110)	(16)	(126)
At 31 March 2011	46	319	365
Net Book Value at 31 March 2010	124	136	260
Net Book Value at 31 March 2011	43	67	110
Asset Financing			
Owned	43	67	110

10. Intangible Assets

Intangible fixed assets comprise software licences

2011-12	Total
Cost or valuation	£'000
At 1 April 2011	136
Additions	67
Disposals	-
At 31 March 2012	203
Amortisation	
At 1 April 2011	121
Charged in year	19
Disposals	-
At 31 March 2012	140
Net book value 31 March 2011	15
Net book value 31 March 2012	63
2010-11	
Cost or valuation	
At 1 April 2010	151
Additions	-
Disposals	(15)
At 31 March 2011	136
Amortisation	
At 1 April 2010	99
Charged in year	32
Impairment	5
Disposals	(15)
At 31 March 2011	121
Net book value 31 March 2010	52
Net book value 31 March 2011	15

11. Inventories

	2011-12	2010-11
	£'000	£'000
Balance as at 1 April	3,729	2,912
Additions in the year	-	1,834
Impairment	(266)	(1,017)
Balance as at 31 March	3,463	3,729

WNDC seek to purchase land where appropriate for development and regeneration purposes. The continuing impact of the recession on the property market has resulted in an impairment charge of £266,500 (£1,016,859 in 2010/11).

12. Receivables

Analysis by type	2011-12	2010-11
	£'000	£'000
a. Amounts falling due within one year		
Trade Receivables	88	1,394
Other Receivables – VAT	37	46
Prepayments and accrued income	116	66
Loans to employees	2	1
Total	243	1,507
b. Receivable by Segment		
Regeneration	127	1,976
Planning	53	(689)
Other – Core	64	220
Total	243	1,507

c. Bad Debt

A bad debt provision of £10,858 was made in the year ended 31 March 2012 (2011: £169,162) in respect of the iCon project which represents the WNDC element of the total European funds withheld by DCLG.

d. Intra Government Balances

The following balances at 31 March were held at:

Balances with other central government bodies	37	614
Balances with local authorities	55	8
Balances with bodies external to government	151	885
Total	243	1,507

13. Cash & Cash Equivalents

	2011-12	2010-11
	£'000	£'000
Balance as at 1 April	4,146	3,285
Net change in cash balances	1,135	861
Balance as at 31 March	5,281	4,146
Commercial banks and cash in hand	5,281	4,146

Note that the cash at bank and in hand balance includes S106, £1,738,688 (2011: £1,433,216) & Planning £100 (2011: £32,938) monies held.

14. Payables

	2011-12	2010-11
	£'000	£'000
Analysis by type		
a. Amount falling due within one year		
Other taxation and social security	124	87
Trade Payables	82	160
Other Payables – S106	1,738	2,006
Accruals and deferred income	1,113	981
Corporation Tax	27	27
Total	3,084	3,256

b. Payables by Segment

Regeneration	634	352
Planning	2,066	2,386
Other – Core	384	518
Total	3,084	3,256

c. Intra Government balances

Balance with other central government bodies	135	110
Balance with local authorities	1,987	19
Balance with bodies external to government	962	3,127
Total	3,084	3,256

15. Provisions for liabilities and charges

There are no provisions as at 31 March 2012 (31 March 2011 £175,000).

16. Taxation

	2011-12	2010-11
	£'000	£'000
Corporation tax @ 20% (2011: 21%)	27	22
Less prior year Corporation Tax adjustment	-	(21)
	27	1

17. Reserves

	2011-12	2010-11
	£'000	£'000
a. General Reserve		
Balance at 1 April	63,726	52,869
Transfers to other reserves	69	(408)
Grant in Aid received towards resource expenditure	3,118	3,000
Growth Area fund received towards project expenditure	6,000	8,265
Balance at 31 March	72,913	63,726

	2011-12	2010-11
	£'000	£'000
b. I&E Reserve		
Balance at 1 April	(57,650)	(47,795)
Net Expenditure	(9,241)	(9,855)
Balance at 31 March	(66,891)	(57,650)

18. Pension Cost

The Local Government Pension Scheme run by Northampton County Council (NCC) to which WNDC belongs is a defined benefit final salary scheme.

A full actuarial valuation was carried out at 31 March 2012 by Hymans Robertson LLP, qualified independent actuaries appointed by NCC.

The major assumptions used by the actuary are being reported on a restated IAS 19 standard as follows:

	At 31/03/2012	At 31/03/2011
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions- CPI	2.5%	2.8%
Discount rate	4.8%	5.5%
Expected return on assets	5.5%	6.8%

The assets in the scheme and the expected rate of return at 31 March

		£'000		£'000
Equities	6.2%	2,710	7.5%	2,438
Bonds	3.5%	802	4.9%	677
Property	4.4%	229	5.5%	203
Cash/Liquidity	3.5%	76	4.6%	68
Total market value of assets		3,817		3,386

	£'000	£'000
Present value of scheme	(5,213)	(4,419)
Deficit in the scheme	(1,396)	(1,033)

Analysis of the amount charged to operating profit

Current service cost	(243)	(320)
Past service cost	-	553
(Losses)/Gains on Curtailment and Settlement	(101)	-
Total operating charge	(344)	233

Analysis of the amount charged to other finance income

	£'000	£'000
Expected return on pension scheme assets	242	182
Interest on pension scheme liabilities	(255)	(237)
Net charge	(13)	(55)

Analysis of amount recognised in Statement of Changes in Taxpayers' Equity (SOCITE)

	£'000	£'000
Actuarial (Losses)/Gains on Plan Assets	(178)	518
Actuarial (Losses)/Gains on Obligation	(116)	200
Actuarial (Losses)/Gains recognised in SOCITE	(294)	718

Reconciliation of defined benefit obligation

	£'000	£'000
Opening Defined Benefit Obligation	4,419	4,540
Current Service Cost	243	320
Interest on Obligation	255	237
Contributions by Members	97	111
Actuarial (Gains)/Losses	116	(200)
Past Service costs	-	(553)
Loss on Curtailments	101	-
Estimated Benefits Paid	(18)	(36)
	5,213	4,419

Reconciliation of fair value of employer assets	£'000	£'000
Opening Fair Value of Employer Assets	3,386	2,381
Expected Return on Assets	242	182
Contributions by Members	97	111
Contributions by Employer	288	230
Actuarial (Losses)/Gains	(178)	518
Estimated Benefits Paid	(18)	(36)
	3,817	3,386

Amounts for the current and previous accounting periods	£'000	£'000
Fair Value of Employer Assets	3,817	3,386
Present Value of Defined Benefit Obligations	(5,213)	(4,419)
Deficit	(1,396)	(1,033)
Experience (Losses)/Gains on Assets	(178)	518
Actuarial Losses on Liabilities	(18)	(455)
Actuarial (Losses)/Gains on Employer Assets	(178)	518
Actuarial (Losses)/Gains on Obligation	(116)	200
Actuarial (Losses)/Gains recognised in SOCITE	(294)	718

Year Ended	2009-10	2008-09	2007-08
	£'000	£'000	£'000
Fair Value of Employer Assets	2,381	1,446	1,510
Present Value of Defined Benefit Obligation	(4,540)	(2,163)	(2,485)
Deficit	(2,159)	(717)	(975)
Experience Gains/(Losses) on Assets	486	(484)	146
Experience Losses on Liabilities	-	-	(774)
Actuarial Gains/(Losses) on Employer Assets	486	(484)	146
Actuarial (Losses)/Gains on Obligation	(1,943)	826	(845)
Actuarial (Losses)/Gains recognised in SOCITE	(1,457)	342	(699)

Projected Pension Expenditure for 2012-13

Year ended 2012-13	£'000	% of pay
Projected Current Service cost	250	18.6%
Interest on Obligation	253	18.8%
Expected Return on Plan Assets	(244)	(18.2%)
	259	19.2%

	2011-12 £'000	2010-11 £'000
Movement in deficit during the year		
Deficit at 1 April	(1,033)	(2,159)
Current service cost	(243)	(320)
Past Service cost	-	553
Loss on Curtailment and Settlement	(101)	-
Employer contributions	288	230
Other finance charge	(13)	(55)
Actuarial (loss)/gain	(294)	718
Deficit at 31 March	(1,396)	(1,033)

	At 31/03/2012 £'000	At 31/03/2011 £'000
History of experience gains and losses		
Difference between the expected and actual return on scheme assets	(178)	518
Percentage of scheme assets	(4.7%)	15.3%
Actuarial (losses)/gains on scheme liabilities	(116)	200
Percentage of the present value of the scheme liabilities	(2.23%)	(4.5%)
Total amount recognised in Statement of Changes in Taxpayers Equity	(294)	718
Percentage of the value of the scheme liabilities	(5.64%)	(16.2%)

	2011-12 £'000	2010-11 £'000
Pension Reserve		
Balance at 1 April	(1,033)	(2,159)
Actuarial Asset (loss)/gain during year	(178)	518
Actuarial Liability (loss)/gain during the year	(116)	200
Net Interest charge	(13)	(55)
Transfer (to)/from I&E	(56)	463
Balance at 31 March	(1,396)	(1,033)

19. Financial Instruments

Except for short term receivables and payables the only financial instrument maintained by WNDC is cash held at bank.

International Financial Reporting Standard (IFRS) 7 requires WNDC to disclose information on the significant of financial instruments to its financial position and performance.

WNDC is exposed to very little credit risk resulting from the non payment of debts relating to the private sector. Payment for planning applications is received up front and Project Management Recharges are received from third parties via the Growth Area Fund.

As a Non-Departmental Public Body (NDPB) funded almost exclusively by DCLG and with no borrowings, WNDC is not exposed to any market or liquidity risk.

WNDC has no material deposits in interest bearing accounts given that the majority of cash held on the Statement of Financial Position relates to S106 agreements. As all material assets and liabilities are denominated in Sterling, WNDC is not exposed to any significant interest rate or current risk.

20. Contingent Liabilities

VAT on Land Sale

WNDC recognises that the VAT recovered on the land acquired in 2007/08 may be repayable to HM Revenue & Customs if sold, depending upon the VAT status of the subsequent purchaser.

21. Contingent Asset

Project Management Recharge Income

WNDC has entered into a grant funding agreement with Northamptonshire Borough Council in respect of the Grosvenor/Greyfriars capital project which is due to complete in 2014. This agreement establishes potential income from a project management recharge, the recovery of which is anticipated might be in the next two financial years but the timing and amount is uncertain.

22. Related Party Transactions

As WNDC is a NDPB sponsored by DCLG, DCLG is regarded as a related party, as are other entities that it sponsors.

WNDC had transactions during the normal course of its business with Northampton Borough Council, Northamptonshire County Council, Daventry District Council and South Northamptonshire Council. Cllr Sandra Barnes and Cllr Mary Clarke (South Northamptonshire), Cllr Chris Millar (Daventry), Cllr Tony Woods and Cllr Tim Hadland (Northampton), Cllr Richard Church (Northamptonshire), Cllr Joy Capstick (Northampton) and Cllr Jim Harker (Northamptonshire), are Board Members of the corporation nominated by those local authorities.

John Markham and Cllr Jim Harker are members of Northamptonshire Enterprise Partnership Board and Deirdre Newman is Chair of Police Authority.

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

23. Commitments

As at the 31 March 2012 WNDC had an outstanding agreed capital grant commitment amounting to £4.580m.

24. Liquid Resources

WNDC operates current account facilities with Lloyds TSB plc as well as a deposit account. Other deposit accounts are held with National Westminster Bank plc and Barclays Bank plc. There were no other financial instruments maintained by the Corporation during the year.

25. Events after the reporting period

WNDC's Financial Statements are laid before the House of Parliament by the Secretary of State for Communities and Local Government. IAS 10 requires WNDC to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched to the Secretary of State for Communities and Local Government.

The authorised date for issue is 18 June 2012

12. Accounts Direction

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION

ACCOUNTS DIRECTION GIVEN BY THE 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 Financial Statements of West Northants 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 Financial Statements for 2009/10 and for subsequent years shall be prepared in accordance with:-

- (a) the accounting and disclosure requirements given in *Managing Public Money* and in the *Government Financial Reporting Manual* issued by the Treasury (“the FReM”) as amended or augmented from time to time;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State;

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

- 2. Schedule 1 to this direction gives additional disclosure requirements of the Secretary of State.
- 3. This direction shall be reproduced as an appendix to the Financial Statements.
- 4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for Communities and Local Government



An officer in the Department for Communities and Local Government

Date 31 March 2011

SCHEDULE 1

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 paragraph 1 of this direction.

- (a) an analysis of grants from:
 - (i) government departments
 - (ii) European Community funds
 - (iii) other sources identified as to each source;
- (b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
- (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) in the note on receivables, prepayments and payments on account shall each be identified separately;

(f) a statement of debts written off and movements in provisions for bad and doubtful debts;

(g) 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.

*(h) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the yearend (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:

(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 venture
- (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 settler 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 venture
- (12) settlements in which a member of the close family of a board member or of a key manager is a settler or beneficiary
- (13) the Department for Communities and Local Government, 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 (h) of Schedule 1: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.



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