



WEST NORTHAMPTONSHIRE
DEVELOPMENT CORPORATION

Annual Report
and Accounts

For the year ended 31 March 2008

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For the year ended 31 March 2008

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General Information

BOARD MEMBERS

Keith Barwell (Chair) (to 27 June 2008)
John Weir (Deputy Chair) (Interim Chair from 28 June 2008)
John Farrow
Mary Burrows
David Dickinson
Ann Tate
Nick Thompson
Lee Barron
Cllr Phil Larratt (to 14 March 2008)
Arthur McCutcheon (to 14 March 2008)
Cllr Ben Smith
Cllr Chris Millar
Cllr Sanda Barnes
Cllr Tony Woods (from 15 March 2008)
Cllr Richard Church (from 15 March 2008)

EXECUTIVE DIRECTORS

CHIEF EXECUTIVE OFFICER

Mike Hayes

DEPUTY CHIEF EXECUTIVE

Roger Mendonca

PLANNING AND DEVELOPMENT DIRECTOR

Stephen Kelly

DIRECTOR OF INFRASTRUCTURE DELIVERY

Harj Dhaliwal (from 14 January 2008)

ACCOUNTING OFFICER

Mike Hayes

EXTERNAL AUDITOR

Comptroller and Auditor General

The Board

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. In 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.

In March 2008, Cllr Phil Larratt and Arthur McCutcheon's contracts ended. They were replaced by Cllr Tony Woods and Cllr Richard Church as the representatives for Northampton Borough Council and Northamptonshire County Council respectively. The remaining four Board Members on three year contracts were reappointed for a second and final term. Board member biographies are available on the WNDC website, www.wndc.org.uk under the 'About Us/Board Members' section.

The Chair's contract ended on 27 June 2008 and the Deputy Chair has been confirmed by CLG as Interim Chair from 28 June 2008 until a new Chair is appointed.

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

West Northamptonshire represents an opportunity of both national and international significance. Strategically located at the centre of England, it is a gateway economy between the Midlands and South East, and a central component of the Milton Keynes South Midlands Growth area.

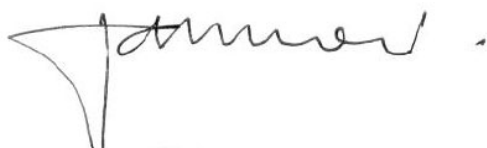
Established in December 2004, WNDC is driving the growth and regeneration of the area. 2007/08 was a very important year and saw us move towards full scale delivery. Main achievements include:

- 157 planning applications determined, including approval for the New European Headquarters of Avon Cosmetics, securing 700 jobs.
- £13.7m invested in local infrastructure projects to support growth, taking the total to £30m over the last , two year, Corporate Plan period.
- Completion of first phase of Daventry town centre regeneration.
- Innovative Daventry Infrastructure Study substantially completed.
- Planning Principles published and consulted on.
- Ongoing development of a standard charge regime .
- Cross Valley Link Road under construction.
- Ground breaking Construction Futures project up and running.

At the same time, we have been working alongside key partners in both the public and private sector to progress some transformational regeneration projects. This includes the long term redevelopment of Northampton's Grosvenor Shopping Centre and its main Rail Station.

Looking ahead, we have set some challenging targets for the next three years. During the first half of the Corporate Period we will determine key planning applications crucial for delivery of growth. In the second half we will focus on the delivery of infrastructure that enables planning approvals to be translated into real homes on the ground.

Delivering these targets will require drive, ambition and creativity from the staff and Board of WNDC. These qualities have been in abundance over the past year, and I would like to thank them all for their energy and commitment.



John Weir
Interim Chair

Chief Executive's Report

As one of only three Urban Development Corporations in England, WNDC is well placed to deliver the growth and regeneration of West Northamptonshire.

2007/08 concluded a Corporate Plan period in which we successfully moved from 'from aspiration to action'. This was founded on working with key partners at a national, regional and local level, providing a joined up approach to delivery. In this context, we have been able to exercise our statutory remit to add impetus and leadership to the local growth programme.

At the start of 2007/08 we set ourselves three main priorities. I am able to report some significant achievements in each of these areas.

1. Delivery Plans

In December 2007, the board of WNDC approved a Regeneration Framework for West Northamptonshire. This was an important milestone in the development of our delivery plans.

The framework is a collection of documents, some of which have been, or will be, published by partner organisations and some of which are, or will be, published by WNDC. This framework has formalised the context and structure of WNDC's delivery programme.

The key document within this framework is WNDC's Infrastructure Delivery Strategy.

This Strategy is being created to ensure WNDC and partners direct resources and funding efficiently. To assist prioritisation, a robust project assessment and validation process has been developed that is directly linked to WNDC's corporate objectives. This work is due for completion in 2008/09.

2. Development Control

In April 2006, development control powers transferred to WNDC from the local authorities. For the following 8 months, the development control service was provided through service level agreements with local authorities. However, with the volume of planning applications increasing, WNDC acted to bring the Development Control service in-house from 1 January 2007.

Throughout 2007/08, we have concentrated on developing the skills, experience and capacity of this service, while working towards our planning targets. As well as being one of the newest planning authorities in the UK, we have grown to be one of the busiest and now have over 25,000 homes in live planning applications.

Over recent years, West Northamptonshire has been one of the fastest growing parts of the sub region and between 2001 and 2007 it has delivered 12,233 new homes. WNDC has been working hard to maintain this

momentum and determined 157 planning applications during 2007/08. This includes planning permission for the new European Headquarters of Avon Cosmetics, securing 700 jobs in Northampton town centre. It also includes the approval and construction of Sainsbury's new generation distribution centre at Pineham. The award winning scheme is one of the most environmentally friendly buildings of its kind in the UK. To date our development control service has provided planning approval for 1,696 new homes, and these permissions have quickly translated to work on the ground at key residential sites in the area, such as the British Timken site in Northampton.

At the same time, we have focused on equipping our planning service with the tools to deliver sustainable communities. Working with consultants and local stakeholders, WNDC has been developing a standard charge regime for West Northamptonshire. It will help ensure that new homes are supported by the infrastructure that makes them sustainable. It is due to be finalised in 2008/09.

3. Growth Area Funding

WNDC continued to create the conditions for growth in 2007/08 by awarding capital growth funding to infrastructure projects. We awarded a total of £13.1m to projects and utilised £600k for land acquisition during the year, which took our investment to £30m since 2006.

2007/08 saw us support the following schemes.

Northampton

- Public Realm Phase 1 (£1.1m) – This is a County Council led project to improve the public realm from the rail station to the town centre. It will provide high quality pedestrian footpaths that reflect the historic character of the area and revitalise the surroundings. Other features include safer, more people friendly road layouts at key junctions, as well as a new 'bus interchange' at Black Lion Hill.
- Flood Mitigation Phase 3 (£2.7m) WNDC first started to support this scheme in 2006, contributing £4.7m. In 2007/08, we provided a further £2.7m to the English Partnerships led project. Using environmentally friendly techniques, this scheme has established various flood alleviation measures at Upton. It is the final part in a comprehensive flood attenuation strategy which will enable the provision of 6,000 new homes in South West Northampton.
- Brownfield Initiative Phase 4 (£4.4m) In 2007/08 we continued to support this scheme, making our total commitment worth £10.8m. Led by English Partnerships it is a multifaceted initiative that has included infrastructure delivery at south-west Sixfields; as well as strategic land acquisition at Ransome Road and Bedford Road. It has also supported the Upton flood attenuation strategy.

- Northampton Kings Park (£0.8m) – This money was awarded to Northamptonshire Association of Youth Clubs. This funding has helped enhance their conference centre facilities and youth development programme.

Daventry

- Town centre (£3m) In 2007/08 WNDC continued to support Phase 1 of the Daventry Town Centre project, taking our total commitment to £6.7m. When complete, the project will see a doubling of the town's retail and commercial floor space, the creation of 2,000 new jobs, and over £60m of private investment.

Towcester

- Town Centre (600K) In 2007/08 we pledged £2m to the town centre project, with £600k being spent in that financial year. This money has mainly supported the purchase of land and property lying to the east of Watling Street in the town centre. The site is particularly complex, housing listed buildings and an ancient monument at Bury Hill. However, all necessary agencies are involved in the project, which will aim to provide new leisure, culture and employment opportunities in the town centre.

Conclusion

2007/08 saw some significant changes on the ground in West Northamptonshire, with construction starting at new housing developments, and major infrastructure works such as the Cross Valley Link Road and Upton Flood Mitigation works.

As an organisation WNDC has moved into a full scale delivery phase, while continuing to lay the foundations for long term success. Our team has grown both in terms of capacity and expertise. Moving forward, our focus will be on delivering strategic infrastructure and determining the 25,000 new homes we have in live planning applications. This will require a progression of our project management capabilities and a continued commitment to partnership working. Clearly, there are operational challenges ahead, however, our previous achievements, combined with our approach to forward planning means WNDC is well placed to deliver. For this, I must thank our enthusiastic and determined team, as well as our ambitious and supportive board.

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 Order¹ 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 2006.²

WNDC’s Contribution to the Delivery of the National Agenda

In October 2007, the Treasury published the 2007 Comprehensive Spending Review (CSR), aiming to set departmental spending priorities for the next three years.

¹ Statutory Instrument (SI/2004/3370)

² Statutory Instrument (SI/2006/616)

Within this document, there are a number of Public Service Agreements (PSAs) which clearly define what the UK can expect in return for this future public expenditure. By defining how resources should be used, and detailing how success can be measured, the PSAs are a statement of intent from the government focused around the following areas:

- Sustainable growth and prosperity
- Fairness and opportunity for all
- Stronger communities and a better quality of life
- A more secure, fair and environmentally sustainable world.

WNDC has an indirect effect on the success of several of these agreements, particularly PSA20.

PSA 20: 'Increase long-term housing supply and affordability'

Led by the Department for Communities & Local Government, 7 government departments, including the Department of Health and the Department for Children, Schools and Families. will be charged with ensuring this goal is met.

Together, they are responsible for a set delivery agreement, and will be measured against some key indicators; namely

1. Net additional homes: *"Increase the number of net additional homes provided per annum to 240,000 by 2016".*
2. Improve trends in affordability
3. Affordable homes delivered: *"Increase the number of gross affordable homes provided per annum to 70,000 by 2010-11, including 45,000 social homes"*
4. Temporary accommodation *"Halve the number of households in temporary accommodation to 50,500 households by 2010."*
5. Improve Efficiency rating of new homes
6. Development planning: *"By March 2011, 80% of local planning authorities to have adopted the necessary Development Plan Documents"*

The establishment of this PSA reflects the government's commitment to the growth agenda and housing supply in general. The relevant departments will work with partners, at a national, regional and local level to meet their targets.

Growth areas will be instrumental in helping the government reach these targets. WNDC will contribute by determining major planning applications, bringing development sites for economic and housing use forward, ensuring design quality, improving affordability, and improving the sustainability of towns and cities through the provision of social, economic, environmental and physical infrastructure.

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 by the end of 2008.

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 2008/09, WNDC will continue to work closely with the local authorities to pull together the existing evidence base and inform development control activity. When further information is required it will be procured by WNDC, with local authorities and other partners as appropriate. The Daventry Infrastructure Strategy will help guide

development control decisions by assessing infrastructure requirements in the town spanning Transport, Education, Health, Green Infrastructure, Utilities, Water and Sewage. Following public consultation, the document is due for completion in 2008.

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 49-53.

Aims and Objectives

WNDC's Vision

By 2021, Northampton will be transformed into a prosperous and dynamic regional city, with a growing knowledge economy. Daventry and Towcester will become distinctive market towns. West Northamptonshire will be better connected to regional, national and international markets, capitalising on its position at the centre of England

In our Prospectus ("Realising the Opportunity", December 2005), we identified ten areas where action would be required from the public sector to deliver our mission. These were:

- Improving and diversifying the economic base
- Transforming the 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
- Helping West Northamptonshire's rural communities

Within these ten areas, three key actions fall to WNDC. These are:

- Delivering housing growth and infrastructure that enables housing growth
- Ensuring new housing meets design and environmental quality standards and is integrated with existing communities
- Ensuring new housing is supported by appropriate infrastructure, employment and town centre regeneration

Financial Performance

The Income and Expenditure Account shows the total income for the year at £1,653,000. Of this total, the elements are:

- The Corporation received grant income of £137,000 from Northamptonshire Enterprise Limited for consultancy fees and project costs and £31,000 contributions to the Strategic Northamptonshire Economic Action Plan.

Other operating income of £1,485,000 is represented by:

- WNDC invoices totalling £743,000 raised in respect of Project Management Recharge less credit notes of £13,000. These represent an agreed recharge of costs incurred by WNDC in respect of approved Growth Area Funded projects. During 2007/08 9 capital projects were funded via GAF2.
- Planning Fees of £755,000 were allocated to income in recognition of the expenditure incurred on planning applications in progress at 31 March 2008.

The expenditure for the year totals £18,333,000.

- The staff costs total £2,180,000.
- Other Administration costs total £2,875,000, which includes £130,000 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 £13,132,000.
- Costs of other projects total £146,000.

The Income and expenditure report has been revised, to show the individual figures for WNDC core activities and those relating to Development Control activities, in line with a request from Communities and Local Government.

The Balance Sheet at 31 March 2008 shows Net Current liabilities of £2,738,000, which is due to the recognition in Creditors of the outstanding GAF2 project costs and S106 creditors as at 31 March 2008. The funding of these GAF2 claims by government is recognised on a cash basis and included in General Reserve in the period it is received.

A baseline budget of £3.1m with a potential additional performance element of £900,000 has been made available for WNDC by Communities and Local Government for the 2008/2009 financial year. An operating budget has been completed which indicates that WNDC will be able to continue it's on-going operations. WNDC does not envisage any short term future events that will materially impact it's ability to continue with it's statutory and business objectives.

Going Concern basis of accounting

The Balance Sheet at 31 March 2008 shows total liabilities of £3,284,000. This reflects the inclusion of liabilities due which will be met by grants or grant-in-aid from WNDC's sponsoring department, Communities and Local Government but funds have not been received as at 31 March 2008. 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 2008-09, 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

Risks within WNDC are organised into four categories: strategic, operational, organisational and project-specific. 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 reviewed weekly. Amber/Red risks are those that will have significant impact and have a medium or rising probability of occurring. They are reviewed monthly 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 every three months 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 reviewed every six months 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

WNDC received additional funding from Communities and Local Government in 2007/08 to enable the development of an infrastructure strategy for Daventry. The principal purpose of the strategy 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 introducing more innovative ways of servicing the planning service, such as using 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 2008/09 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 2008 is as follows:

Fee for statutory audit work:	£23,000
Fee to CLG for Internal Audit Services:	£14,181

Social and Community issues

During the last Corporate Plan period 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 Infrastructure Delivery Strategy during 2008/09. 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.

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.

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. 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 and the West Northamptonshire Developers' Forum. Members from our local authority partners are also co-opted onto WNDC's Planning Committees. While WNDC's planning decisions will occasionally be challenged – and one major planning application has been appealed – in general we do not envisage that there will be any significant disputes or challenges from our key stakeholders that would lead to a 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 have developed a “Vision for Success”. This Vision describes 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 Infrastructure Delivery Strategy (IDS) Production of the IDS is a key priority for 2008/09.

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

Development and Performance of the Business

Performance Indicators

WNDC has adopted the following key deliverables for the period April 2008 through to March 2011:

		2008/09	2009/10	2010/11	Total
Housing	No. of outline residential planning permissions (affordable)	11,600 (3,850)	8,734 (3,947)	1,712 (560)	22,046 (8,357)
	No. of reserved matters residential planning permissions (affordable)	1,045 (314)	1,719 (516)	2,505 (752)	5,269 (1,582)
	No. of housing starts - with planning permissions from WNDC (affordable)	935 (280)	844 (253)	1,050 (315)	2,829 (848)
	No. of housing completions - with planning permissions from WNDC (affordable)	801 (240)	935 (280)	844 (253)	2,580 (773)
	No. of housing units enabled by WNDC's Growth Fund	653	2,803	4,109	7,565
Commercial	Commercial floorspace (m ²) given planning permission	219,734	196,304	82,058	498,096
	Commercial floorspace (m ²) given reserved matters planning permissions	65,326	66,139	36,360	167,825
	Commercial floorspace (m ²) started (with planning permission from WNDC)	53,758	77,456	65,342	196,556
	Commercial floorspace (m ²) completions (with planning permission from WNDC)	26,743	38,065	72,966	137,774
	Commercial floorspace (m ²) created by WNDC's Growth Fund	8,637	37,045	54,318	100,000
	No. of jobs created by WNDC's Growth Fund	157	672	984	1,813
Infrastructure	Planning contributions secured (£m)	215	161	20	396
	Planning contributions invested in infrastructure (£m)	15	23	34	72
Quality	Building for Life Silver Standard achieved on 100% of developments over 50 units				
	Code Level 3 achieved on 100% of residential developments to be delivered post-2010				
	Code Level 4 achieved on 100% of residential developments to be delivered post-2013				
	Code Level 6 achieved on 100% of residential developments to be delivered post-2016				
	BREEAM Very Good achieved on 100% of non-residential development				

WNDC has been allocated £13.1m capital funding for 2008/09 and an indicative allocation of £16.5m for 2009/10 and 2010/11 from Communities and Local Government. We will be using this capital to support infrastructure delivery, in particular major "transformational" projects such as the redevelopment of Northampton Castle Station, improvements to Northampton's Public Realm, the regeneration of Avon/Nunn Mills/Ransome Road and the delivery of the iCon in Daventry.

Performance against Corporate Plan 2006-2008 targets

WNDC set itself a total of fifteen key targets in the last Corporate Plan. As we were in our “set-up” phase a number of these targets were about process rather than outcome.

Target	Achievement
By December 2006 to have prepared the first draft of the Spatial Investment Plan	Achievement of this target has been delayed due to the lack of existing information on infrastructure need. This information is being brought together by WNDC (as the Infrastructure Delivery Strategy) and will be the subject of public consultation by summer 2008.
By December 2006 to have prepared action plans for delivery of the six development locations	Achievement of this target has been delayed by the lack of information on infrastructure need. These plans will be incorporated into the Infrastructure Delivery Strategy.
By the end of the Corporate Planning period to reduce the number of undetermined planning applications by 60% to 24	This target was missed. The original service level agreement approach with the Borough Council was not robust enough to deliver. To address this, the development control service was brought in-house in January 2007.
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 was missed. The original service level agreement approach with the Borough Council was not robust enough to deliver. To address this, the development control service was brought in-house in January 2007. We are now working with the Planning Advisory Service to improve performance.
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 was missed. The original service level agreement approach with the Borough Council was not robust enough to deliver. To address this, the development control service was brought in-house in January 2007. We are now working with the Planning Advisory Service to improve performance.
By the end of March 2007 to have invested all £10m of Growth Area Funding into projects that support the delivery of sustainable regeneration and growth in West Northamptonshire	This target has been exceeded. WNDC invested all £10m by March 2007 plus an additional £4.7m secured from CLG to invest in the delivery of Phase 3 of the Upton Flood Attenuation Scheme
By the end of March 2008 to have invested all £15m of Growth Area Funding into projects that support the delivery of sustainable regeneration and growth in West Northamptonshire	This target has been met.
By the end of August 2007 to have a minimum of £30m of projects appraised and approved for Growth Area Funding Round 3	This target was missed. However, WNDC still secured the highest indicative sub-regional Growth Fund Round 3 allocation (£30m) for West Northamptonshire. During 2008/09 we will be bidding into a further £100m pot of Growth Funds for 2009/10 and 2010/11.
Deliver 2,540 housing units (gross direct and indirect)	This target is on track to be delivered by the projects started during the last Corporate Plan period. Final results will be confirmed once all project completion reports are completed.

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Deliver 17,755m ² of commercial floorspace (gross direct and indirect)	This target is on track to be delivered by the projects started during the last Corporate Plan period. Final results will be confirmed once all project completion reports are completed
Create or safeguard 555 jobs (gross direct and indirect)	This target is on track to be delivered by the projects started during the last Corporate Plan period. Final results will be confirmed once all project completion reports are completed
Attract £290,480,000 of private sector investment (gross direct and indirect)	This target is on track to be delivered by the projects started during the last Corporate Plan period. Final results will be confirmed once all project completion reports are completed
Attract £8,750,000 of public sector investment (gross direct and indirect)	This target is on track to be delivered by the projects started during the last Corporate Plan period. Final results will be confirmed once all project completion reports are completed
Actual spend on administration costs to be within 2% of forecast	This target has been met.
Respond to at least 95% of correspondence within 15 days of receipt	This target has not been met. New monitoring procedures are being put in place to ensure improved performance from April 2008.

REMUNERATION REPORT

Remuneration Committee Membership

Vacant - 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, Planning and Development Director and Director of Infrastructure Delivery.
 - 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.
- 7 Changes regarding the set up of the committee and the appointment of the next Chair will be taken at a meeting due to be held in June 2008.

Performance related pay

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

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Duration of contracts

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

Directors' contracts

Chief Executive Commenced 12 September 2005
Expires 11 September 2010
Unexpired term 2 years 5 months

Deputy Chief Executive Commenced 1 August 2005
Expires 31 July 2010
Unexpired term 2 years 4 months

Planning and Development Commenced 17 December 2005
Expires 16 December 2010
Unexpired term 2 years 8.5 months

Infrastructure Delivery Commenced 14 January 2008
Expires 01 January 2013
Unexpired term 4 years 9 months

Termination costs

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

Board members' costs

2007-08

2006-07

Name	2007-08		2006-07
	Salary £	Pension contributions	Salary £
Keith Barwell - Chair	11,560	-	11,419
John Weir - Deputy Chair	34,344	-	36,859
John Farrow	11,560	-	11,419
Mary Burrows	11,560	-	11,419
David Dickinson	11,560	-	11,419
Ann Tate	11,560	-	11,419
Nick Thompson	11,560	-	11,419
Cllr Lee Barron	11,560	-	11,419
Cllr Phil Larratt	11,078	-	11,419
Cllr Arthur McCutcheon	11,078	-	11,419
Cllr Ben Smith	11,560	-	11,419
Cllr Chris Millar	11,560	-	11,419
Cllr Sandra Barnes	11,560	-	11,419
Cllr Anthony Wood	482	-	-
Cllr Richard Church	482	-	-

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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 (2007 - £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.

The information on board members' costs above is subject to audit.

Salaries of Senior Managers

	2007-08			2006-07
	Salary £'000	Bonus £'000	Total £'000	Salary £'000
Michael Hayes <i>Chief Executive</i>	120-125	5-10	125-130	115-120
Roger Mendonca <i>Deputy Chief Executive</i>	85-90	5-10	90-95	80-85
Stephen Kelly <i>Planning and Development Director</i>	75-80	5-10	80-85	70-75
Harj Dhaliwal <i>Director of Infrastructure Delivery</i>	20-25 (110-115 full year)	0-5	20-25 (110-115 full year)	-

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

There were no benefits in kind in the year ended 31 March 2008 (2007 £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 2008 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 2007/2008.

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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 16 to the Accounts. The main results may be summarised as follows:

• Market value of scheme assets	£ 1,516,000
• Less; Actuarial value of scheme liabilities	£ (2,485,000)
• Net scheme (deficit)	£ (969,000)

Comprised of:

• Surplus/(deficit) at 1 April 2007	£ (241,000)
• Current service cost	£ (193,000)
• Employer contributions	£ 199,000
• Past service costs	£ (37,000)
• Net Interest	£ 2,000
• Actuarial gain/(loss)	£ (699,000)
• Surplus/(deficit) at 31 March 2008	£ (969,000)

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

	Accrued pension at age 65 as at 31/3/08 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31/3/08	CETV at 31/3/07	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mike Hayes <i>Chief Executive</i>	0-5 plus lump sum of 10-15	1.5-2.0 plus lump sum of 4.5-5.0	60	35	25
Roger Mendonca <i>Deputy Chief Executive</i>	10-15 plus lump sum of 40-45	1.0-1.5 plus lump sum of 3.5-4.0	150	141	9
Stephen Kelly <i>Planning and Development Director</i>	15-20 plus lump sum of 45-50	1.0-1.5 plus lump sum of 3.5-4.0	185	164	21
Harj Dhaliwal <i>Director of Infrastructure Delivery</i>	0-5 plus lump sum of 0-5	0-0.5 plus lump sum of 0.5-1.0	3	0	3

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.

SIGNATURE

Signed:



Mike Hayes, Accounting Officer and Chief Executive

Date: 08.07.08

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

The Accounts were prepared as at 31 March 2008 in accordance with the Accounts Direction provided by the Secretary of State. A copy of the Accounts Direction is provided on page 49 to 53 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 2007/2008

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 2008, 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

WNDC has ambitious targets for West Northamptonshire and an ambitious work programme to deliver them. Effectively managing the potential for this work programme to go wrong (risk management) is an essential and integral part of our delivery arrangements. Our risk management policy is based on the Office of Government Commerce (OGC) document, *Management of Risk: Guidance for Practitioners* but has been tailored to WNDC's own unique circumstances.

The implementation of WNDC's risk policy puts in place an effective framework for taking informed decisions about the risks that affect the performance objectives across the organisational activities of WNDC and contributes to:

- better service delivery
- reduction in management time spent 'fire-fighting'
- more efficient use of resources
- better understanding of contingency and continuity plans.

WNDC's capacity to bear risk is limited by the level of resources available to us and the impact the loss of those resources would have on our ability to deliver our objectives.

4. The risk and control framework

Our policy set out the agreed parameters for the Management of Risk within WNDC, from the identification of risk through the assessment process, the control and identification of appropriate responses and subsequent monitoring and reporting. It is designed to ensure risk management within the organization is visible, repeatable and consistently applied to support decision making. For Risk Management to be successful within WNDC each member of staff needs to have an awareness of business. Each member of staff should ask 'What could go wrong with this?' in each of their areas of devolved authority and day to day responsibility. This approach is reinforced by training and development on Risk Management and the incorporation of individual responsibility for risk within the Targets and Objectives section of the annual Performance Appraisal process.

A contingency fund has been created within WNDC's budget specifically to enable us to deal with risks as they materialise. The greater the hit on the contingency fund would be, the greater the impact of the risk.

<u>Financial consequences</u>	<u>Impact</u>
Over £200,000	High
£50,000 - £199,999	Medium/High
£25,000 - £49,999	Low/Medium
Under £24,999	Low

Risks with non-financial consequences can still be categorised in financial terms by considering the resource impacts on WNDC from dealing with their consequences.

In addition to their impact, each risk is assessed for the probability of it occurring.

<u>Likelihood</u>	<u>Probability</u>
Extremely likely/almost certain	High
More likely than not	Medium/High
Less likely than not	Low/Medium
Very unlikely	Low

The significance of a risk to the organisation (the risk rating) is then derived from its impact and probability.

<u>Impact</u>	<u>Probability</u>	<u>Risk rating</u>
High	High	High
Medium/High	High	High
High	Medium/High	High
Low/Medium	High	Medium/High
Medium/High	Medium/High	Medium/High
Low/Medium	Medium/High	Medium/High
High	Low/Medium	Medium/High
Medium/High	Low/Medium	Medium/High
Low	Medium/High	Low/Medium
Low/Medium	Low/Medium	Low/Medium
Low	High	Low/Medium
High	Low	Low/Medium
Medium/High	Low	Low/Medium
Low	Low/Medium	Low
Low/Medium	Low	Low
Low	Low	Low

WNDC has identified four types of risks which it has to manage.

Strategic risks

These are risks to the achievement of WNDC's long-term strategic objectives. They are monitored by the Chief Executive and the organisation's Directors

Operational risks

These are risks to the operational procedures that WNDC employs to achieve its objectives. They are monitored by WNDC's Senior Managers and reviewed by the Executive Team.

Organisational risks

These are risks to the corporate processes that WNDC employs to support its operational procedures. They are monitored by WNDC's Senior Managers and reviewed by the Executive Team.

Project specific risks

There are risks associated with the delivery of projects outcomes on time and budget. They are monitored by the relevant Project Board and reviewed by the Senior Managers and the Executive Team.

Because of the nature of WNDC's work, risks will always arise. When they do, action is required to either:

- Terminate the risk by stopping the activity.
- Transfer the risk to insurance, other agencies etc.
- Temporarily stop the risk pausing to reconsider.
- Treat the risk taking corrective action.
- Tolerate the risk proceed, but with all possible mitigating actions in place.

Where this is not possible, the Risk Groups actively review and monitor the progress of all actions and mitigations, and design, make ready and test all necessary contingency plans.

Where a Risk Group concludes that the level of risk has moved to a higher category, or where the proposed mitigating action is proving ineffective, then the full details of the risk situation must be formally reported to the next level as follows

- Project Boards to Senior Managers
- Senior Managers to Executive Team
- Executive Team to Audit & Risk Committee
- Audit & Risk Committee to full Board
- Board to Communities and Local Government

5. Review of effectiveness


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

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

- Information provided by external auditors;
- CLG Internal Audit Service Annual Audit Report and Opinion;
- 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 08.07.08

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

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND TO THE
BOARD OF THE WEST NORTHAMPTONSHIRE DEVELOPMENT
CORPORATION**

I certify that I have audited the financial statements of the West Northamptonshire Development Corporation for the year ended 31 March 2008 under the Local Government, Planning and Land Act 1980. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow 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, Chief Executive and auditor

The West Northamptonshire Development Corporation and Chief Executive as 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 Secretary of State directions made thereunder 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 Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Chief Executive's Report, the Management Commentary and the un-audited parts of the Remuneration Report, included in the Annual 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. This other information comprises the Chief Executive's Report, the Management Commentary and the un-audited parts of the Remuneration Report. 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 opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the West Northamptonshire Development Corporation 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

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 2008 and of its net expenditure 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 Secretary of State directions made thereunder; and
- information, which comprises the Chief Executive's Report, the Management Commentary and the un-audited parts of the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.



*T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS*

Date 10 July 2008

FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT for the period ended 31 March 2008

	Note	Core £'000	DC £'000	2007-08 £'000	2006-07 £'000
Income					
Grants from other public bodies	2a	168	0	168	100
Other operating income	2b	730	755	1,485	324
		898	755	1,653	424
Expenditure					
Staff Costs	3	1,625	555	2,180	1,342
Other Administration costs	4	2,356	519	2,875	1,149
Project costs	5a	13,132	0	13,132	16,026
Grants payable	5b	146	0	146	113
		17,259	1,074	18,333	18,630
Net operating expenditure		(16,361)	(319)	(16,680)	(18,206)
Interest receivable		13	11	24	9
Finance charge for pensions	16	2	0	2	(4)
Cost of Capital	1d	185	0	185	198
Net expenditure on ordinary activities for the year		(16,161)	(308)	(16,469)	(18,003)
Taxation		(5)	0	(5)	0
Net expenditure after tax for the year		(16,166)	(308)	(16,474)	(18,003)
Transfer to pension reserve	16	29	0	29	18
Reversal of Cost of Capital		(185)	0	(185)	(198)
Net expenditure retained for the year		(16,322)	(308)	(16,630)	(18,183)

Funding received from government as Grant-In-Aid in respect of the above net expenditure for the year is included in Balance Sheet reserves.

WNDC has responsibility for the Development Control (DC) in respect of planning applications in addition to its statutory function (Core) and the Income and Expenditure Account reflects this.

STATEMENT OF RECOGNISED GAINS AND LOSSES

		2007-08 £'000	2006-07 £'000
Actuarial Loss on pension liabilities	16	(699)	(25)
Recognised gains and losses relating to the year		(699)	(25)

The notes on pages 37 to 48 form part of these accounts.


FINANCIAL STATEMENTS

BALANCE SHEET as at 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Fixed assets:			
Tangible assets	7	304	231
Intangible assets	8	174	175
		478	406
Debtors: amounts falling due after one year	9	2	4
Current assets:			
Debtors and prepayments	9	556	492
Stock of development assets	10	500	0
Cash at bank and in hand	11	3,704	526
		4,760	1,018
Current liabilities:			
Creditors: amounts falling due within one year	12a	(7,498)	(8,451)
Net Current Liabilities		(2,738)	(7,433)
Creditors: amounts falling due after more than one year	12b	(57)	0
Total assets less liabilities excluding pension liability		(2,315)	(7,023)
Pension liability	16	(969)	(241)
Total liabilities including pension liability		(3,284)	(7,264)
Capital & Reserves			
General Reserve	15	(2,315)	(7,023)
Pension Reserve	16	(969)	(241)
		(3,284)	(7,264)

The notes on pages 37 to 48 form part of these accounts.

(Signed)  (Interim Chair)

(Signed)  (Accounting Officer)

Date 08.07.08

FINANCIAL STATEMENTS

CASH FLOW STATEMENT for the period ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Net cash outflow from operating activities	i	(20,174)	(14,344)
Returns on investments and servicing of finance			
Interest received		24	9
Capital expenditure			
Payments to acquire tangible fixed assets		(152)	(174)
Payments to acquire intangible fixed assets		(50)	(176)
Financing			
GIA received		21,338	14,994
Increase in debt		57	-
Increase in cash from S106 agreements		2,135	-
Increase in cash in the period	ii	3,178	309

The notes on pages 37 to 48 form part of these accounts.

FINANCIAL STATEMENTS

Notes to the Cash Flow Statement	2007-08 £'000	2006-07 £'000	
i RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
Net operating expenditure from I&E account	(16,680)	(18,206)	
Depreciation / amortisation charges	130	53	
Pension cost as valued for FRS 17	193	133	
Pension contribution made in year	(162)	(119)	
(Increase) / decrease in stock	(500)	0	
(Increase) in debtors due within one year	(64)	(327)	
Decrease/(increase) in debtors due after one year	2	(4)	
(Decrease)/increase in creditors payable within one year	(3,093)	4,126	
Net cash outflow from operating activities	(20,174)	(14,344)	
 ii RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in the period	3,178	309	
Cash inflow from increase in debt	(57)	-	
Movement in net funds in the period	3,121	309	
Net funds at 1 April 07	526	217	
Net funds at 31 March 08	3,647	526	
 iii ANALYSIS OF NET FUNDS			
	at 1 April 2007	Cash Flow	at 31 March 2008
Cash in Bank and in hand	526	3,178	3,704
Debt due after 1 year	-	(57)	(57)
	526	3,121	3,647

FINANCIAL STATEMENTS

Notes to the Accounts

1.a Statement of accounting policies

These financial statements have been prepared in accordance with the 2007-08 government Financial Reporting Manual (FReM) issued by H.M. Treasury.

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

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

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

1.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. During 2007/08 WNDC was advised that the ability to receive such contributions may not be within their legal powers. Until WNDC's position is clarified all such contributions that had been received were refunded by 31 March 2008, including those in respect of 2006/07.

d) S106 receipts

All monies received by WNDC from S106 agreements which includes those signed by WNDC and those inherited on the granting of WNDC planning powers are held in a separate bank account. These funds are solely for the provision of infrastructure and services as specified in the S106 agreement and as such are not treated as WNDC income but included within creditors.

e) Grant Income

WNDC may receive grants from various bodies as contribution towards the provision of specific projects. 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. Any balance of grant received not credited to income by the end of the accounting period is shown as deferred income. At the end of the project any grant not spent may be repayable.

1.d Capital charge

To comply with HM Treasury guidance, the Corporation is required to charge a nominal cost of capital charge against the Income and Expenditure Account to reflect the use of capital in the business in the year. This charge is reversed out again at the bottom of the Income and Expenditure Account. The charge is calculated as 3.5% of the average carrying value of net assets during the period (2006/07: 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 software	25%
-------------------	-----

1.h Stock

Stock held by WNDC is recognised in the accounts at the lower of estimated replacement cost and estimated net realisable value.

1.i Operating Leases

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

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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1.j VAT

WNDC is registered for VAT. On 1 January 2007 WNDC brought in-house the Development Control function in respect of planning applications received by WNDC and as a result the Planning Fees for those applications are paid direct to WNDC. Such fees are deemed 'Out of Scope' for VAT purposes. A partial recovery of VAT been agreed with HM Revenue & Customs whereby WNDC expenditure is matched to the relevant income stream and the VAT dealt with accordingly. Income and expenditure will be included in the accounts either gross or net depending upon the VAT recovery for that particular item.

1.k Project costs

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

2 Other Operating Income	2007-08	2006-07
	£'000	£'000
2a Grants from other public bodies	168	100
2b Other Operating Income:		
Other Income	(13)	54
Project Management Recharge	743	222
Planning Fees	779	24
Planning Contribution	(24)	24
Total Other Operating Income for year	1,485	324

3 Staff numbers and related costs

Staff costs comprise				2007-08	2006-07
				£'000	£'000
	Permanent staff	Agency & temporary staff	Board Members	Total	Total
Wages and salaries	1,583	42	173	1,798	1,123
Social security costs	139	-	13	152	94
Other pension costs	230	-	-	230	125
Total net costs	1,952	42	186	2,180	1,342

No staff costs were capitalised during the year (2006-07: 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 are 3 loans to employees for £8,747 (2007 - £5,638)

Average number of persons employed

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

	Permanent staff	Agency & temporary staff	Board Members	2007-08 Number Total	2006-07 Number Total
WNDC staff numbers	44	1	2	47	34
4 Other Administration Costs				2007-08 £'000	2006-07 £'000
External consultancy fees				1,187	473
Office running costs				89	68
Communications & PR				231	134
Rentals under operating leases & licences				110	75
Recruitment				129	39
Other				183	89
Legal fees				333	62
Professional fees				263	52
Training				147	50
Travel & Subsistence				36	27
Auditors' remuneration for audit work:					
National Audit Office				23	18
CLG Internal Audit Service				14	9
<i>Non-cash items</i>					
Depreciation				79	43
Amortisation				51	10
				2,875	1,149
5 Project costs				2007-08 £'000	2006-07 £'000
5a Grants payable to the public sector in respect of the following approved growth area projects:					
Northampton Public Realm Phase 1				1,134	-
Northampton Kings Park Development & Growth				758	-
Towcester, Moat Lane				602	-
Northampton, Land Acquisition Southbridge				80	-
Northampton, CCTV System Digital Upgrade				239	-
Northampton Joint Brownfield Initiative				4,409	6,458
Northampton Flood Mitigation Phase 3				2,699	4,721
Daventry Town Centre Regeneration Phase 1				2,988	3,691
Northampton Cultural Strand				223	1,156
				13,132	16,026

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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5b Amounts payable directly to suppliers for WNDC projects 146 113

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.

Operating lease in respect of an office photocopier, expiring February 2011.

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

Leases which expire:	2007-08	2006-07
	£'000	£'000
Within 1 year	-	-
Between 2 and 5 years	94	90
Over 5 years	-	-

The Corporation had no finance leases during either period

7 Tangible fixed assets

	Fixtures and Fittings	Information Technology	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2007	76	222	298
Additions	103	49	152
Disposals	-	-	-
At 31 March 2008	179	271	450
Depreciation			
At 1 April 2007	5	62	67
Charged in year	17	62	79
Disposals	-	-	-
At 31 March 2008	22	124	146
Net book value at 31 March 2008	157	147	304
Net book value at 31 March 2007	71	160	231
Asset financing			
Owned	157	147	304

WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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8 Intangible fixed assets

Intangible fixed assets comprise software licences.

		Total £'000
Cost or valuation		
At 1 April 2007	188	188
Additions	50	50
Disposals	-	-
At 31 March 2008	238	238
 Amortisation		
At 1 April 2007	13	13
Charged in year	51	51
Disposals	-	-
At 31 March 2008	64	64
 Net book value at 31 March 2008		174
 Net book value at 31 March 2007		175

	2007-08 £'000	2006-07 £'000
9 Debtors		
Analysis by type		

9a Amounts falling due within one year

Trade debtors	220	324
Grant receivable	87	100
Other debtors - VAT	172	30
Prepayments and accrued income	70	36
Loan to employees	7	2
	556	492

Amounts falling due after more than one year:

Loan to employees	2	4
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9b Bad debt provision

No bad debt provision was made in the year ended 31 March 2008 (2007 -£Nil)

	2007-08 £'000	2006-07 £'000
9c Intra Government balances		

Balances with other central government bodies	319	27
Balances with local authorities	113	366
Balances with bodies external to government	124	99
	556	492

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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10 Stock of development assets	Total £'000
Balance as at 1 April 2007	-
Additions in the year	500
Balance as at 31 March 2008	500

WNDC will seek to purchase land where appropriate for development and regeneration purposes.

11 Cash at Bank and in hand	2007-08 £'000	2006-07 £'000
Balance as at 1 April	526	217
Net change in cash balances	3,178	309
Balance as at 31 March	3,704	526

The following balances at 31 March were held at:

Commercial banks and cash in hand	3,704	526
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Note that the cash at bank and in hand balance includes S106 £2,172,110 (2006: £35,264) & planning £169,187 (2006: £242,176) monies held. It also holds £2,726 (2006: £nil) worth of Euros.

12 Creditors Analysis by type	2007-08 £'000	2006-07 £'000
--	--------------------------	--------------------------

12a Amounts falling due within one year

PAYE, NIC and Taxation	94	58
Trade creditors	1,133	309
Grant payable - Growth Area Funding	3,539	7,404
Other creditors	-	113
Other creditors – S106	2,170	35
Accruals and deferred income	562	532
Total	7,498	8,451

12b Amounts falling due after more than one year:

	2007-08 £'000	2006-07 £'000
Deferred income	57	-
	57	-

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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	2007-08	2006-07
	£'000	£'000
12c Intra Government balances		
Balances with other central government bodies	2,777	4,782
Balances with local authorities	1,129	2,654
Balances with bodies external to government	3,592	1,015
	7,498	8,451

13 Provisions for liabilities and charges

There are no provisions for liabilities and charges as at 31 March 2008. (2007 - £Nil)

	2007-08	2006-07
	£'000	£'000
14 Corporation Tax		
Corporation tax on bank interest received charged at 20%.	5	-
	5	-

	2007-08	2006-07
	£'000	£'000
15 Reserves		
General Reserve		
Balance at 1 April	(7,023)	(3,834)
Net Expenditure	(16,630)	(18,183)
Grant-in-Aid received towards Resource expenditure	3,773	2,399
Growth Area Fund 2 received towards Project expenditure	17,565	12,595
Balance at 31 March	(2,315)	(7,023)

16 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 2007 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31/03/2008
Rate of increase in salaries	5.1%
Rate of increase in pensions in payment	3.6%
Discount rate	6.1%
Inflation assumption	3.6%

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
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The assets in the scheme and the expected rate of return at 31 March 2008		£'000
Equities	7.5%	1,052
Government Bonds	4.6%	133
Other Bonds	6.1%	124
Property	6.5%	112
Cash/Liquidity	5.25%	18
Other	7.5%	77
Total market value of assets		1,516
Present value of scheme liabilities		(2,485)
Surplus/(Deficit) in the scheme		(969)

Analysis of the amount charged to operating profit		£'000
Current service cost		(193)
Past service/Curtailment/Settlement (gain)		(37)
Total operating charge		(230)

Analysis of the amount charged to other finance income		£'000
Expected return on pension scheme assets		91
Interest on pension scheme liabilities		(89)
Net return		2

Analysis of amount recognised in statement of recognised gains and losses (SRGL)		£'000
Actual return less expected return on pension scheme assets		(169)
Experience gains (losses) arising on scheme liabilities		(459)
Changes in assumptions underlying the present value of the scheme liabilities		(71)
Actuarial gain recognised in SRGL		(699)

Movement in deficit during the year		
Deficit at 1 April 2007		(241)
Current service cost		(193)
Employer contributions		199
Past service costs		(37)
Other finance charge		2
Actuarial gain/(loss)		(699)
Deficit at 31 March 2008		(969)

History of experience gains and losses	At	
	31/03/2008	
		£'000
Difference between the expected and actual return on scheme assets		(169)
percentage of scheme assets		(11.1)%
Experience gains and losses on scheme liabilities		(459)
percentage of the present value of the scheme liabilities		18.5%
Total amount recognised in statement of recognised gains and losses		(699)
percentage of the present value of the scheme liabilities		28.1%

**WEST NORTHAMPTONSHIRE DEVELOPMENT CORPORATION ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008**

	2007-08	2006-07
	£'000	£'000
Pension Reserve		
Balance at 1 April	(241)	(198)
Actuarial Liability loss	(459)	(102)
Movement on change in actuarial assumption	(71)	89
Actuarial calculation of asset gain during the year	(169)	(12)
Transfer from I&E	(29)	(18)
Balance at 31 March	(969)	(241)

17 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.

VAT on land sale

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

18 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 incurred costs of £148,343 relating to the use of the WNDC offices and meeting facilities which are provided by 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 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) Ben Smith (Northamptonshire) Tony Woods (Northampton) and Richard Church (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.

19 Commitments

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

20 Liquid Resources

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

21 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 10 July 2008

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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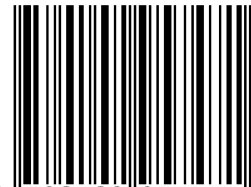
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