



WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION

Annual Report and Accounts

For the year ended 31 March 2007

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

Ordered by the House of Commons to be printed: 25 July 2007

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London:
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General Information

BOARD MEMBERS

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

EXECUTIVE DIRECTORS

CHIEF EXECUTIVE OFFICER

Mike Hayes

DEPUTY CHIEF EXECUTIVE

Roger Mendonca

PLANNING AND DEVELOPMENT

Stephen Kelly

ACCOUNTING OFFICER

Mike Hayes

EXTERNAL AUDITOR

Comptroller and Auditor General



The Board

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

Standing (from left) Cllr Lee Barron, Cllr Phil Larratt, Keith Barwell (Chairman), Cllr Chris Millar, David Dickinson; Nick Thompson, Cllr Arthur McCutcheon. Seated (from left) John Farrow, Mary Burrows, Cllr Sandra Barnes, Ann Tate, John Weir (Deputy Chairman).

Inset – Cllr Ben Smith (not available for the group photograph).

WNDC's Board is made up of 13 members, including a Chair and Deputy Chair. Six members were nominated by local authorities and seven members, including the Chair and Deputy Chair, were selected in open competition. All thirteen 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). The Chair was appointed on 7 January 2005. The remainder of the Board were appointed on 15 March 2005 for two and three year terms. On 15 March 2007, the six members appointed for a two year term all had their contracts extended for a further three years by the Secretary of State.

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 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 'About Us/Board Members' section.

Chair's Report

The regeneration, growth and development of West Northamptonshire is a national priority. WNDC was established in December 2004 as the local delivery vehicle for West Northamptonshire. During our "set-up" phase (2005/06) we recruited our staff and Board, identified suitable accommodation and prepared an overarching strategy for delivery ("Realising the Opportunity" December 2005). During 2006/07 we completed the set-up stage and started using our powers to deliver:

- Investing over £11m in infrastructure that will kick-start the regeneration of Northampton and Daventry town centres, delivering significant amounts of commercial floorspace together with new jobs and private sector investment.
- Securing and investing £4.7m in addition to our 2006/07 budget for flood defences in Northampton.
- Assembling a further £22m of infrastructure projects for 2007/08 that will transform Northampton and Towcester town centres.
- Determining over 150 planning applications, substantially reducing the historic backlog of applications awaiting decision in Northampton
- Establishing public sector Partnership Boards to provide leadership and direction for the growth of Northampton, Daventry and Towcester
- Bringing together public and private sector partners to start compiling a comprehensive list of infrastructure requirements to feed into the West Northamptonshire Standardised Charging System for developer contributions.
- Establishing an in-house development control service to enable faster and more efficient decision-making on planning applications.
- Preparing a Planning Statement for consultation on our approach to the discharge of our planning responsibilities.

My colleagues on the Board have made an enormous contribution during the past year and I would like to thank them all for their hard work and enthusiasm. I look forward to another busy and challenging year.



Keith Barwell
Chair

Chief Executive's Report

The scale of housing and employment growth in West Northamptonshire makes it one of the most exciting areas of opportunity in the UK. WNDC, the only urban development corporation outside the Thames Gateway, was established to make the most of this opportunity. We seek to add value to the communities of West Northamptonshire by combining our own powers, resources and experience with those of our key stakeholders, particularly the local authorities, to achieve a common agenda.

Last year I reported that WNDC had laid the foundations for success. This year I am pleased to report that WNDC has built on these foundations to start delivering.

We set ourselves three priorities for 2006/07, all of which we have made considerable progress on:

1. The Growth Delivery Plan

The Growth Delivery Plan is made up of three separate documents

- A Spatial Investment Plan. This is a comprehensive list of the infrastructure required to make development in West Northamptonshire sustainable, when it is required, how much it will cost, how it will be paid for and how it will be delivered.
- Action Plans for the delivery of the six development locations in West Northamptonshire, which together make up the first phase of growth.
- A statement of Planning Principles setting out how our approach to the discharge of our planning responsibilities will enable us to help deliver our objectives of enabling inclusive communities, creating a more recognisable sense of place and identity for West Northamptonshire, improving quality in the built and natural environment, and ensuring effective management of environmental assets and resources.¹

During 2006/07 we made significant progress on these documents, which are now being prepared for public consultation. The first consultation, on the Planning Standard – together with a proposed framework for a standardised charging system for developer contributions, began in June 2007. Consultation on the remaining documents is planned for the Autumn.

A Steering Group of Local Authorities and statutory agencies, chaired by WNDC, was established in May 2006 to drive the Growth Delivery Plan forward. Membership was also extended to a representative from the West Northamptonshire Developers' Forum, a grouping of house-builders and option holders with an interest in the six locations that make up the initial phase of development in West Northamptonshire that WNDC helped bring together. During 2007/08, WNDC will look to identify whether a similar forum would be beneficial for developers able to deliver commercial growth.

¹ Further detail on the Planning Standard is set out in the Development Control section of this document.

2. Development Management

WNDC became the development management authority for strategic planning applications in West Northamptonshire on 6 April 2006. We immediately inherited 60 undetermined planning applications - some of which had been lodged a number of years previously. A further 267 applications had been received up to March 2007.

WNDC has set up planning committees for each of its three areas. The Board has delegated its powers to decide applications to these committees. These committees include Board members and representatives from the relevant local authority. Each of the committees meets in public.

WNDC's Board has also delegated its powers for determining a defined range of minor applications to the Director for Planning and Development and the Head of Development Control. Details of the schemes of delegation can be found on WNDC's website.

From 6 April 2006, when development management powers transferred to WNDC, to 31 December 2006 the development management service was provided through service level agreements with local authorities. During this period we struggled to meet the performance targets we set ourselves for the year. With the volume of applications expected to increase significantly during 2007/08, WNDC therefore acted to bring the Development Control service in-house from 1 January 2007.

The set-up of the new service was funded to 31 March 2007 by Communities and Local Government transitional funding and WNDC core funding. In 2007/08 the service will mainly be funded by planning fees supplemented by WNDC's core funding, Planning Delivery Grant, Housing Delivery Grant and developer contributions. In 2007/08 to demonstrate clarity we will account for the new service separately to our main budget. A core team, including legal support, will be put in place. Opportunities for local authorities to second people to and from the service will ensure close collaboration with our partners. The core team will be supplemented by specialists when required, and this specialist knowledge will be made available to our local authority partners.

Our aim is to improve the speed and quality of the planning service during the corporate planning period to a level where, by March 2008:

- At least 65% of new minor and other applications are being dealt with within eight weeks of receipt
- At least 80% of new "other" applications are being dealt with within eight weeks of receipt
- At least 60% of new major applications are being dealt with within thirteen weeks of receipt

An increase in the level and scope of pre-application discussions is key to achieving these aims. In future years we would like to review these targets. Our ultimate aim is to offer one of the best planning services in the country. Progress towards this aim will be kept under review.

To date 178 planning applications have been determined, including 1138 dwelling units.

3. Growth Area Funding

WNDC was originally allocated £25m from the second round of Growth Area Funding (GAF2) to invest in infrastructure renewal in West Northamptonshire by March 2008, £10m in 2006/07 and £15m in 2007/08. An additional £4.7m was secured in 2006/07 specifically for improving flood defences in Northampton.

During 2006/07 WNDC invested £16m in infrastructure projects for West Northamptonshire. This comprises our initial £10m allocation, the additional £4.7m for flood defences, and £1.3m brought forward from 2007/08. These projects are:

Northampton Brownfield Initiative Phase 4 (NBI4) – £10.8m. This project is led by English Partnerships. It builds upon the success of NBI Phases 1-3 by bringing forward five new schemes that reduce flood risk, create transport benefits and bring forward housing development on brownfield land.

Daventry Town Centre Phase 1 - £6.7m. This project is being taken forward jointly with Daventry Council and the County. It is the catalyst for the renaissance of Daventry town centre. It consists of three schemes, identified within the Daventry Town Centre Vision, that release brownfield land for retail and office development within the town centre and improve transport links to potential growth locations.

Northampton Cultural Strand - £1.4m. This project supports the creation of a cultural quarter in the town centre and the broadening of its arts and visitor offer. It consists of three schemes that support creative industries, reinforce the major development at the Royal and Derngate Theatres and its work in the community, and enhance 78 Derngate, an internationally renowned visitor attraction.

Upton Flood Alleviation Phase 3 – £7.4m. This is a joint project with English Partnerships to acquire land for Phase 3 of the flood protection scheme at Upton and deliver the necessary works.

Dependant on funding availability, potential future projects include:

Northampton Public Realm Phase 1 – a joint project with the County and Borough Councils to deliver improvements to the public realm between Castle Station and All Saints as the first stage of the Town Centre renewal project.

Towcester Moat Lane – a joint project with the County and District Councils to regenerate the land behind Watling Street to create an outstanding public space.

Kings Park Sports and Education Facilities – a strategic Northampton sub regional project to deliver improved and expanded sport and leisure facilities for the community

Conclusion

2006/07 saw WNDC grow at a rapid rate both numerically, largely as a consequence of taking the development management service in-house, and in our ability to deliver. We have made good progress in developing our own specialist capacity, providing a strategic development management service, investing considerable resources into essential local infrastructure, developing strategic partnerships with our local authority partners and providing leadership for the growth and revitalisation of our three core towns.

There is much more to do and in 2007/08 we will develop our ability to generate local resources for infrastructure, set out clearly our requirements for design quality and reducing carbon emissions and appoint in-house expertise to drive the infrastructure delivery programme. However, for the considerable progress made in 2006/07 my thanks goes to our dedicated team, an energetic, challenging and supportive Board and an indefatigable Chairman.

A handwritten signature in black ink that reads "Michael L. Hayes". The signature is written in a cursive, slightly slanted style.

Mike Hayes

Chief Executive, West Northampton Development Corporation

Management Commentary

The Policy Context

Sustainable Communities

“Sustainable Communities: building for the future” (ODPM, February 2003) set out the Government’s aim of achieving a step change to deliver successful, thriving and inclusive communities. As part of the Plan, four Growth areas were identified as the focus for policy led growth with additional support from Government on infrastructure, and stronger delivery arrangements. West Northamptonshire is a key area within the Milton Keynes/South Midlands (MKSM) Growth Area and the West Northamptonshire Development Corporation (WNDC) is the delivery vehicle established to drive delivery forward.

The Order² establishing an Urban Development Corporation (UDC) for West Northamptonshire – specifically the towns of Northampton, Daventry and Towcester – was approved by Parliament in December 2004. While the Order does not set a time limit on WNDC, Government has indicated that they expect the body to have a ten year lifespan. This will be reviewed in 2009.

WNDC’s mission is to secure the sustainable regeneration and growth of the three towns within its area. As a UDC its general powers are set out in the Local Government, Planning and Land Act 1980. These powers enable WNDC to:

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

Our sponsoring department is Communities and Local Government. The Secretary of State has also used the powers under the 1980 Act to make WNDC the planning authority for strategic applications from 6 April 2006.³

WNDC’s Contribution to the Delivery of the National Agenda

As set out in the White Paper “Spending Review 2004”, Government investment is linked to delivery of outcomes and objectives through the Public Service Agreements (PSA) targetry framework. PSAs form a contract between Departments and Treasury and show what the public can expect to be delivered from money spent. These targets will be reviewed during the 2007 Comprehensive Spending Review. WNDC’s main contribution is to the two PSA targets set out below.

² Statutory Instrument (SI/2004/3370)

³ Statutory Instrument (SI/2006/616)

Communities and Local Government - PSA5

Communities and Local Government's PSA Target 5 aims to:

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

In West Northamptonshire, as for most of the wider South East, there is a shortage of housing, especially affordable housing. The market is keen to address this shortfall as development sites come forward. The key targets for the area, and therefore for WNDC, are bringing development sites for economic and housing use forward, ensuring design quality, improving affordability, protecting valuable countryside and improving the sustainability of towns and cities through the provision of social, economic, environmental and physical infrastructure.

HM Treasury – PSA5, Communities and Local Government – PSA2,
Department of Trade and Industry – PSA7

This is a shared target between HM Treasury (HMT), Communities and Local Government and the Department of Trade and Industry (DTI) to:

“Make sustainable improvements in the economic performance of all English regions by 2008, and over the long-term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006.”

Growth areas have been established to contribute to accommodating growth in London and the greater South East. West Northamptonshire is one of the most northerly Growth areas, bridging the gap between the South East and the Midlands. As a location for commercial and housing growth it provides a huge opportunity to channel wealth towards the Midlands and beyond. Evidence suggests that West Northamptonshire can accommodate significant levels of economic activity that would otherwise increase the risk of the South East overheating.

For WNDC this means it is committed to ensuring sufficient employment land is allocated, employment opportunities are maximised and appropriate infrastructure improvements secured, especially to the area's transport links such as the reinstatement of the Northampton-Bedford rail service.

WNDC will look to work more closely with the development sector during 2007/08 to identify and help bring forward commercial sites through to 2021.

WNDC's Contribution to the Delivery of the Regional Agenda

The current version of the Regional Spatial Strategy for the East Midlands (RSS8) was published in March 2005 following Public Examination (March-April 2004) and subsequent public consultation on proposed changes related to the MKSM Sub-Regional Strategy. The RSS forms part of the “Development Plan” for planning purposes.

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

The next major review of RSS8, covering the period up to 2026, was launched in 2005. Consultation on the review began in December 2006 and the final document is expected to be published in its final form early in 2008. Key dates for the review are:

Spring 2007	Examination in Public
Mid 2007	Publication of Panel Report
Late 2007	Publication of Proposed Changes
Early 2008	Issue of final Regional Plan

Local Development Frameworks

Local Development Frameworks (LDFs) are a requirement of the Planning and Compulsory Purchase Act 2004. They are a suite of Local Development Documents (LDDs) – a Core Strategy, any Area Action Plans deemed appropriate, specific policies to support the development control process, and a Statement of Community Involvement - which make up the statutory framework for decisions on the location of future development. By providing a context for the growth identified in RSS8 for their areas, LDFs are therefore important to the delivery of infrastructure required to ensure sustainable development.

In West Northamptonshire, it is the responsibility of the three local councils (Northampton, Daventry and South Northamptonshire) to prepare LDFs. Recognising the links between the three districts, they have agreed to prepare a Joint Core Strategy. The full set of documents is scheduled to be completed in 2011 with the Core Strategy, setting the framework for all of the documents, due to be adopted in 2009.

In the interim, WNDC has already received planning applications for sites not identified in previous Local Plans, and expects to receive more. These applications will have to be determined on the basis of up to date national planning guidance, the policies in RSS8 and those policies that have been "saved" in the existing Local Plans. During 2007/08, WNDC will work with the local authorities to pull together the existing evidence base (studies, research, masterplans, feasibility studies, etc) on the most sustainable locations for growth into a non-statutory policy context that will provide a framework for investment decisions and the determination of planning applications. This framework will be incorporated into the Spatial Investment Plan and

endorsement sought from Communities and Local Government. If further information is required to ensure the framework provides sufficient information to take decisions, it will be procured by WNDC, with local authorities and other partners as appropriate. Work for a decision-making framework for Daventry is planned to start in July 2007. Work on a decision-making framework for Towcester is expected to be completed early in 2008. The exact timing will depend upon when planning applications are received.

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 50-54.

Aims and Objectives

WNDC Mission Statement

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

Key Objectives

To fulfil our mission, WNDC's Prospectus set out three key sustainability objectives:

- Competitiveness – finding a position within the global economy that enables West Northamptonshire to compete successfully within world markets;
- Cohesion – making the opportunities arising from growth available to both existing and future residents;
- Quality – creating buildings and places that are well designed, enhance their surroundings and contribute to a better environment

Ten areas for WNDC and its partners to take action to achieve these objectives were also identified:

- Improving and diversifying the economic base
- Transforming town centres
- Providing a greater number and range of well-designed, eco-friendly and diverse housing
- **Establishing a more recognisable sense of place and identity**
- Improving connectivity

- **Creating inclusive communities**
- Developing high quality skills
- **Achieving quality in the natural and built environment**
- **Improving management of environmental assets and resources**
- Helping West Northamptonshire's rural communities

The areas in bold have been identified as cross-cutting objectives. All WNDC's investment activities are expected to contribute towards these four objectives.

During 2007/08 we will review our objectives and areas for action to ensure they reflect our statutory purpose.

WNDC will measure progress through three different approaches:

- Each project directly supported by WNDC will have targets in the form of milestones and outcomes attached to our approval. Through regular project monitoring WNDC will confirm project performance against these targets.
- Regular updating of headline indicators based on the action areas, and linked to the targets and objectives set out in the Northamptonshire Local Area Agreement. These represent locally agreed priorities for change and improvement.
- Longer term measurements, including techniques such as "Social Return on Investment" and "LM3 (Local Multiplier 3)", evidence the whole life value of the programme and the long term benefit generated for the West Northamptonshire economy and local people's life chances.

Key Priorities

WNDC is a key player in the delivery of these ten action areas – which must be tackled through strong public, private, voluntary and community sector partnerships. WNDC will help deliver by the use of our influence, resources and powers. During this Corporate Plan period (April 2006-March 2008), we have identified three Key Priorities to kick-start the sustainable regeneration and growth of West Northamptonshire:

- Developing and implementing the two parts of the Growth Delivery Plan. This will enable WNDC and its partners to set out a costed and programmed approach to delivering infrastructure, rejuvenating town centres and unlocking development locations.
- Effective use of our development control powers to enable high quality housing and employment development and release land value for infrastructure provision.
- Investing Growth Area Funding to deliver infrastructure, unlock development locations and enable town centre regeneration.

Financial Performance

The Income and Expenditure Account shows the total income for the year at £424,000. Of this total, the elements are:

- The Corporation received grant income of £100,000 from Northamptonshire Enterprise Limited for consultancy fees in relation to project costs.

Other operating income of £324,000 is represented by:

- WNDC invoices totalling £222,000 raised in respect of Project Management Recharge. These represent an agreed recharge of costs incurred by WNDC in respect of approved Growth Area Funded projects. During 2006/07 6 capital projects were funded via GAF2.
- The reclaim of costs for external consultants and training courses run by WNDC of £54,000.
- Planning Fees of £24,000 and Planning Contributions of £24,000 were allocated to income in recognition of the expenditure incurred on planning applications in progress at 31 March 2007.

The expenditure for the year totals £18,630,000.

- The staff costs total £1,342,000.
- Other Administration costs total £1,149,000, which includes £52,000 of non cash Depreciation and Amortisation charges in respect of IT equipment and software and furniture and fittings.
- Project costs for approved GAF2 contracts total £16,026,000.
- Grants to other projects total £113,301.

The Balance Sheet at 31 March 2007 shows Net Current liabilities of £7,433,000, which is due to the recognition in Creditors of the outstanding GAF2 project costs as at 31 March 2007. The funding of these claims by government is recognised on a cash basis and included in General Reserve in the period it is received.

On-going funding for the 2007/2008 financial year has been agreed by the sponsor department and an operating budget has been completed which indicates that WNDC will be able to continue its on-going operations. WNDC does not envisage any short term future events that will materially impact its ability to continue with its statutory and business objectives.

Going Concern basis of accounting

The Balance Sheet at 31 March 2007 shows Total liabilities of £7,264,000. This reflects the inclusion of liabilities due which will be met by grants or grants-in-aid from WNDC's sponsoring department, Communities and Local Government but funds have not been received as at 31 March 2007. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-aid for 2007-08, taking into account the amounts required to meet WNDC's liabilities falling in that year, has already been included in the Department's Estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Risk Factors

The Risk Group of senior WNDC officers meets regularly to review the Corporate Risk Register and reports to the Audit and Risk Committee of WNDC's Board. The Risk Register has continued to evolve and is updated monthly by the Risk Group

Risks within WNDC are organised into headings that reflect the organisational structure. This enables clear ownership of risks to be assigned. All identified risks are assessed under a "traffic light" style classification, but with four different groupings. Red risks are those that will have a significant impact on the organisation and have a high probability of occurring. They are constantly monitored by the lead manager. Amber/Red risks are those that will have significant impact and have a medium or rising probability of occurring. They are actively monitored regularly by the lead manager. Amber/Green risks are those that will either make a smaller impact on the organisation if they occur, or are unlikely to occur. These risks are reviewed on a regular basis by the lead manager. Green risks are those that would only have a minimal impact on the organisation and are unlikely to occur. These risks are kept under review by the lead manager.

The major risks, the actions taken and their current sources of assurance are as follows:

- Lack of a local planning context for Daventry and Towcester

WNDC has applied for and received additional funding from Communities and Local Government in 2007/08 to enable the development of an infrastructure strategy for the two towns. The principal purpose of the infrastructure strategies is to consider a number of scenarios for infrastructure investment which will result in conclusions on the most sustainable approach to accommodating the growth of the town through to 2026. These conclusions will help to inform planning decisions ahead of the Core Strategy. They will not set a rigid framework, in the development plan sense, but will provide answers to questions of development impacts on infrastructure.

- Lack of capacity in the development control service to cope with the number of planning applications submitted

Since taking the development control service in-house, WNDC has recruited a sizeable planning team. However, in line with most planning services in the wider South East, we have struggled to recruit as many planners as we require. We have established a continual

advertising/headhunting process to identify potential new members of staff. We are also investigating more innovative ways of servicing the planning service, such as introducing project managers, who will enable us to get more “planning” out of our planners by dealing with the non-technical side of the job.

- Insufficient skills available locally to prepare and deliver the infrastructure programme, and to maximise developer contributions towards it.

Putting in place the financial and delivery arrangements to deliver infrastructure requires a range of skills, expertise and knowledge. WNDC has applied for and received additional funding from CLG in 2007/08 to recruit additional staff with these attributes.

Payment Performance

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

Disclosures to Auditors

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

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

The cost of work performed by the auditors in respect of the year ended 31 March 2007 is as follows:

Fee for statutory audit work:	£17,500
Fee for CLG Internal Audit:	£ 8,999

Social and Community issues

During 2006/07, WNDC established the Community Infrastructure and Service Providers' Sub-Group to engage with key stakeholders in the public, private and voluntary sectors on the actions required to deliver improved services to the communities of West Northamptonshire. The results of this work will be set out in our Spatial Investment Plan during 2007/08. We have also consulted widely with the community as part of the process for determining planning applications, and have regularly attended public meetings and seminars to raise the profile of WNDC with the community. At the end of 2006/07 we reviewed our communications work and developed a strategy for 2007/08 and beyond. This strategy will be implemented during 2007/08, starting with the development of a strong vision for WNDC.

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. An internal working group has been established to promote sustainability in WNDC's day to day activity. 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, an office bicycle has been made available for short journeys to reduce the need to travel by car, and drinking water is provided through a mains adapter to reduce the need for bottled water. Wherever possible, all new office stationery is ordered from sustainable or recycled products.

WNDC is working on an environmental policy with a view to being carbon-neutral over our lifetime. Current working practices include participating in an approved recycling programme and using recycled and sustainable materials wherever possible.

Employee policies

At West Northamptonshire Development Corporation we have a clear philosophy of how people should be managed, and the following aims and beliefs underpin our employment policies:

- to offer fair and equal treatment to 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.
- to provide the climate and resources that will enable all employees to advance on merit with due regard to their talents and skills. To encourage continuous self-development in addition to formal training and challenging work assignments whenever possible.
- to offer pay and benefits that are fair and competitive, and reward individual performance and contribution. Excellence, innovation and quality will be recognised.

- to ensure that ideas, concerns and problems are identified and that two-way communication is effectively maintained. This includes involvement in decision making whenever appropriate, as well as feedback on individual performance.
- to ensure that the working environment is both physically comfortable and safe.
- to provide an 'open door' policy for managers/directors to facilitate effective communication for all employees and a continual flow of ideas throughout the corporation.

Key relationships with stakeholders

WNDC works closely with stakeholders in the public and private sector operating within West Northamptonshire. On the public sector side these include: the local authorities, Northamptonshire County Council, Northampton Borough Council, Daventry District Council and South Northamptonshire Council; English Partnerships, East Midlands Development Agency; Northamptonshire Enterprise Ltd and our sponsor department, Communities and Local Government. On the private sector side there are residential and commercial developers. During 2006/07 we have worked closely with these stakeholders and have established a number of formal and informal mechanisms to promote close working. These have included the Northampton Town Centre Strategic Board, Daventry Regeneration Partnership Board, West Northamptonshire Developers' Forum, Growth Delivery Plan Steering Group, and six Growth Delivery Plan Infrastructure and Service Providers' Sub-Groups. Members from our local authority partners are also co-opted onto WNDC's Planning Committees. We do not envisage that any potential dispute or challenge from our key stakeholders is likely and would lead to any material long-term impairment of WNDC's operating performance.

Future Developments

WNDC's key priorities for 2008/09 through to 2010/11 will be set out in a new Corporate Plan. Our mission remains the same:

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

To guide the delivery of this mission we are developing a "Vision for Success" during 2007/08. This Vision will be a clear and succinct description of how West Northamptonshire will look as we successfully implement our mission.

Information on the specific projects we will take forward to deliver our mission will be set out in the Spatial Investment Plan (SIP). Production of the SIP is a key priority for 2007/08.

We will continue to support the regeneration of West Northamptonshire through the effective use of our development control powers and investment of Growth Area Funding.

Development and Performance of the Business

WNDC was established in December 2004. We identified three phases for the organisation:

1. Set-up – to March 2006. In this time we established internal governance arrangements, recruited a Board and staff and produced an overarching strategy document “The Prospectus”.
2. Transition – to March 2007. In this time we completed the initial set-up arrangements and began to use our delivery powers. We became the development control authority for strategic planning applications and began investing Growth Area Funding in the area.
3. Delivery – from April 2007. The fully active stage.

WNDC was originally established as a small-scale strategic organisation. During the transitional period we expanded the scope of our operations by bringing the development control service in-house from 1 January 2007. This increased our staff complement from 19 to 29. During the delivery phase we expect to recruit a further 6 people to enable projects to be taken forward.

Performance Indicators

WNDC has adopted the following key performance indicators for the period April 2006 through to March 2008:

	Target	Progress @ February 2007
KPI1	By December 2006 to have prepared the first draft of the Spatial Investment Plan.	This target is late. This is mainly due to the lack of existing information on infrastructure need. Additional information is now being compiled and is expected to be complete by Autumn 2007.
KPI2	By December 2006 to have prepared action plans for delivery for the six identified key development locations	This target is late. This work has again been hampered by the lack of information on infrastructure need. These Plans are now expected to be complete by Autumn 2007.
KPI3	By the end of the Corporate Planning period to reduce the number of undetermined planning applications by 60% to 24.	This target is at risk as the original SLA approach to handling planning applications was insufficiently robust to deliver. To address this, the service has been brought in-house from January 2007.
KPI4	By the end of the Corporate Planning period to have increased the percentage of major planning applications determined within 13 weeks of validation to 60%	This target is at risk as the original SLA approach to handling planning applications was insufficiently robust to deliver. To address this, the service has been brought in-house from January 2007.

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KPI5	By the end of the Corporate Planning period to have increased the percentage of minor planning applications determined within 8 weeks of validation to 67%	This target is at risk as the original SLA approach to handling planning applications was insufficiently robust to deliver. To address this, the service has been brought in-house from January 2007.
KPI6	By the end of March 2007 to have invested all £10m worth of Growth Areas Funding into projects that support the delivery of sustainable regeneration and growth in West Northamptonshire.	This target is on track. Over £12m had been approved for investments in Phase 4 of the Northampton Brownfield Initiative (NBI4), Daventry Town Centre Phase 1 (DTC1) and Cultural Strand projects during 2006/07. A further £3m has been secured for the delivery of Phase 3 of the Upton Flood Mitigation work.
KPI7	By the end of March 2008 to have invested all £15m worth of Growth Areas Funding into projects that support the delivery of sustainable regeneration and growth in West Northamptonshire.	This target is on track. The NBI4 and DTC1 projects will invest a further £9m during 2007/08. Projects currently in the pipeline for 2007/08 have the ability to spend up to an additional £22m.
KPI8	By the end of August 2007 to have a minimum of £30m worth of projects appraised and approved ready for Growth Area Funding Round 3.	This target is on track. Projects worth over £150m have been identified for GAF3 and are being worked up for appraisal.


WNDC will receive £25m capital funding from Communities and Local Government during this Corporate Plan period (April 2006 – March 2008). We are using this money to unlock and attract greater value in West Northamptonshire. We have adopted a number of output targets to demonstrate progress in this value creation. From the £25m we invest during this Corporate Plan period we originally forecasted achieving the outputs below. Investment from our first three projects initiated in 2006/07 (Northampton Brownfield Initiative Phase 4, Daventry Town Centre Phase 1 and the Cultural Strand), total value £19m, is currently forecast to exceed most of these forecasts. A key activity for 2007/08 is therefore to work with partners to monitor and help manage these projects to ensure they deliver.

Progress on Outputs and Investment

		Gross Direct Outputs	Gross Indirect Outputs	Total Gross Outputs	Progress on Total Gross Outputs (forecast outputs from the approved projects list as at February 2007)
KII1	Housing (number of units)	720	1,820	2,540	2,490 (-50)
KII2	Commercial floorspace created (m ²)	12,255	5,500	17,755	26,470 (+8,715)
KII3	Jobs created or safeguarded (FTEs)	430	125	555	915 (+360)
KII4	Private sector investment attracted (£)	89,000,000	201,480,000	290,480,000	307,500,000 (+17,020,000)
KII5	Public sector investment attracted (£)	8,750,000	0	8,750,000	13,800,000 (+5,050,000)

WNDC has been set up as a lean and efficient organisation. We have a small core staff and outsource functions where it is cost effective to do so. However, we will continue to look at ways to improve our internal efficiency. To measure our performance in this regard we have adopted the following indicators:

	Target	Progress @ February 2007
KEI1	Actual spend on administration costs to be within 2% of forecast	This target is on track.
KEI2	To respond to at least 95% correspondence within 15 days of receipt	This target is on track. We are currently responding to 95% of correspondence within 15 days of receipt.

Signed: 
Mike Hayes, Accounting Officer and Chief Executive
Date: 10.07.07

REMUNERATION REPORT

Remuneration Committee Membership

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

Policy

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

Performance related pay

The performance related pay will be a maximum of 10% of gross annual salary.

Duration of contracts

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

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Directors' contracts

Chief Executive	Commenced 12 September 2005 Expires 11 September 2010 Unexpired term 3 years 5 months
Deputy Chief Executive	Commenced 1 August 2005 Expires 31 July 2010 Unexpired term 3 years 4 months
Planning and Development	Commenced 17 December 2005 Expires 16 December 2010 Unexpired term 3 years 8.5 months

Termination costs

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

Board members' costs

	2006-07		2005-06
Name	Salary £	Pension contributions	Salary £
Keith Barwell - Chair	11,419	-	11,259
John Weir - Deputy Chair	36,859		33,450
John Farrow	11,419	-	11,259
Mary Burrows	11,419	-	11,259
David Dickinson	11,419	-	11,259
Ann Tate	11,419	-	11,259
Nick Thompson	11,419	-	11,259
Cllr Lee Barron	11,419	-	11,259
Cllr Phil Larratt	11,419	-	11,259
Cllr Arthur McCutcheon	11,419	-	11,259
Cllr Ben Smith	11,419	-	11,259
Cllr Chris Millar	11,419	-	11,259
Cllr Sandra Barnes	11,419	-	11,259

The Barwell Corporation (Chair and CEO Keith Barwell) also invoiced WNDC for the use of the Chair's office in the amount of £37,501 (2006 - £37,501)

The Chair does not have a pension. The Deputy Chair has declined to take up the offer of a 'by analogy' pension scheme and contributions previously deducted have been repaid in the year ending 31 March 2007.

Salaries of Senior Managers

	2006-07			2005-06
	Salary £'000	Bonus £'000	Total £'000	Salary £'000
Michael Hayes <i>Chief Executive</i>	115-120	5-10	120-125	70-75 (115-120 full year equivalent)
Roger Mendonca <i>Deputy Chief Executive</i>	80-85	5-10	85-90	55-60 (80-85 full year equivalent)
Stephen Kelly <i>Planning and Development Director</i>	70-75	0-5	70-75	20-25 (70-75 full year equivalent)

The information on senior managers salaries above is subject to audit.

There were no benefits in kind in the year ended 31 March 2007 (2006 £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, Mercer Human Resource Consulting Ltd (Mercers), conduct a full actuarial valuation each three years. The results of the valuation give, inter alia, the recommended contribution rates for each of the bodies participating in the scheme. Indicative contribution rates prior to a full valuation as at 31 March 2007 were set by the actuaries when WNDC first joined LGPS in April 2005 and these rates, 6% for employees and 16.5% for the employers, have been used throughout 2006/2007.

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

- Market value of scheme assets £ 1,184,000

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• Less; Actuarial value of scheme liabilities	£ 1,425,000
• Net scheme (deficit)	£ (241,000)

Comprised of:

• Surplus/(deficit) at 1 April 2006	£ (198,000)
• Current service cost	£ (133,000)
• Employer contributions	£ 119,000
• Past service costs	£ 0
• Net Interest	£ (4,000)
• Actuarial gain/(loss)	£ (25,000)
• Surplus/(deficit) at 31 March 2007	£ (241,000)

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

	Accrued pension at age 65 as at 31/3/07 and related lump sum £'000	Real increase in pension and related lump sum at age 65 £'000	CETV at 31/3/07 £'000	CETV at 31/3/06 £'000	Real increase in CETV £'000
Mike Hayes <i>Chief Executive</i>	0-5 plus lump sum of 6.5-7.0	0-2.5 plus lump sum of 4.0-4.5	35	11	15
Roger Mendonca <i>Deputy Chief Executive</i>	10-15 plus lump sum of 35-40	1.5-2.0 plus lump sum of 4.5-5.0	141	114	13
Stephen Kelly <i>Planning and Development Director</i>	10-15 plus lump sum of 40-45	10-15 plus lump sum of 40-45	164	2	51

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 disclosure applies. The CETV figures also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary.

Real increase in CETV

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

Signed:

A handwritten signature in black ink that reads "Michael L. Hayes". The signature is written in a cursive, slightly slanted style.

Mike Hayes, Accounting Officer and Chief Executive

Date: 10.07.07

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

The Accounts were prepared on the 31 March 2007 in accordance with the Accounts Direction provided by the Secretary of State. A copy of the Accounts Direction is provided on page 50 to 54 of this document.

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

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

In drawing up these accounts the Board is required to:

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

Statement on Internal Control 2006/2007

1. Scope of responsibility

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

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

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

2. The purpose of the system of internal control

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

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

The system of internal control has been in place in West Northamptonshire Development Corporation for the year ended 31 March 2007, and up to the date of approval of the annual report and accounts by the West Northamptonshire Development Corporation Board.

3. Capacity to handle risk

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

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

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

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

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

4. The risk and control framework

The Risk Management Strategy is a robust document, which sets out techniques in use by West Northamptonshire Development Corporation to determine and align responsibility and ownership for risk. The document was reviewed during 2006/07 and henceforth on an annual basis, in order to ensure we continually apply best practice techniques. The Risk Management Strategy is at the crux of all Risk Management activity and aims to reduce subjectivity via sound methods of control to perform risk identification, quantification, treatment and monitoring procedures. The Strategy is supported in a number of ways:

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

WNDC's risk management framework was reviewed by Internal Audit in 2006/07. Both the risk management strategy and the governance of risk within WNDC was found to provide substantial assurance. Control of risk provided more limited assurance and work is now in hand to integrate a risk management policy with the Corporation's other policies, identify the organisation's tolerance to risk and introduce training and guidance for all staff on risk management.

5. Review of effectiveness

As Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The reports from Internal Audit provide me with an opinion on the overall

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arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control also provide me with assurance.

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

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

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

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



Signed Date ..10 July 2007.....

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

***THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL TO THE SECRETARY OF STATE***

I certify that I have audited the financial statements of West Northamptonshire Development Corporation for the year ended 31 March 2007 under the Local Government, Planning and Land Act 1980. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

The West Northamptonshire Development Corporation Board and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chief Executive's Report, the Management Commentary and the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the West Northamptonshire Development Corporation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State, of the state of the West Northamptonshire Development Corporation's affairs as at 31 March 2007 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State; and
- information given within the Annual Report, which comprises the Chief Executive's Report, the Management Commentary and the Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

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

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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Report

I have no observations to make on these financial statements.

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

*John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 11.07.07*

FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT for the period ended 31 March 2007

		2006-07	Re-stated 2005-06
	Note	£'000	£'000
Income			
Grants from other public bodies		100	154
Other operating income	2	324	10
		424	164
Expenditure			
Staff Costs	3	1,342	840
Other Administration costs	4	1,149	678
Project costs	5a	16,026	13,671
Grants payable	5b	113	154
		18,630	15,343
Net operating expenditure		(18,206)	(15,179)
Interest receivable		9	5
Finance charge for pensions		(4)	-
Cost of Capital	1d	(198)	(2)
Net expenditure on ordinary activities for the year		(18,399)	(15,176)
Taxation		-	-
Net expenditure after tax for the year		(18,399)	(15,176)
Transfer to pension reserve	14	18	16
Reversal of Cost of Capital		198	2
Net expenditure retained for the year		(18,183)	(15,158)

Funding received from government as Grant-In-Aid in respect of the above deficit for the year is included in Balance Sheet reserves. See note 19.

STATEMENT OF RECOGNISED GAINS AND LOSSES

	2006-07	Re-stated 2005-06
	£'000	£'000
Actuarial Loss on pension liabilities	(25)	(218)
Recognised gains and losses relating to the year	(25)	(218)

The notes on pages 39 to 49 form part of these accounts.

FINANCIAL STATEMENTS

BALANCE SHEET as at 31 March 2007

	Note	31 March 2007 £'000	Re-stated 31 March 2006 £'000
Fixed assets:			
Tangible assets	7	231	100
Intangible assets	8	175	9
		406	109
Debtors: amounts falling due after one year	9	4	-
Current assets:			
Debtors	9	492	165
Cash at bank and in hand	10	526	217
		1,018	382
Current liabilities:			
Creditors: amounts falling due within one year	11	8,451	4,325
Net Current Liabilities		(7,433)	(3,943)
Total assets less current liabilities excluding pension liability			
		(7,023)	(3,834)
Pension liability	14	(241)	(198)
Total liabilities including pension liability		(7,264)	(4,032)
Capital & Reserves			
General Reserve	13	(7,023)	(3,834)
Pension Reserve	14	(241)	(198)
		(7,264)	(4,032)

The notes on pages 39 to 49 form part of these accounts.

Keith Forwell

(Signed).....(Chair)

Michael L. Hargrett

(Signed).....(Accounting Officer)

Date 10.07.07

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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FINANCIAL STATEMENTS

CASH FLOW STATEMENT for the period ended 31 March 2007

	Note	2006-07 £'000	Re-stated 2005-06 £'000
Net cash outflow from operating activities	i	(14,344)	(11,193)
 Returns on investments and servicing of finance			
Interest received		9	5
 Capital expenditure			
Payments to acquire tangible fixed assets		(174)	(124)
Payments to acquire intangible fixed assets		(176)	(12)
 Financing			
GIA received		14,994	11,541
Increase in cash in the period	ii	309	217

The notes on pages 39 to 49 form part of these accounts.

FINANCIAL STATEMENTS

Notes to the Cash Flow Statement	2006-07 £'000	Re-stated 2005-06 £'000
i RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Net expenditure from I&E account	(18,206)	(15,179)
Depreciation/amortisation charges	53	27
Pension cost as valued for FRS 17	133	16
Pension contribution made in year	(119)	(36)
Increase in debtors	(331)	(90)
Increase in amounts payable within one year	4,126	4,069
	<hr/>	<hr/>
Net cash outflow from operating activities	(14,344)	(11,193)
 ii RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Cash at bank and in hand at 31 March 2007	526	
Less: Cash at bank and in hand as at 1 April 2006	217	
	<hr/>	
Increase in cash in the period	309	

FINANCIAL STATEMENTS

Notes to the Accounts

1.a Statement of accounting policies

These financial statements have been prepared in accordance with the 2006-07 government Financial Reporting Manual (FReM) issued by H.M. Treasury.

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

With effect from the 2006/2007 reporting period the FReM requires WNDC as a Non-departmental public body to account for grants and grants in aid for revenue purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of WNDC.

This a change in accounting policy from earlier periods when such items were recorded as income. The comparative figures for 2005/2006 have been re-stated in accordance with the new accounting policy.

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

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

1.b Accounting convention

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

1.c Recognition of Income

a) 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 fall due over the life of the project and are recognised in the accounts on a matching accruals basis.

b) 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. Any balance of fees received not credited to income by the end of the accounting period is shown as Deferred income, amounts falling due within 1 year.

c) Planning Contribution

Where specialist reports may be needed in order to determine a planning application the relevant stakeholder may make a contribution towards the costs incurred by WNDC. The accounting policy adopted by WNDC in respect of these contributions is to recognise the income in the month in which the matching expenditure is made. Any balance of contributions received not credited to income by the end of the accounting period is shown as Deferred income, amounts falling due within 1 year.

1.d Capital charge

To comply with HM Treasury guidance, the Corporation is required to charge a notional cost of capital charge against the Income and Expenditure Account to reflect the use of capital in the business in the year. The charge is calculated as 3.5% of the average carrying value of net assets during the period (2005/06: 3.5%).

1.e Pensions

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

1.f Tangible fixed assets

Tangible fixed assets comprise computer and office equipment which are deemed to have a useful economic life of 4 years and furniture and fittings which are deemed to have a useful economic life of 8 years. All are valued on an historical cost basis.

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

Depreciation 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 equipment	25%
Office equipment	25%
Furniture & Fittings	12.5%

1.g Intangible fixed assets

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

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

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

Computer equipment	25%
--------------------	-----

1.h Operating Leases

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

1.i 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 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.

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

1.j Project costs

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

2	Other Operating Income	2006-07	2005-06
		£'000	£'000
	Other Income	54	10
	Project Management Recharge	222	-
	Planning Fees	24	-
	Planning Contribution	24	-
		324	10

3 Staff numbers and related costs

	Staff costs comprise	2006-07	2005-06
		£'000	£'000
	Permanent staff	Agency & temporary staff	Board Members
		Total	Total
	Wages and salaries	911	41
	Social security costs	81	-
	Other pension costs	131	-
		171	13
		(6)	-
	Total net costs	1,123	41
		1,342	840

No staff costs were capitalised during the year (2005-06: 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 6% contribution rate from employees and a 16.5% contribution rate from WNDC.

Loans to Employees

There was 1 loan to employees for £ 5,638 (2006 - £Nil)

Average number of persons employed

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

		2006-07	2005-06
		Number	Number
	Permanent staff	Agency & temporary staff	Board Members
		Total	Total
	WNDC staff numbers	18	3
		13	34
		34	23

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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4 Other Administration Costs	2006-07	2005-06
	£'000	£'000
External consultancy fees	473	222
Office running costs	68	102
Communications & PR	134	78
Rentals under operating leases	75	53
Other	128	44
Legal fees	62	38
Professional fees	52	42
Training	50	32
Travel & Subsistence	27	22
Auditors' remuneration for audit work:		
National Audit Office	18	14
CLG Internal Audit Service	9	4
<i>Non-cash items</i>		
Depreciation	43	24
Amortisation	10	3
	1,149	678
5 Project costs	2006-07	2005-06
	£'000	£'000
5a Grants payable to the public sector in respect of the following approved growth area projects:		
Northampton Joint Brownfield Initiative	6,458	10,556
Northampton Flood Mitigation Phase 3	4,721	-
Daventry Town Centre Regen Phase 1	3,691	-
Northampton Cultural Strand	1,156	-
Joining Up Northampton	-	2,500
Salcey Forest Walkway	-	615
	16,026	13,671
5b Amounts payable directly to suppliers for WNDC projects	113	154
6 Leases		
Operating lease in respect of office premises with Northampton RFC Limited (Company registered in England: number 3139409). Full Term of lease from 1 February 2005 to 14 December 2014, with provision for a mutual break right on 31 March 2011. The following annual amounts were committed at the balance sheet date.		
Leases which expire:	2006-07	2005-06
	£'000	£'000
Within 1 year	-	-
Between 2 and 5 years	90	53
Over 5 years	-	-

The Corporation had no finance leases during either period

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

7 Tangible fixed assets

	Fixtures and Fittings	Information Technology	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2006	-	124	124
Additions	76	98	174
Disposals	-	-	-
At 31 March 2007	76	222	298
Depreciation			
At 1 April 2006	-	24	24
Charged in year	5	38	43
Disposals	-	-	-
At 31 March 2007	5	62	67
Net book value at 31 March 2007	71	160	231
Net book value at 31 March 2006	-	100	100
Asset financing			
Owned	71	160	231

8 Intangible fixed assets

Intangible fixed assets comprise software licences.

	Total £'000
Cost or valuation	
At 1 April 2006	12
Additions	176
Disposals	-
At 31 March 2007	188
Amortisation	
At 1 April 2006	3
Charged in year	10
Disposals	-
At 31 March 2007	13
Net book value at 31 March 2007	175
Net book value at 31 March 2006	9

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

	2006-07	Re-stated 2005-06
	£'000	£'000
9 Debtors		
Analysis by type		
9a Amounts falling due within one year		
Trade debtors	324	3
Grant receivable	100	104
Other debtors - VAT	30	49
Prepayments and accrued income	36	9
Loan to employees	2	-
	492	165
Amounts falling due after more than one year:		
Loan to employees	4	-
9b Bad debt provision		
No bad debt provision was made in the year ended 31 March 2007 (2006 -£Nil)		
	2006-07	Re-stated 2005-06
	£'000	£'000
9c Intra Government balances		
Balances with other central government bodies	27	49
Balances with local authorities	366	104
Balances with bodies external to government	99	12
	492	165
10 Cash at Bank and in hand	2006-07	
	£'000	
Balance as at 1 April	217	
Net change in cash balances	309	
Balance as at 31 March	526	
The following balances at 31 March were held at:		
Commercial banks and cash in hand	526	
11 Creditors	2006-07	Re-stated 2005-06
Analysis by type	£'000	£'000
11a Amounts falling due within one year		
PAYE and social security	58	34
Trade creditors	309	147
Grant payable - Growth Area Funding	7,404	3,974
Other creditors	113	104
Accruals and deferred income	567	66
	8,451	4,325

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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11b Intra Government balances	2006-07	2005-06
	£'000	£'000
Balances with other central government bodies	4,782	34
Balances with local authorities	2,654	3,974
Balances with bodies external to government	1,015	317
	8,451	4,325

12 Provisions for liabilities and charges

There are no provisions for liabilities and charges as at 31 March 2007. (2006 - £Nil)

13 Reserves

2006-07
£'000

General Reserve

Balance at 1 April (as restated)	(3,834)
Net Expenditure	(18,183)
Grant-in-Aid received towards Resource expenditure	2,399
Growth Area Fund 2 received towards Project expenditure	12,595

Balance at 31 March **(7,023)**

14 Pension cost

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

A full actuarial valuation was carried out at 31 March 2004 and updated to 31 March 2007 by a qualified independent actuary. The major assumptions used by the actuary were:

	At
	31/03/2007
Rate of increase in salaries	4.6%
Rate of increase in pensions in payment	3.1%
Discount rate	5.4%
Inflation assumption	3.1%

The assets in the scheme and the expected rate of return at 31 March 2007

£'000

Equities	7.5%	833
Government Bonds	4.7%	149
Other Bonds	5.4%	84
Property	6.5%	84
Cash/Liquidity	5.25%	34
Total market value of assets		1,184
Present value of scheme liabilities		(1,425)
Surplus/(Deficit) in the scheme		(241)

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

Analysis of the amount charged to operating profit	£'000
Current service cost	(133)
Past service/Curtailment/Settlement (gain)	-
Total operating charge	(133)

Analysis of the amount charged to other finance income	£'000
Expected return on pension scheme assets	60
Interest on pension scheme liabilities	(64)
Net return	(4)

Analysis of amount recognised in statement of recognised gains and losses (SRGL)	£'000
Actual return less expected return on pension scheme assets	(12)
Experience gains (losses) arising on scheme liabilities	(102)
Changes in assumptions underlying the present value of the scheme liabilities	89
Actuarial gain recognised in SRGL	(25)

Movement in deficit during the year	
Deficit at 1 April 2006	(198)
Current service cost	(133)
Employer contributions	119
Past service costs	-
Other finance charge	(4)
Actuarial gain/(loss)	(25)
Deficit at 31 March 2007	(241)

History of experience gains and losses	At
	31/03/2007
	£'000
Difference between the expected and actual return on scheme assets	(12)
percentage of scheme assets	(1.0)%
Experience gains and losses on scheme liabilities	(102)
percentage of the present value of the scheme liabilities	7.2%
Total amount recognised in statement of recognised gains and losses	(25)
percentage of the present value of the scheme liabilities	1.8%

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

	2006-07	2005-06
	£'000	£'000
Pension Reserve		
Balance at 1 April	(198)	-
Actuarial Liability loss	(102)	(222)
Movement on change in actuarial assumption	89	2
Actuarial calculation of asset gain during the year	(12)	38
Transfer from I&E	(18)	(16)
Balance at 31 March	(241)	(198)

15 Contingent liability

Planning appeals

Particularly in the absence of up to date Local Development Frameworks (LDFs), there is a risk that development control decisions will be subject to appeal. WNDC does not hold a specific contingency for planning appeals, but when unbudgeted costs arise, is able to call on a central reserve held by our sponsor Department to meet them. Our sponsor Department has also made £500,000 available for WNDC to work with partners to prepare decision-making frameworks that support the development control service in the interim period before the LDFs are in place.

16 Related party transactions

The WNDC is a Non-Departmental Public Body sponsored by Communities and Local Government. Communities and Local Government is regarded as a related party, as are other entities that it sponsors.

During the year, the WNDC paid a Growth Area Funding grant of £477,000 to The 78 Dergate Northampton Trust of which Keith Barwell is Chairman. This grant formed part of the Northampton Town Centre Cultural Strand project. The project was appraised and processed by WNDC in accordance with government guidelines and agreed and approved by Communities and Local Government. Keith Barwell was not involved at any stage.

During the year, the WNDC incurred costs of £74,583 (2006: £53,000) for the rent for the WNDC offices which are rented from Northampton Rugby Football Club Ltd. Keith Barwell (Chair) is a major shareholder of Northampton Rugby Club Ltd.

During the year, the WNDC incurred costs of £37,501 (2006: £37,501) for the use of the Chair's office which is invoiced by The Barwell Corporation Ltd. Keith Barwell (Chair) is Chairman and CEO of the Barwell Corporation Ltd.

WNDC had transactions during the normal course of its business with Northampton Borough Council, Northamptonshire County Council, Daventry District Council and South Northamptonshire Council. Cllrs Lee Barron (Northampton) Phil Larratt (Northampton) Arthur

McCutcheon (Northampton) Sandra Barnes (South Northamptonshire) Chris Millar (Daventry) and Ben Smith (Northamptonshire) are Board Members of the Corporation nominated by those local authorities.

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

17 Commitments

At the Balance Sheet date WNDC had no grant or capital commitments.

18 Liquid Resources

WNDC operates current and deposit account facilities with Lloyds TSB plc. There were no other financial instruments maintained by the Corporation during the year.

19 Prior period figures

With effect from the 2006/2007 reporting period the FReM requires WNDC as a Non-departmental public body to account for grants and grants in aid for revenue purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of WNDC.

This a change in accounting policy from earlier periods when such items were recorded as income. The comparative figures for 2005/2006 have been re-stated in accordance with the new accounting policy.

20 Post Balance Sheet events

WNDC's financial statements are laid before the Houses of Parliament by the Secretary of State for Communities and Local Government. FRS 21 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 12 July 2007.

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 accounts of West Northamptonshire Development Corporation (hereafter in this accounts direction referred to as “the Corporation”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for 2006/07 and for subsequent years shall be prepared in accordance with:-

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

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

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

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

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

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

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State



Henry Cleary

An officer in the
Department for Communities
and Local Government

Date 30 March 2007

SCHEDULE 1

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
2. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

SCHEDULE 2

ADDITIONAL DISCLOSURE REQUIREMENTS

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

1. The notes to the annual accounts

(a) an analysis of grants from:

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

(b) For grants from the Department for Communities and Local Government, the following information shall also be shown:

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

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

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

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

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

(ii) the total amount of loans to employees

(iii) employee costs during the year, showing separately:-

(1) wages and salaries

(2) early retirement costs

(3) social security costs

(4) contributions to pension schemes

(5) payments for unfunded pensions

(6) other pension costs

(7) amounts recoverable for employees on secondment or loan to other organisations

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

I employed directly by the Corporation

II on secondment or loan to the Corporation

III agency or temporary staff

IV employee costs that have been capitalised);

(e) an analysis of liquid resources, as defined by accounting standards;

(f) in the note on debtors, prepayments and payments on account shall each be identified separately;

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

(h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Corporation's operations.

*(i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Corporation), between the Corporation and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

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

(10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest

(11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer

(12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary

(13) the 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 members of the Corporation's management board.

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

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

* Note to paragraph 1(i) of Schedule 1: under the Data Protection Act 1998 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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