



Northampton Partnership Homes Limited

Company Limited by Guarantee

Consolidated Financial Statements for the year ended 31st March 2019

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COMPANY INFORMATION

Board Members (Statutory Directors)

There are places reserved on the Board for the following constituency groups: Independents (4 places), Tenants (4 places), Councillors (4 places); 12 in total.

David Latham – Independent (Chair)
Rachel Terry – Independent (Vice-Chair)
Chris Deery – Independent
Andrew Weatherill – Independent

Clare Whitehead – Tenant
John Connolly – Tenant
Joseph Kavanagh – Tenant (terminated 4th July 2018)
Godfrey Kanengoni – Tenant (appointed 19th October 2018)
Vacant – Tenant

Alan Bottwood – Councillor
Andrew Kilbride – Councillor
Rufia Ashraf – Councillor
Mary Markham – Councillor

Executive Management Team (Chief Officers)

Mike Kay – Chief Executive
David Pickard – Executive Director of Operations (resigned 24th August 2019)
Paul Satchwell – Executive Director
Julie Petrie – Assistant Director of Human Resources and Organisational Development (appointed 1st November 2018)
Nicola McKenzie – Assistant Director: Housing (appointed 1st November 2018)
Gary Duckmanton – Assistant Director: Property Maintenance & Compliance (appointed 1st November 2018)
Dale Robertson – Assistant Director: Corporate Services and ICT (appointed 1st November 2018)
Helen Town – Assistant Director: Asset Management & Development (appointed 1st November 2018)
Vacant – Assistant Director: Finance

Registered office

The Guildhall
St Giles Street
Northampton
NN1 1DE

Company registration number

09019453

Auditors

Mazars UK LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Actuary

Hymans Robertson LLP
One London Wall
London
EC2Y 5EA

Bankers

HSBC Bank PLC
St Clair House
5 Old Bedford Road
Northampton
NN4 7AA

Solicitors

Forbes
Rutherford House
4 Wellington St (St Johns)
Blackburn, Lancashire

BB1 8DD

Solicitors

Shoosmiths LLP
Witan Gate House
500-600 Witan Gate West
Milton Keynes,
Buckinghamshire
MK9 1SH

Solicitors

Tozers LLP
Broadwalk House
Southernhay West
Exeter, Devon
EX1 1UA

Solicitors

Trowers and Hamlins
3 Bunhill Road
London
EC1Y 8YZ

STRATEGIC REPORT

Purpose

Northampton Partnership Homes Limited (NPH) was founded in January 2015 to take on the management of housing stock owned by Northampton Borough Council. Its purpose is to improve services and the provision of quality homes to more than 25,000 customers around Northampton. We are proud to help many people live in a home they can afford in communities and places that they want to live in. Our vision which remains unchanged since the business was established, is

“to provide homes which enable people to live happy and healthy lives in enriched communities.”

Principal activities and funding

Northampton Partnership Homes Limited (the Company) was created as an ALMO (Arm's Length Management Organisation) to manage Northampton Borough Council's (the Council) housing stock. The Company was established with no share capital and is limited by guarantee. The Company is a subsidiary of the Council, and these financial statements are consolidated into the Council's accounts.

The Company was incorporated on 30th April 2014 and began trading on 5th January 2015.

The principal activities of the Company are the provision of housing services including housing management, repairs and major works. The business is also a development partner of the Council and receives funds on their behalf for the provision of new affordable housing.

The company set up a subsidiary Happy to Help (Northampton) Community Interest Company during the year with the aim of improving the health, well-being, economy, environment and availability of opportunity for the benefit of NPH residents and their communities.

Happy to Help (Northampton) Community Interest Company was incorporated on the 18th July 2018 and is wholly owned by the Northampton Partnership Homes, which has its own board of Directors. It is a company Limited by Guarantee (CLG) and is a not for profit organisation. The financial results of the new company have been consolidated into the financial statements for the year.

Review of business results and performance

The financial statements for the year ended 31st March 2019 show an operating profit for the year of £131k, and an overall loss of £2,652k after taking into account movements on the pension liability.

HMRC have confirmed that the activities and transactions between NPH and the Council do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relievable for corporation tax purposes. Taxable profits or losses therefore should only arise on activities carried out with external organisations. In this regard, interest income earned on cash balances is taxable.

We have now completed our fourth year of operation and the current financial year has been directed towards the achievement of the *Corporate Plan 2018-2023 Objectives* which are as follows:

Our 2023 Vision Roadmap:

Quality homes and estates

- Over the next 5 years approx. £100m spent on improving homes, Neighbourhood Regeneration and new homes
- 88% of communal blocks achieving a cleaning assessment standard of A (the highest) or B by 2023
- A 10 Year Development Strategy delivering a minimum of 1,000 homes



Customer focussed

- Leaseholder Survey 2018 and Tenants Survey 2019
- ASB Accreditation in 2019
- ICS Service Mark Accreditation in 2020
- Invested £6m in Aids & Adaptations by 2023 to maintain independence
- Increased supply of older peoples accommodation starting with 45 apartments at Lakeview in 2018



Opportunity and access for all

- Enhance our online anytime self-service offer, starting with online repairs reporting
- Empowering tenants to make a real difference
- Training and investing in engaged tenants including investing £75K in the Tenant Training Programme over the next 5 years



Maximise Partnership

- Establish and embed the Community Interest Company and generate inward investment of around £550K in social value by 2023
- Deliver an increased programme of social and affordable housing need over the next 5 years for the Council through our Investment / Development Plan Framework
- 10 year partnership with Engie



Being an effective organisation

- Continue service improvement reviews: repair costs, Community Hubs, SLAs, service charges
- Universal Credit Intervention Plan over the next 3 years to support tenants to sustain tenancies whilst maximising income
- Achieve £1.5m income generation from PV Panels over the next 5 years
- Achieve Investors in People Gold Standard by 2023
- Deliver a Talent Management Programme developing existing and new employees including the delivery of a Strategic Apprenticeship Programme



The Plan sets out a number of performance measures geared to achieving the strategic objectives and a range of more detailed measures have been developed against which NPH will also measure its

performance, of which 88% (2017/18: 81%) are achieving (with agreed tolerances) or exceeding the target. Actions are in place and being monitored to address areas of under-performance against targets such as repairs completed within the target period and voids.

Progress against strategic objectives is summarised below. A more comprehensive account can be found in the Delivery Plan document on the NPH website.

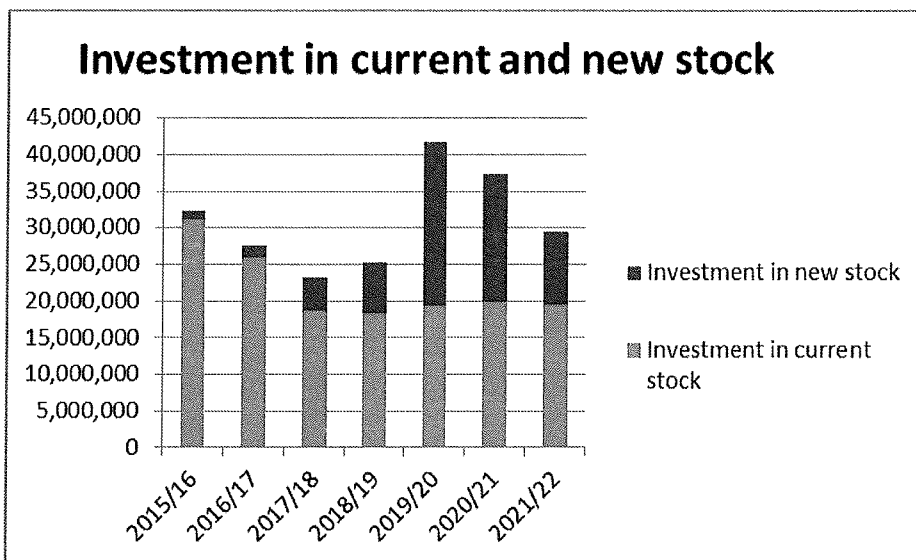
Strategic Objective	Achievements in delivering the Objective in 2018/19
1 Deliver and maintain high quality homes and estates	<p>Delivery of 71 new homes.</p> <p>Commencement of delivery of a further 37 new homes.</p> <p>Progress on the strategy to deliver over 1000 new homes between 5 and 10 years.</p> <p>Cyclical works and planned investment totalling over £18m.</p> <p>Began regeneration activities on a key city centre scheme.</p>
2 Deliver high quality and customer focussed housing services	<p>Our Housing Support team achieved a nationally recognised accreditation for their work being assessed as an 'outstanding provider'</p> <p>Implemented a new Anti-Social Behaviour Strategy.</p> <p>Carried out our first leaseholder survey to be used as a base position to benchmark and improve services.</p> <p>Taken on Universal Credit full roll out and although arrears have increased we have managed to outperform the forecast of what was expected.</p> <p>The Community Interest Company called Happy to Help was launched with formation of the board and initial projects being scoped and started.</p> <p>Development of our online repairs reporting system which will go live in early 2019/20.</p> <p>Introduction of rechargeable repairs for items that are the tenants' responsibility. This helps ensure budgets are spent in the right areas.</p>
3 Improve empowerment, opportunity and access for all	<p>The training programme for tenants continued, with a range of training offered from IT courses to food safety and first aid.</p> <p>Tenant involvement in the procurement of major contracts.</p> <p>The NPH Garden Competition for tenants and leaseholders.</p> <p>Restructure of our tenant involvement activity to generate increased engagement.</p>
4 Develop and maximise partnerships to build stronger,	<p>We will continue our strong relationship with Northampton Borough Council, meeting frequently with council colleagues and working in partnership.</p> <p>We have continued our strong relationship with Northampton Borough Council, meeting frequently with council colleagues and working in partnership to develop</p>

safer and thriving communities in Northampton	strategy for continued improvement of housing related services.
	Began working with Northamptonshire County Council on a property related project aimed at reducing costs for the councils.
	We went live with our grounds maintenance and Estates Cleaning contracts delivering immediately improved services compared to their predecessors.
	Worked with suppliers to make savings and deliver value for money.
5 Be an open, inclusive, effectively managed and trusted organisation	Employee engagement events continued every quarter and the Make a Difference Awards were held for a third year.
	Staff sickness absence reduced further from 11.28 in 2017/18, to 7.88 days in 2018/19.
	10 new apprentice roles were started within the organisation evidencing the belief in 'growing our own' and investing in people from the local communities.
	Monthly Wellbeing activities were run for staff ranging from a staff Olympics to free personal finance support and advice.
	Fundraising activities took place for our nominated charity, Cynthia Spencer and the total raised came to in excess of £3,000.

Overall the services to the council were delivered within budget achieving a £0.5m under-spend against the management fee budget. The capital budget was fully spent in the year reflecting a mix of carry forward where certain projects slipped and other works being able to be brought forward. Almost £1.1m on new build projects was carried forward where certain projects were delayed mainly as a result of hold ups through the planning application process. This was balanced by being able to bring forward works on the planned investment programme.

NPH are delivering a programme of investment into the stock. The approach has been renewed to deliver efficient improvement to neighbourhoods in a targeted way. This doesn't preclude spending in areas that are in considerable need, but where possible the investment is focused towards a whole estate improvement rather than specific works on a more ad hoc basis. The following graph shows the split of the Capital pot between investment in current stock and in new development over the last few years and the forecast for the next few. It is essential that NPH and NBC continue to get this balance right as developing new homes should not be at the expense of continuing to invest in the c12,000 properties that are already in existence.

The following graph demonstrates that while investment into the development stock is increasing it is not at the expense of a reduction in investment to the current stock.



Management continue to work on plans to deliver new homes. Stock numbers in 2018/19 have reduced due to Right to Buy (RTB) sales, which have grown to 125 this year, however NPH have delivered the biggest programme of new homes in a number of years adding 71 (2017/18 – 36) new units. During the year plans have progressed to grow the development pipeline further and NPH has the capacity to grow its service to the council in this area. The lifting of the HRA borrowing cap by the government in October 2018 means that for the first time there is significant capacity within the HRA to develop the number of new *affordable* homes required in Northampton. This is not an endless supply of capital but for the right schemes, subsidised by 141 Right to Buy receipts affordability for the HRA can be demonstrated and so a major constraint has been removed. NPH and NBC are still also considering other different options available to access additional funding and deliver an increased and accelerated programme that is not at the expense of investment in the current stock. The idea is to have a suite of options available to maximise the delivery of all aspects of stock investment.

2019/20 Priorities

As has been the case for a number of years the operating environment for NPH continues to change at pace reflecting a challenging political and economic landscape. Now more than ever it is important to have the correct strategic direction and the flexibility to adapt to the changing environment which will ensure that risks are managed and the most is made of opportunities that will emerge.

Social and economic challenges continue to make life harder for our customers and the business will also have to adjust to the effects of Brexit which cannot yet be fully understood. We continue to monitor the situation with regard to the UK leaving the EU and while it is very difficult to determine what the impact might be on our business we recognise that we must be as proactive as possible in reacting to any changes that might take place. We consider the biggest potential impact on our business to be through the supply chain due to the nature of the business we are involved in. Development and construction labour may prove to be an issue in future, however so far we have seen little impact. We continue to work with suppliers to monitor the situation. Brexit scenarios are considered as part of stress-testing of the Business Plan in order that the potential financial impact can be understood.

Universal Credit (UC) went 'live' in full for Northampton in November 2018 changing dramatically the way that the Council's Housing Revenue Account (HRA) receives its income and we are starting to see the impact of this on arrears and cash collection. As more UC cases come through each month the



impact is becoming apparent over an extended period of time. It will be important to stay on top of this and understand and manage the associated risks to the HRA income.

NPH was set up to ensure that these challenges can be effectively dealt with and plans for 2019/20 target continued improvement to services and the provision of quality housing against this back drop. Building on the work from the past four years the focus remains on delivering a value for money, customer focused service for tenants and residents and for the council through the joint Delivery Plan.

Value for Money

At Northampton Partnership Homes Limited (NPH) we strive to generate value in all we do. Our vision is “to provide homes which enable people to live happy and healthy lives in enriched communities”. To deliver this vision, it is essential that value for money (VfM) is central to our business.

Our key strategic priorities are:

- to deliver and maintain high quality homes and estates;
- to deliver high quality customer focussed housing services;
- to improve empowerment, opportunity and access for all;
- to develop and maximise partnerships to build stronger, safer and thriving communities in Northampton; and
- to be an open, inclusive, effectively managed and trusted organisation.

NPH has a rolling 3 year VfM Strategy that takes account of our wider strategic objectives and describes how VfM fits. As you would expect there is a strong link between our ‘critical success factors’ for delivering the strategic objectives and VfM.

For us, VfM means obtaining the maximum benefit from the resources available to meet the needs and aspirations of our tenants and leaseholders. This requires us to be effective in how we plan, manage and operate our business.

NPH does not believe VfM is solely concerned with achieving the lowest cost and we maintain a strong focus on improving services for customers. Any gains made are reinvested back into the delivery of front line services. We look for outcomes that can be measured and which demonstrate our trajectory towards increasing VfM.

VfM Indicators and Critical Success Factors

As an arms-length management organisation (ALMO), NPH is wholly owned by Northampton Borough Council (NBC). The performance of the councils’ Housing Revenue Account (HRA) is where overall financial performance is demonstrated. This statement therefore uses metrics that take account of HRA performance and position, within which NPH’s accounts are the fundamental contributor. For example, the HRA has an annual revenue cost of approximately £27.4m (2018/19 business plan) and NPH had a budgeted management fee of £26.1m of that to enable the delivery of housing services across Northampton.

NPH was set up to provide and improve housing services. On transfer of the housing function from the Council to NPH, certain performance measures were put in place to monitor progress. These measures are the Tier 1 and 2 performance indicators that NBC review quarterly and annually. These are the critical success factors for NPH and feature in the metrics below.

Overall NPH Performance

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual	Target
Headline Social Housing cost, £ per unit	4,811	4,521	4,217	4,470	5,986
% satisfied with overall service	72%	N/A	76%	N/A	80%
% satisfied with value for money of rent	66%	N/A	78%	N/A	80%
Staff cost per unit	801	808	790	757	No

Note: Overall cost per unit for prior years has changed slightly when compared to the report last year. This is due to changes in allocation of stock numbers by NBC through the finalisation of their own accounts which at the time of writing last year were not completed and signed off. Currently 2017/18 onwards remains outstanding.

Headline Social Housing Cost has risen year on year and will continue to over the next few years. The predominant underlying reason for this is the increase in the capital programme to deliver additional new housing following the lifting of the HRA Borrowing Cap.

This new investment is very important to Northampton and provides significant value both socially and economically. The increased capital spend is almost completely related to new build provision which is sorely needed in the area. Currently there are more than 3,000 people on the housing waiting list, over 300 individuals and families living in temporary accommodation and a growing homeless problem that is a symptom of the housing crisis in England. This increase is therefore seen as absolutely necessary and value adding. It will grow the housing stock of NBC to deal with these issues and provide valuable long-term assets that strengthen the HRA balance sheet.

The graph in the Strategic Report above shows that investment in current stock remains consistent and high at c£20m per annum. The increase in investment in new stock is not at the expense of investment into existing.

If capital spend is stripped out of the Headline Social Housing cost indicator the increase is less pronounced and when also taking into account inflation it is below and then almost static in the most recent years.

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Actual	Actual	Actual	Target
Headline Social Housing cost ex capital, £	2,065	2,160	2,204	2,260	2,333
% change		4.6%	2.1%	2.5%	3.2%
Annual inflation (March to March)		3.1%	3.3%	2.4%	TBC

Satisfaction with service and the value achieved from rents received are strategic, critical success factors. Tier 1 and Tier 2 performance measures (agreed with NBC) include all service level satisfaction KPI's and cumulatively these result in the two satisfaction measures here. They are measured using the national Survey of Tenants and Residents (STAR). The last survey took place in October 2017 and the next full survey will be in Summer/Autumn 2019. Improvement in these measures is clear when compared to the base position from 2015/16 which was the first year of operation for NPH.

Combining this improvement in service with the headline social housing and staff costs per unit remaining static and it is clear that more has been achieved with the same resources. This includes servicing and supporting the increased capital programme where staffing costs to date have largely remained as revenue spend included in the above figures.

We recognise that while progress has been made the levels of satisfaction are still not where we would like them to be. When benchmarking externally against the best performing organisations we still have work to do in this area.

Benchmarking

We use HouseMark to benchmark our performance against peers, however there are still differences as NPH is an ALMO and the peer organisations are generally speaking Housing Associations. As such not all data is comparative.

Our current performance is broadly as follows against the quartiles produced by HouseMark:

Measure	Units	2017/18	2018/19	18/19 RAG	Upper Quartile	Median	Lower Quartile
Staff turnover	%	18.8	16.0		10.9	13.5	16.5
Average days lost to sickness per employee	Days	11.2	7.9	G	8.0	9.8	11.8
Direct cost per property of housing management	£	262.8	374.8		222.3	259.8	295.0
Total arrears and write-offs %	%	3.7	0.4	G	3.4	4.7	6.0
Current and former tenant arrears %	%	3.4	3.5	G	3.1	4.2	5.6
Void loss %	%	0.9	0.8	A	0.6	0.9	1.4
Average re-let time	Days	26.2	28.8	A	19.0	26.3	35.7
% of properties vacant	%	1.1	0.9	A	0.6	1.1	2.0
Direct cost per property of responsive repairs & void works	£	817.3	962.0		564.1	659.9	768.0
Average days taken to complete repairs	Days	8.5	9.1	A	7.1	9.2	11.7
% of repairs completed at the first visit	%	97.0	98.6	G	97.0	94.3	88.0
Appointments kept %	%	99.4	99.5	G	99.0	98.1	95.0
% of dwellings with a valid gas safety certificate	%	100.0	100.0	G	100.0	100.0	100.0
Average SAP rating	Number	75.0	75.0	G	72.0	70.9	69.0
Direct cost per property of estate services	£	124.3	163.0		102.5	132.8	177.6
Satisfaction with the service provided	%	77.9	76.4		90.3	85.3	81.2
Satisfaction with the overall quality of home	%	77.1	74.6		89.8	83.4	79.3
Satisfaction with neighbourhood as a place to live	%	73.9	72.2		85.8	83.3	78.3
Satisfaction that rent provides value for money	%	79.6	78.4		87.6	83.9	77.0
Satisfaction that their views are being listened to and acted upon	%	57.2	56.2		76.0	71.0	63.1
Satisfaction with ASB case outcome	%	47.0	81.1	A	90.8	78.9	65.3
Satisfaction with ASB case handling	%	49.0	86.6	G	86.6	83.0	66.0

The data shows a mixed picture with some good performance but some clear areas where performance needs to continue to improve. Although we have seen satisfaction improve over the last 4 years it is clear to see from the above that when compared to Housing Association peers there is still plenty more to do.

In Summary

We continue to make cost savings while improving the services. We are pleased with the direction of travel over the 4 years since NPH was founded. Quality has increased as measured by satisfaction and cost has decreased. Performance against strategic critical success factors is strong and we are looking towards improving the long-term value and viability of the HRA. Investment into new and existing stock is high and will continue over the coming years to ensure that NPH is able to deliver good quality housing that meets the needs of Northampton.

However, we do recognise that continued progression is essential. When compared to external benchmarks in a number of the areas above we still have much to do. The plan for the coming years is to continue to target improvement in the metrics.

Services that are efficiently and effectively delivered at the right price mean that over the long-term NPH and NBC will be able to deliver happier and healthier communities that support more of those in need and most importantly, provide people with the strong foundation of a home that is essential to furthering aspiration.

Governance

The board consists of equal representation of four tenants, four councillors and four independents.

The board members during the year are listed on page 2.

Board members are drawn from a wide background bringing together professional, commercial and public sector experience. Councillors are nominated to the Board by Northampton Borough Council. Independent and Tenant board member positions are openly advertised and appointed following an application and skills assessment process.

Board members receive a comprehensive and tailored induction on joining the Board and regularly update and refresh their skills and knowledge. Each year, the Board undertakes a 360 degree appraisal process, to reflect on individual and collective performance. The outcomes inform the Board's annual training and development programme.

The primary role of the board is to focus on strategic direction, growth and risk. The board meets formally at least six times a year for regular business, and at other times to discuss strategic issues. Attendance at Board meetings during 2018/19 was 80% (2017/18: 80%).

The Board has the following committee structure. Membership of these committees consists of board members:

- Audit and Risk Committee
- Finance Committee
- Operations & Resource Committee

- Policy, Planning & Development Committee
- Remuneration and review Committee

The board delegates the day to day management of the business to the Chief Executive Officer, Executive Director and assistant directors who form the Executive team. The Executive team meet weekly and the directors attend meetings of the board and committees.

Significant risks and uncertainties

The management fees paid to NPH are set annually in advance and are the financial resources available to deliver the requirements of the Corporate Plan. The fees are funded from the Housing Revenue Account (HRA) and, to a much lesser extent, the Council's General Fund.

The long-term success and viability of NPH is largely linked to the HRA, and legislative changes continue to have a significant impact on funding. NPH will monitor this by working very closely with the Council. Universal Credit may have an impact on the income collected in the HRA and NPH continue to review collection activity and work with peers to try to mitigate any negative impact of the full roll out of Universal Credit in Northampton which began in November 2018. Activity to date in the social housing sector suggests that it is almost guaranteed that arrears will rise during the transition and this is what we have seen over the first four months of implementation. The longer-term impact in terms of actual bad debt is yet to be fully felt. Work will continue to ensure that it has as little negative effect as possible on the resources available to NPH and the Council.

Following the 'Best Value Inspection' of Northamptonshire County Council in March 2018, it has now been announced that two unitary councils will replace the existing bodies. This will impact to some degree on NPH as a subsidiary of NBC because NBC, as an entity, will not exist in its own right. However, it is clear that there is still a need and desire to service the council housing stock and NPH's 'management agreement' contract will still apply wherever the stock is held.

The Government "Austerity" measures announced in 2015 impact the current funding level. These included a rent reduction of 1% per annum for each of the 4 years from 1st April 2016 with 2019/20 being the final year of that initiative. Government have confirmed a rent agreement that will see a return of authorities and housing associations being able to increase rents annually by up to CPI +1% for the next 5 years. This rent certainty is important and provides the HRA long-term business plan with much needed resources to ensure that services can be delivered and new homes can be built. Beyond 2024/25 there is less certainty of what will apply.

During 2018/19 the government released its Social Housing Green Paper which picks up on issues identified following review of the Grenfell tragedy and looks to set out a potential 'new deal' for social housing. Predominantly it considers the need to re-balance the relationship between residents and landlords in providing safe and secure homes. The paper has been widely consulted upon and we wait with interest to see what aspects make it into statute.

Outside of the management fee NPH has scope to generate additional income in order to increase the level of funding. The directors recognise that with these opportunities come potential risks against which appropriate mitigation measures, budgetary and management controls are put in place along with regular reporting to budget holders and the Board. Our Financial Rules give some flexibility to re-direct our financial resources in light of changing circumstances and emerging pressures although these are subject to virement rules that are part of the Management Agreement.

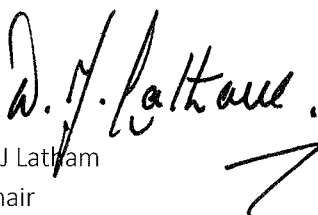
The Board and Senior Management take their responsibility for risk management seriously and have set a strategy that is reviewed annually. The risk management framework has at its heart a corporate risk register that has input from the board, senior management, operational risk registers and project risk registers. A recent Internal Audit of the Risk Management Framework bestowed a verdict of 'substantial assurance', the highest possible, giving all stakeholders a good level of assurance that risk has sufficient prominence through all levels of the business.

Retirement benefit obligations

Through the Management Agreement Northampton Borough Council has indemnified the Company against adverse variances in its pension scheme.

Approval

The Strategic Report was approved by the Board on 3rd July 2019 and signed on its behalf


D J Latham
Chair

DIRECTORS' REPORT

Board Members

The board members during the year are listed on page 2.

Insurance

The Company has independent insurance for Directors and Officers Liability and this cover was in place for the duration of the financial year. Other insurance policies are arranged through LGSS insurance services from a market tested panel of insurers.

Statement of Board Members responsibility

The board members are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:-

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Declaration of Board Member's interest

All board members have signed a declaration of Board Members' Interest and there are no matters to report.

Assessment of the effectiveness of Internal Control

The board acknowledges its responsibility for ensuring that effective systems of internal control are maintained and operated throughout the company.

The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

It is based on a framework of regular management information, financial regulation, administrative procedures, management supervision and a system of delegation and accountability. For further information see the Statement of Internal Control on page 18.

The detail about future developments have been included in the strategic report.

Recruitment

Northampton Partnership Homes strives to be an accessible employer of choice.

It operates a scheme where candidates with disabilities can request an automatic interview if they meet the essential criteria for the post.

Employee Involvement

We value our employees and recognise the need and benefit of good internal communication. Communication within the Company is delivered in a variety of ways including regular staff updates via the Intranet. Employee forum meetings continue to be held every three months. The introduction of the Making a Difference Awards help recognise excellent employee commitment to the organisation and its customers.

Employee Development

During 2018/19 there have been some staffing restructures most notably in the Repairs Administration team and the IT Housing Systems team. Within these structures and more widely NPH have embraced opportunity to bring in apprenticeships to support and promote growing our own and employee development. Teams are evolving to ensure there is the necessary capacity and expertise to deliver the strategic objectives and there is consistent investment in employee training and development initiatives

A wide variety of training has been, and continues to be carried out, including apprenticeships, technical training, and bespoke training with over 100 courses undertaken in the last 12 months.

A new appraisal scheme, based on the competency framework, complements the support and development provided to all employees, who also receive regular one to one meetings and performance review meetings with their line managers.

The Company is open to consider and adopt flexible and new methods of working and will utilise technology to enable this where mutual benefits to both the employee and service delivery can be identified. In order to maximise use of our office accommodation we provide a number of "hot-desk" facilities for mobile workers.

Going Concern

The board are of the opinion that Northampton Partnership Homes has adequate resources to continue in operational existence for the foreseeable future, and continues to adopt the going concern basis in preparing the financial statements.

The company has a 15 year contract in place with Northampton Borough Council, which commenced in January 2015. Management fees are paid in return for delivery of housing management and maintenance services, as prescribed in the management agreement.

Disclosure of information to Auditors

The board members who held office at the date of signing this report confirm that:

- i) so far as each board member is aware, there is no relevant audit information of which the company's auditors are unaware,
- ii) The board members have taken all the steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditors are aware of that information

Independent Auditors

A resolution to appoint the Company's auditors was approved at the Annual General Meeting held 19th October 2019. Mazars was appointed for an initial three year term.

Approval

The Director's Report was approved by the Board on 3rd July 2019 and signed on its behalf


D J Latham
Chair

STATEMENT OF INTERNAL CONTROL

Internal Control

The governance framework comprises the systems, processes and internal controls in place to give assurance to the Board and the Council that the Company is fulfilling the requirements of the Management Agreement and Delivery Plan, complying with the Articles of Association and meeting the Company's aims and objectives and is discussed in further detail below.

The system of internal control is in place to manage risk to a high level, although it cannot give absolute assurance. The key systems of internal control in operation comprise of the following:

Corporate Governance

The Board is responsible for the business of the Company subject to compliance with the provisions of the Companies Act 2006 and the articles of association for Northampton Partnership Homes Limited.

The Board comprises twelve members including four tenant representatives, four Council elected members, and four independent members. The structure of the Board is such that no single group holds a majority position.

During 2018/19 the Board met approximately every six weeks. The Board is supported by five Committees; Finance, Audit and Risk, Operations and Resource, Planning Policy and Development, and Remuneration and Review. Each Committee, apart from Policy, Planning and Development Committee and Remuneration and Review Committee, comprised six Members of the Board and met approximately every six weeks. Remuneration and Review Committee had three members and Policy, Planning and Development Committee had five members, consisting of Board Chair and vice chair, and committee chairs. Both of these committees met less regularly. No committees have delegated powers in their specific terms of reference but they consider the detail of matters under their remit and make recommendations to the Board where formal approval to any reports and proposals is given. The frequency of meetings as the company moves forward will be kept under review.

Business Plan

As a Council owned Company, NPH's objectives are strongly aligned to the Council's Housing Strategy and its strategic priorities.

The Company's objectives reflect a balanced approach focused on internal change and strengthening our relationship with tenants, whilst recognising the importance of developing services and the role of the Company in the communities within which NPH works.

Executive Management Team

Operational day to day management of the Company is delivered under the direction of the Executive Management Team (EMT). This Management Team includes suitably qualified and experienced staff with relevant specialised skills and knowledge for the key operational activities of the Company.

Risk Assessment and Risk Management

The Company places high importance on the identification, monitoring and control of risk. The Company has a strategic risk register together with a Risk Management Strategy and Policy. Training and development on Risk Management has taken place with the Board and senior management during the year.

Risk is reviewed on a regular basis by the Board, the Audit and Risk Committee and by the Executive Management Team. The Risk Management Strategy and Policy was updated during the year and includes a Board Assurance mechanism to ensure strategic risks are clearly linked to strategic objectives and to assess the assurances required and available against the strategic risks.

The Board has a fundamental role to play in overseeing the management of risk in corporate activity. They approve major decisions affecting the Company's risk exposure and monitor the management of significant risks. They also satisfy themselves that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

Audit and Risk Committee receives an annual review of Risk Management carried out by Internal Audit and formally reviews the Company's strategic risk registers. The Committee is responsible for ensuring that there is a robust and efficient Risk Management process in operation across the Company.

Senior managers have responsibility to maintain an operational risk register and identify risks that should be included in the Company's strategic risk register. Managers also have responsibility to ensure that risks are being allocated to appropriate risk owners and are managed accordingly. During the year operational risks have been linked to key performance indicators as a complementary method of assessing risk.

Audit

The activities of the Company are subject to review by external and internal auditors. The Board approves the annual audit plans with the Audit and Risk Committee reviewing in detail all internal audit reports and reporting to the board thereon.

The annual Internal Audit report has been received from our Internal Audit advisors and has conferred that there is adequate and effective framework for risk management, governance and internal control, however further enhancements to ensure that they remain adequate and effective were identified.

Performance Management

The Company monitors performance against a number of indicators and formal performance reports are produced for EMT, the Committees and Board in line with the agreed reporting timetable. Wherever performance varies from targets managers are required to explain the cause and, if necessary, identify plans to meet the required standards.

A full suite of performance monitoring information is prepared for Company managers to assist management of service delivery.

Financial Control and Budget Management

The Company has inherited, from the Council, outsourced financial services provided by LGSS which has financial management policies in order to ensure that proper safeguards and controls are in place to manage money and assets.

The Company also has Financial Rules which set out its financial policies in the form of the Financial Regulations, Scheme of Delegation and Contract Procedure Rules.

The Company's Financial Rules were revised and approved by the Board on 14th November 2018. These provide the framework for managing the Company's financial affairs. They apply to every Board Member, Committee and employee of the Company and anyone acting on behalf of the Company. The Rules identify the financial responsibilities of the Board, its Committees, Directors and staff members.

The Financial Rules provide guidance on financial management and control, financial planning, risk management and control of resources, systems and procedures and external arrangements.

This framework is reviewed annually by the Internal Auditor to confirm that it is still relevant. It was given 'substantial assurance', the highest level, in the review process in October 2018.

Budgetary Control and Reporting

Monthly budget reports are prepared for Company managers and budget holders to monitor income and expenditure, forecast trends and outturn projections and identify potential pressures or underspending. Where significant budgetary variance is identified the responsible manager will meet with the finance team to identify corrective action. The Executive Management Team reviews these reports on a monthly basis.

The Company maintains flexibility with its financial resources and the Financial Rules permit virements between budget heads to enable the redirection of resources in light of emerging pressures or opportunities. These virements are further controlled through the Management Agreement through which funding is provided in 6 different categories (or "Pots"). Virements within and between the pots are controlled with some requiring the agreement of the Council's s151 Officer (The Chief Financial Officer).

Financial monitoring and update reports are presented at each Finance Committee meeting and formally to the Board on a quarterly basis.

Service Level Agreements

Consequent upon the various disengagement issues negotiated at the time NPH was set up by the Council, a number of support functions are still purchased from external suppliers. During 2018/19 most of these services were still provided by the Council under various Service Level Agreements (SLAs) including – importantly – central back-office services provided by LGSS to the Council as a whole and subsequently apportioned to the Company for its deemed share of the service. In addition to the terms stated in these SLAs, the Company places a level of assurance on the systems of internal control in place within the Council and LGSS in respect of these services.

NPH do not have their own agreement with LGSS and hence receive services off the back of the Council's agreement with LGSS.

Policies and Procedures

The Company's practices and activities are defined in its policies and procedures. There remains a small number of examples where the Council's policies are used. A review of all policies and procedures is ongoing. These documents ensure that appropriate control and guidance is available to the Board and staff when undertaking the business of the Company. Policies and procedures are subject to approval of either the Board or delegated authority to a Committee or an Executive Director.

All policies and procedures are available to Board Members and staff on the Company's intranet. In addition, relevant policies will be published on the internet.

Independent auditor's report to the members of Northampton Partnership Homes Limited

Opinion

We have audited the financial statements of Northampton Partnership Homes Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31st March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 8.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Vincent Marke (Senior Statutory Auditor) For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle

160 Midsummer Boulevard

Milton Keynes

MK9 1FF

Date 8 July 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Notes	2018/19 £000's	2017/18 £000's
Revenue	2	51,261	49,416
Total Revenue		51,261	49,416
Employee benefits expenses	4 & 20	(11,304)	(11,999)
Other expenses	3 & 4	(39,721)	(36,661)
Total expenses		(51,025)	(48,660)
Operating Profit		236	756
Finance costs	13	(370)	(368)
Finance Income	23	4	2
Profit before tax		(130)	390
Taxation	14	(1)	-
Profit for the year		(131)	390
Other Comprehensive Income			
Remeasurement of pension assets and liabilities	22	(2,521)	718
Total Comprehensive profit/(loss) for the year		(2,652)	1,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st March 2019

	Notes	2018/19 £000's	2017/18 £000's
ASSETS			
<u>Non-Current</u>			
Property, plant and equipment	7	-	1
Non-current assets			1
<u>Current</u>			
Inventories	9	112	98
Trade and other receivables	10	5,960	6,073
Cash and cash equivalent	11	1,694	1,683
Current assets		7,766	7,854
TOTAL ASSETS		7,766	7,855
LIABILITIES			
<u>Current</u>			
Trade and other payables	12	(6,754)	(6,931)
Employee benefits accrual	21	(123)	(119)
Current liabilities		(6,877)	(7,050)
<u>Non-current</u>			
Pension liability	22	(16,554)	(13,817)
Non-current liabilities		(16,554)	(13,817)
TOTAL LIABILITIES		(23,431)	(20,867)
NET LIABILITIES		(15,665)	(13,012)
Equity and Reserves			
Pension Reserve		(16,554)	(13,817)
Insurance Reserve		138	138
Retained Earning		751	667
TOTAL EQUITY		(15,665)	(13,012)

These Financial Statements were approved by the Board and authorised for issues.
Signed for and on behalf of the Directors on 3rd July 2019.

DJ Latham
Chair

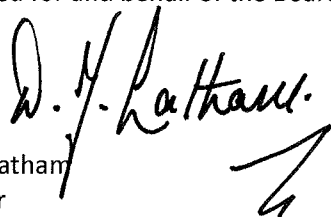
COMPANY STATEMENT OF FINANCIAL POSITION

as at 31st March 2019

	Notes	2018/19 £000's	2017/18 £000's
ASSETS			
<u>Non-Current</u>			
Investment in subsidiary	6	-	-
Property, plant and equipment	7	-	1
Non-current assets			1
<u>Current</u>			
Inventories	9	113	98
Trade and other receivables	10	5,962	6,073
Cash and cash equivalent	11	1,666	1,683
Current assets		7,741	7,854
TOTAL ASSETS		7,741	7,855
LIABILITIES			
<u>Current</u>			
Trade and other payables	12	(6,818)	(6,931)
Employee benefits accrual	21	(123)	(119)
Current liabilities		(6,941)	(7,050)
<u>Non-current</u>			
Pension liability	22	(16,554)	(13,817)
Non-current liabilities		(16,554)	(13,817)
TOTAL LIABILITIES		(23,495)	(20,867)
NET LIABILITIES		(15,754)	(13,012)
<u>Equity and Reserves</u>			
Pension Reserve		(16,554)	(13,817)
Insurance Reserve		138	138
Retained Earning		662	667
TOTAL EQUITY	16	(15,754)	(13,012)

Signed for and behalf of the Board of Directors on 3rd July 2019

D J Latham
Chair



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Notes	Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2018	16 & 22	(13,817)	138	667	(13,012)
<u>Profit for the period</u>		-	-	(131)	(131)
Transfer to Insurance Reserve		-	-	-	
<u>Other Comprehensive income</u>					
Remeasurement of pension assets and liabilities	22	(2,521)	-	-	(2,521)
Transfers to pension reserve	22	(216)	-	216	-
Total Comprehensive gain for the year		(2,737)		84	(2,652)
Balance at 31 March 2019		(16,554)	138	751	(15,665)

for the Year Ended 31 March 2018

		Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2017	16 & 22	(14,199)	113	(35)	(14,121)
<u>Loss for the period</u>		-	-	390	390
Transfer to Insurance Reserve		-	25	(25)	-
<u>Other Comprehensive income</u>					
Remeasurement of pension assets and liabilities	22	718	-	-	718
Transfers to pension reserve	22	(336)	-	336	-
Total Comprehensive loss for the year		382	25	701	1,108
Balance at 31 March 2018		(13,817)	138	667	(13,012)

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Notes	Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2018	16 & 22	(13,817)	138	667	(13,012)
<u>Profit for the period</u>		-	-	(221)	(221)
Transfer to Insurance Reserve		-	-	-	-
<u>Other Comprehensive income</u>					
Remeasurement of pension assets and liabilities	22	(2,521)	-	-	(2,521)
Transfers to pension reserve	22	(216)	-	216	-
Total Comprehensive gain for the year		(2,737)		(5)	(2,742)
Balance at 31 March 2019		(16,554)	138	662	(15,754)
for the Year Ended 31 March 2018					
		Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2017	16 & 22	(14,199)	113	(35)	(14,121)
<u>Loss for the period</u>		-	-	390	390
Transfer to Insurance Reserve			25	(25)	
<u>Other Comprehensive income</u>					
Remeasurement of pension assets and liabilities	22	718	-	-	718
Transfers to pension reserve	22	(336)	-	336	-
Total Comprehensive loss for the year		382	25	701	1,108
Balance at 31 March 2018		(13,817)	138	667	(13,012)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2019

	Notes	<u>2018/19</u> £000's	<u>2017/18</u> £000's
Cash flows from operating activities			
Profit before tax		(131)	390
Adjustments (non-cash items)	15	3,026	3,168
Contributions to defined benefit plans	22	(2,810)	(2,831)
Net changes in working capital	15	(74)	(272)
Net Cash flow from operating activities		11	455
Net cash change in cash or cash equivalents		11	455
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,682	1,227
Cash, cash equivalents and bank overdrafts at the end of the year		1,693	1,682

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	<u>2018/19</u> £000's	<u>2017/18</u> £000's
Cash flows from operating activities			
Profit before tax		(221)	390
Adjustments (non-cash items)	15	3,026	3,168
Contributions to defined benefit plans	22	(2,810)	(2,831)
Net changes in working capital	15	(11)	(272)
Net Cash flow from operating activities		(16)	455
Net cash change in cash or cash equivalents		(16)	455
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,682	1,227
Cash, cash equivalents and bank overdrafts at the end of the year		1,666	1,682

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Accounting Policies

1.1 General Information

Northampton Partnership Homes is a private company limited by guarantee without share capital and was incorporated on 30 April 2014. Its registered address can be found on page 3.

1.2 Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost basis.

1.3 Standards, amendments and interpretations adopted in the current financial year

The adoption of the following standards, amendments and interpretations in the current year have not had a material impact on the Group's financial statements.

	EU effective date: Accounting periods on or after
IFRS 9 Financial Instruments	01 January 2018
IFRS 15 Revenue from Contracts with Customers, including the subsequent clarifications	01 January 2018
Annual Improvements to IFRSs (2014 – 2016)	01 January 2018

The adoption of IFRS 9 impacts upon the presentation of credit losses within the financial statements. Almost all of the revenue that the company receives is through a Management Fee Agreement with Northampton Borough Council and this arrangement is not expected to lead to any credit losses.

1.4 Standard, amendments and interpretations in issue but not yet adopted

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements.

The Group is however continuing to assess the full impact that adopting will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date: Accounting periods on or after
IFRS 9 Financial Instruments: Amendment in relation to prepayment features with negative compensation	01 January 2019
IAS 19 Employee Benefits: Amendments in relation to plan amendment, curtailment or settlement	01 January 2019
Annual Improvements to IFRSs (2015 – 2017)	01 January 2019
Amendments to IAS 1 and IAS 8: Definition of Material	01 January 2020
Amendment to IFRS 3 Business Combinations: Definition of a Business	01 January 2020

The adoption of IFRS 16 Leases in future years is expected to impact the presentation and measurement of operating leases. The effect on the financial statements in future years is expected to be an asset and liability recognized in the financial statements, discounted using the interest rate implicit in the lease and depreciated over the life of the lease.



1.5 Revenue and Other Income Recognition

Revenue is recognised when the amount and associated costs can be measured reliably net of VAT.

Revenue is measured at the fair value of consideration received or receivable for services provided by the Company and defined as the Service Fee in the Management Agreement.

Other income relates to grant funding, interest received and other income generating activities and the Works Fee defined in the Management Agreement, and is recognised in the accounts on the same basis as revenue.

1.6 Expenditure

Expenditure is recognised in the accounts upon receipt of goods or services and the associated costs can be measured reliably net of VAT.

1.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year from activities with parties other than the Council and relate principally to the generation of interest income from balances.

We have received confirmation from HMRC that our commercial service provision activities with the Council are deemed to be non-trading in nature and hence do not attract Corporation Tax.

1.8 Property, Plant and Equipment

The Company currently owns property and plant costing £2,000. The value at the 31 March 2018 was nil. Depreciation has been applied in the line with the current accounting policy.

Assets are depreciated over their expected useful lives on a straight-line basis to write down the cost less the estimated residual value of the asset.

Depreciation of ICT equipment is based on an economic useful life of 3 years.

Gains or losses arising on the disposal of assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within Other Income or Other Expenses.

1.9 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are measured at amortised cost.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires. Any gains and losses that arise on de-recognition of an asset are credited/debited to the Comprehensive Income and Expenditure Account.

1.10 Inventories

Inventory is stated at the lower of cost and net realisable value and relate to van stocks for the responsive repairs service.

1.11 Trade and Other Receivables

All trade and other receivables are made on the basis of normal credit terms and do not bear interest. The carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at the bank and in hand, and other short term deposits held by the Company with maturities less than 3 months.

1.13 Trade and other payables

Trade payables are recognised at fair value.

1.14 Employee Benefits

Employee benefits such as wages, salaries, paid annual leave and sick leave, overtime and bonuses are considered as an expense in the year in which the employee renders the service to the Company.

An accrual is made for the cost of holiday entitlement earned by employees but not taken before the year end, and which may be carried forward into the next financial year. These are included in current liabilities under the "employee benefits accrual". An accrual is measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement. Accruals are not made for costs in respect of outstanding car mileage claims.

Termination benefits are amounts payable as a result of a decision by the Company to terminate an officer's employment before the normal retirement date. These costs are required to be recognised immediately in the provision of service.

1.15 Leases

The Company has a tenancy at will and a lease from the Council in respect of the Westbridge Office Accommodation and vehicles, respectively. A significant proportion of the risk and reward of ownership are retained by the lessor and therefore are classified as operating leases. Payments made under these agreements are charges under Other Expenses in the Statement of Comprehensive Income.

1.16 Estimation uncertainty

The Company operates a defined benefit pension scheme for its employees and the future obligations and asset returns are based on a number of estimates and assumptions. In recognising these liabilities we take advice from specialist consultants.

We have reviewed the useful economic life of equipment and intangible assets and based depreciation and amortisation charges on these assumptions.

1.17 Pensions

Employees of the Company are members of the Local Government Pension Scheme administered by Northamptonshire County Council. The Scheme provides benefits to members (retirement

lump sums and pensions) earned as employees of Northampton Partnership Homes and, in the majority of cases prior to their transfer to NPH on 5th January 2015, of the Council.

The Local Government Pension Scheme is a defined benefit scheme. The liabilities of the scheme attributable to the company are included in the Statement of Financial Position on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

Pension liabilities are measured using the projected unit method and discounted at the Statement of Financial Position date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of spot yields on AA rated corporate bonds.

The change in the net pension liability is analysed into seven components:

1. Current service cost - the increase in liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement.
2. Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
3. Interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
4. Expected return on assets - the annual investment return on the fund assets attributable to the company, based on an average of the expected long-term return - credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
5. Gains/losses on settlements and curtailments the result of actions to relieve the company of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
6. Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Statement of Comprehensive Income and expenditure.
7. Contributions paid to the Northamptonshire County Council Pension Fund – cash paid as employers contributions to the Pension Fund.

1.18 Going concern

The financial statements have been prepared on a going concern basis. Forecast profile of income and expenditure for 2018/19 indicate that cash flows for the year will be sufficient to meet all obligations as they become due. The payment of the Management Fee is made monthly in advance. In addition, the Council has made available a £1 million 'overdraft' facility from

Housing Revenue Account balances which can be used to maintain cash flow in adversity. This payment profile helps ensure adequate cash flow is maintained throughout the year.

NPH manages the Council budgets for Capital and Revenue Maintenance of the property portfolio. These are invoiced monthly in advance based on approved budgets and are then adjusted to actual quarterly in arrears. In this way income is balanced to expenditure over the course of the full year.

By virtue of the Management Agreement with the Council, the Council guarantees the status of Northampton Partnership Homes as a going concern. This agreement is for a period of 15 years and each year a 5 year fee indication is provided (Sch.5). Crucially, the agreement contains paragraphs 19.1 and 19.2 (see below) which guarantee the status of NPH as a going concern.

19.1 The Council shall provide and evidence such support for NPH as shall be required to enable NPH's auditors to confirm from time to time to NPH's board of directors that NPH is and will continue to be able to meet its debts as they fall due and is otherwise a 'going concern'.

19.2 The Council agrees that whether through the Total Fee or otherwise it shall ensure that NPH is able to discharge its liabilities for the pension's costs attributable to NPH's past, present and future employees.

1.19 Key Judgements

The Company has responsibility to commission and project manages the Capital and Revenue repairs programme for Council Homes. Contracts are issued in the name of Northampton Partnership Homes Ltd and the Company recharges the Council full reimbursement of these costs under a Managed Budget Fee. We consider the Company to be the principal in this arrangement.

The IAS19 opening pension deficit on commencement of the scheme has not been charged to the Statement of Comprehensive Income as the Company's pension liability is supported by the Council as the ultimate parent (see above).

1.20 Government Grants

Grant income will be recognised on receipt when the amount can be measured reliably. The Company will ensure that it meets any conditions associated with the grant funding. The Company has not received any grant income.

1.21 Accruals Concept

Income is recognised in line with the provisions in the management agreement, when revenue can be measured reliably and the future economic benefits are probable. Expenditure is recognised once goods or services have been received, rather than when cash payments are made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Statement of Financial Position respectively. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the

Statement of Financial Position respectively and the Comprehensive Income and Expenditure Statement adjusted accordingly.

1.22 Value Added Tax

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts due / owed.

1.23 Events after the Statement of Financial Position date

Where there is a material post Statement of Financial Position event, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Statement of Financial Position date, and materially affects the amounts to be included in the accounts; adjusting items will have been shown in the accounts.

1.24 Exceptional and extraordinary items and prior period adjustments

Exceptional and extraordinary items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

1.25 Contingent assets and liabilities

Where the Council has a contingent asset or liability this will be disclosed as a note to the accounts.

1.26 Recognition of Capital Expenditure (de-minimis Policy)

In accordance with International Accounting Standard 16 (IAS 16), the Company recognises non-current assets when all four of the following tests are met:

1. Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
2. Assets expected to be used for more than one financial period.
3. Assets where it is expected that future economic benefit will flow to the Company.
4. Assets where the cost can be reliably measured.

The capital cost of an asset is recognized to be:

1. Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
2. Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.
3. Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Company incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

4. Subsequent expenditure that will substantially increase the market value of the asset.
5. Subsequent expenditure which substantially increases the extent to which the Company can use the asset for the purpose, or in conjunction with the functions of the Company.
6. The Company has a general de-minimis level of £1,000 for capital expenditure purposes.
7. Capital Assets are held on the Statement of Financial Position as non-current assets, unless otherwise stated.

1.27 Group Boundary

Happy to Help (Northampton) Community Interest Company was incorporated on the 18th July 2018. Happy to Help (Northampton) is a community Interest Company that is wholly owned by the Northampton Partnership Homes, but which has its own board of Directors. It is a company Limited by Guarantee (CLG) and is a not for profit organisation.

Happy to Help (Northampton) Community Interest Company is a subsidiary of Northampton Partnership Homes for accounting purposes, and have been consolidated into the company's group accounts.

1.28 Intra Group Transactions

During 2018/19 the Northampton Partnership Homes made payments of £21k to Happy to Help (Northampton) Community Interest Company. At 31st March 2019 there was a debtor balance of £13.6k, and a creditor balance of £63.9k with Happy to Help (Northampton) Community Interest Company.

1.29 Basis of consolidation

The Consolidated Financial Statements includes Northampton Partnership Homes and its subsidiary Happy to Help (Northampton) Community Interest Company (together the Group). The result of the subsidiary is included in the consolidated statement of Comprehensive Income from the date of the formation. All intra-group transactions, balances, surpluses and deficits are eliminated in full on consolidation.

1.30 Accounting Policies

In preparing the Group Accounts the accounting policies of Happy to Help (Northampton) Community Interest Company have been aligned with those of the Northampton Partnership Homes.



2. Revenue

Income is derived wholly from within the United Kingdom from the Company's principal activity of housing management.

	Group	
	2018/19	2017/18
	£000's	£000's
Management fee paid by Northampton Borough Council	51,179	49,416
Other Revenue	81	-
	51,261	49,416
Analysed as:		
Management Fee - Housing Revenue Account	12,983	13,401
Management Fee - General Fund	341	314
Management Fee - Repairs & Maintenance	12,392	12,203
Management Fee - Capital	25,229	23,229
Management Fee - Other	234	270
Happy to Help (CIC) - Revenue	81	-
Total Revenue	51,261	49,416

	Company	
	2018/19	2017/18
	£000's	£000's
Management fee paid by Northampton Borough Council	51,179	49,416
	51,179	49,416
Analysed as:		
Management Fee - Housing Revenue Account	12,983	13,401
Management Fee - General Fund	341	314
Management Fee - Repairs & Maintenance	12,392	12,203
Management Fee - Capital	25,229	23,229
Management Fee - Other	234	270
Total Revenue	51,179	49,416

3. Other Expenses

Other expenses comprise of (excluding salaries):

	Group		Company	
	2018/19 £000's	2017/18 £000's	2018/19 £000's	2017/18 £000's
Management Fee - Housing Revenue Account	4,212	4,285	4,220	4,285
Management Fee - General Fund	313	286	313	286
Management Fee - Repairs & Maintenance	7,881	7,493	7,881	7,493
Management Fee - Capital	25,229	23,229	25,229	23,229
Management Fee - Special Services	2,086	1,368	2,086	1,368
Total	39,721	36,661	39,729	36,661

4. Operating Profit

The operating profit is reported after charging the following costs:

	Group		Company	
	2018/19 £000's	2017/18 £000's	2018/19 £000's	2017/18 £000's
External Audit Fees				
– Audit Services	25	19	24	19
– Other Services	7	6	8	6
Internal Audit Fees	40	38	40	38
Operating Lease	356	380	356	380

The following table analyses the nature of expenses as Follows:

Staff costs	11,304	11,999	11,304	11,999
Other Operating Costs	39,721	36,661	39,729	36,661
	51,025	48,660	51,033	48,660

These cost are further analysed as:-

Management Fee - Housing Revenue Account	8,580	8,594	8,588	8,594
Management Fee - Special Services	3,732	3,526	3,732	3,526
Management Fee - General Fund	350	316	350	316
Management Fee - Repairs & Maintenance	13,135	12,996	13,135	12,996
Management Fee - Capital	25,229	23,229	25,229	23,229
	51,025	48,660	51,033	48,660

5. Business combinations

On 18th July 2018 the Company incorporated a subsidiary called Happy to Help (Northampton) CIC. Northampton Partnership Homes Limited owns 100% of this subsidiary. The reason the subsidiary was set up to improve the health, well-being, economy, environment and availability of opportunity for the benefit of NPH residents and their communities. Note 6 contains further information on the new subsidiary.

6. Investment in subsidiary

The table below presents the Company's subsidiary:

	Country of incorporation	Registered Address	Holding	Principal activity
Happy to Help (Northampton) CIC	England and Wales	The Guildhall St.Giles Square Northampton NN1 1DE	100%	Social Enterprise

The results of the subsidiary for the current year are as follows:

	Revenue	Profit/ (loss)	Aggregate of reserves
	£000's	£000's	£000's
Happy to Help (Northampton) CIC	103	89	89

7. Property, Plant and Equipment

Northampton Partnership Homes Ltd currently owns property and plant costing £2k. The value as at 31 March 2019 is nil as they are now fully depreciated. Depreciation has been applied in line with current policy.

8. Intangible Assets

The company does not hold any intangible assets.

9. Inventories

Inventories are stated at cost and relate to van stocks for the responsive repairs service. During the year £110k was charged to operating expenses in the Statement of Comprehensive Income (2018 £177k).

	Group		Company	
	2018/19	2017/18	2018/19	2017/18
	£000's	£000's	£000's	£000's
Inventories	112	98	112	98
Total	112	98	112	98

10. Trade and Other Receivables

The primary debtor at year-end relates to the management fee due from the council. Therefore, credit losses are expected to be immaterial.

	Group		Company	
	2018/19	2017/18	2018/19	2017/18
	£000's	£000's	£000's	£000's
Sundry Debtors	164	41	152	41
Amounts due from Northampton Borough Council	5,618	5,052	5,618	5,052
Happy to Help (CIC)	-	-	14	-
Payments in Advance	178	140	178	140
HMRC - VAT	-	840	-	840
Total	5,960	6,073	5,962	6,073

11. Cash and Cash Equivalents

	Group		Company	
	2018/19	2017/18	2018/19	2017/18
	£000's	£000's	£000's	£000's
Cash in Hand	1	1	1	1
Bank current account	1,665	1,682	1,665	1,682
Happy to Help (CIC) - Bank current account	28	-	-	-
Total cash and cash equivalents	1,694	1,683	1,666	1,683

12. Trade and Other Payables

	Group		Company	
	2018/19 £000's	2017/18 £000's	2018/19 £000's	2017/18 £000's
Trade payables	3,365	3,882	3,365	3,882
Amount owed to Northampton Borough Council	2,801	2,734	2,801	2,734
Happy to Help (CIC)	-	-	64	-
Other Creditors (HMRC VAT)	259	-	259	-
Tax and Social Security	189	188	189	188
Sundry Accruals	141	128	141	128
Total trade and other payables	6,754	6,931	6,818	6,931

13. Finance Costs

	2018/19 £000's	2017/18 £000's
Finance Costs	(370)	(368)
Total	(370)	(368)

14. Taxation

HMRC have confirmed that the activities and transactions between Northampton Borough Council and wholly owned subsidiaries of Northampton Partnership Homes Ltd do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relieviable for corporation tax purposes. It follows that taxable profits or losses should only arise on activities carried out with external organisations. The tax currently payable is based on taxable profit for the year from activities with parties other than the Council and relate principally to the generation of interest income from balances.

15. Cash Flow adjustments and changes in working capital

	Group		Company	
	2018/19	2017/18	2018/19	2017/18
<u>Adjustments (non-cash items)</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Current service costs	2,656	2,799	2,656	2,799
Net pension interest costs	370	369	370	369
Total Adjustment	3,026	3,168	3,026	3,168
	2018/19	2017/18	2018/19	2017/18
<u>Net changes in working capital</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Change in trade and other receivables	113	(1,069)	111	(1,069)
Change in trade and other payables	(177)	1,237	(113)	1,237
Change in employee benefits accrual	4	28	4	28
Movement in Stock	(14)	(25)	(14)	(25)
Capital Expenditure	-	-	-	-
Net changes in working capital	(74)	171	(12)	171

16. Reserves

The Pension Reserve absorbs the timing differences arising from the different arrangements for post-employment benefits and for funding benefits in accordance with statutory provisions. The balance on the Pensions Reserve shows a shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Insurance Reserve is held to manage future liabilities in respect of insurance claims.

Retained earnings of the company represent the accumulated profit.

17. Related Party Transactions

Northampton Partnership Homes Ltd is an Arms-Length Management Company wholly owned by the Council. The Company was established with no share capital and is limited by guarantee.

In the event that the Company is wound up the Council undertakes to contribute such amounts as may be required for the payment of the debts and liabilities of the Company. After the satisfaction of all debts and liabilities, the remaining assets will transfer to the Council's Housing Revenue Account.

The Council has delegated the responsibility for overseeing the management and maintenance of its Housing stock to Northampton Partnership Homes Ltd in accordance with a Management Agreement with effect from 5th January 2015.

Details of the status of the company and the composition of the Board of Directors are given on page 2.

The Council pays the Company a management fee, monthly in advance in accordance with the Management Agreement. The Company has invoiced a total of £13.3m for management services to the Council relating to 2018/19. In addition to this the Company invoices the Council monthly in advance to fund the repairs and maintenance and capital programs at each quarter end the balance owing/owed is adjusted so that the income equates to the expenditure incurred. The Company invoiced the Council £12.4m and £25.2m for the repairs and maintenance and capital fee respectively.

The Council provide facilities to the Company as outlined in the management agreement in addition to this not all contracts had transferred over to the Company and therefore these costs were incurred by the Council and at 31st March 2019 the Council owed the Company £2.8m. The balance is payable on normal commercial terms and does not bear any interest.

Transactions with key management personnel

Key management of the Company comprise of the Executive Management Team (Chief Officers). Key management personnel remuneration includes the following expenses:

	2018/19	2017/18
	£000's	£000's
Wages and salaries	570	385
Social security cost	72	43
Pension cost	71	53
Severance Payments	-	30
Total	713	511

Directors' remuneration

The Directors' of the Company are detailed on page 2. Directors' remuneration includes the following expenses:



	<u>2018/19</u> <u>£000's</u>	<u>2017/18</u> <u>£000's</u>
Wages and salaries	19	5
Total	19	5

18. Ultimate parent company

The company is a wholly owned subsidiary of Northampton Borough Council and the accounts have been consolidated into the Councils' financial statements. These statements are available on the council website.

19. Contingent Liabilities

Northampton Partnership Homes Ltd has no contingent liabilities at the 31st March 2019.

20. Employee Benefit Expense

Expenses recognised for employee benefits are analysed as follows:

	<u>2018/19</u> <u>£000's</u>	<u>2017/18</u> <u>£000's</u>
Wages and salaries	7,727	7,983
Social security cost	753	759
Pension cost	2,656	2,796
Temporary Staff	167	461
Total	11,304	12,000

The average number of full time equivalents for the year was 248 (2017/18: 257).

21. Employee Related Benefit Accrual

The current liabilities recognised for employee remuneration in the Statement of Financial Position consists of the following:

	<u>2018/19</u> <u>£000's</u>	<u>2017/18</u> <u>£000's</u>
Employee related benefit accruals	123	119

The accrual relates to untaken holiday entitlement as at 31st March.

22. Retirement Benefit Obligations

The Company is a member of the Local Government Pension scheme administered by Northampton County Council. This is a funded defined benefit scheme which provides index linked retirement benefits to employees who choose to join.

The scheme was opened on 5th January 2015 when employees of Northampton Partnership Homes Ltd transferred from the Council under Transfer of Undertakings (Protection of Employment) (TUPE). At the time of admission the Company scheme was fully funded under the actuarial valuation assumptions made. However the figures presented in these financial statements are reported under the requirements of IAS19, which are prepared on a different basis to the actuarial valuation.

Employees and the Company pay contributions to the fund. During 2018/19 the employer's rate was 16.4%, (2017/18 16.4%) and employees contribute variable rates which increase on banded salary ranges. At 31st March 2019 the scheme had 229 (2017/18: 236) active members.

A comprehensive actuarial valuation is undertaken every three years and the latest review was undertaken on 31 March 2016 by the actuary Hymans Robertson LLP.

Movements in the present value of the defined benefit obligation are as follows:

	2018/19	2017/18
	£000's	£000's
Opening balance at 1 April	33,236	30,256
Current service cost	2,656	2,799
Interest cost on pension liabilities	933	824
Net contributions by scheme participants	85	163
Remeasurment – (Gain)\Loss on financial assumptions	3,768	(806)
Closing balance at 31 March	40,678	33,236

For determination of the pension obligation the following actuarial assumptions have been used:

<u>Inflationary assumptions</u>	2018/19	2018/19
	End of	Start of
	Period	Period
	%	%
Rate of Inflation (CPI)	2.5	2.4
Rate of Inflation (RPI)	3.5	3.4
Rate of increase in salaries	2.8	2.7
Rate of increase in pensions	2.5	2.4
Discount Rate	2.4	2.7

<u>Mortality assumptions:</u>	2018/19	2018/19
	End of	Start of
	Period	Period
	years	years
Life expectancy for current pensioners aged 65:		
Men	22.1	22.1
Women	24.2	24.2
Life expectancy for future pensioners aged 65 in 20 years time:		
Men	23.9	23.9
Women	26.1	26.1

Analysis of plan assets as follows:

	2018/19	2017/18
	£000's	£000's
Opening balance at 1 April	19,419	16,057
Interest on plan assets	563	456
Remeasurements (assets)	1,247	(88)
Employer contributions	2,810	2,831
Benefits paid	(361)	(297)
Contributions by members	446	460
Closing balance at 31 March	24,124	19,419

<u>Fair value of plan assets</u>	<u>2018/19</u> <u>£000's</u>	<u>2017/18</u> <u>£000's</u>
<u>Equity Securities</u>		
Consumer	2,562	1,387
Manufacturing	920	65
Energy & Utilities	1,334	1,102
Financial Institutions	1,446	1,345
Health Care	954	547
Information Technology	1,319	1,374
Other	-	1,241
<u>Debt Securities</u>		
UK Government	2,082	1,627
<u>Private Equity</u>		
All	456	104
<u>Real Estate</u>		
UK Property funds	-	1,469
Overseas Property Funds	40	70
Infrastructure	2,049	-
Other	-	-
<u>Investment Funds and Unit Trusts</u>		
Equities	8,429	7,141
Bonds	1,858	1,427
<u>Cash and Cash Equivalents</u>		
All	677	520
Total	24,124	19,419

Amounts included in the Statement of Financial position in respect of defined benefit scheme are as follows:

	<u>2018/19</u> <u>£000's</u>	<u>2017/18</u> <u>£000's</u>
Fair value of plan assets	24,124	19,419
Present value of funded obligation	(40,678)	(33,236)
Deficit in scheme	(16,554)	(13,817)

Amounts reported in the Statement of changes in equity in respect of the defined benefit scheme are as follow:

	<u>2018/19</u> £000's	<u>2017/18</u> £000's
<u>Remeasurment (liabilities):</u>		
Experience gain	-	-
Gain/(Loss) on financial assumptions	(3,768)	806
Other	-	-
Remeasurment (assets)	1,247	(88)
Actuarial gain/(loss) recognised in the Statement of Changes in Equity	(2,521)	718

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:

	<u>2018/19</u> £000's	<u>2017/18</u> £000's
Current service cost	(2,656)	(2,799)
Interest cost on pension liabilities	(933)	(824)
Interest on plan assets	563	456
Total charged to the Statement of Comprehensive Income	(3,026)	(3,167)

Current service costs are recognised in Employee Benefit Expenses. Interest cost and administration expenses are recognised in Finance Cost.

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 March 2019	Approximate % increase to Employee Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	5,265
0.5% increase in the Salary Increase Rate	2%	934
0.5% increase in Pension Increases Rate	10%	4,230

Estimated Employer's contributions for the period to 31 March 2020 will be approximately £2,810,000.

23. Finance Income

	2018/19 £000's	2017/18 £000's
Investment income from cash and cash equivalents	4	2
Total	4	2

24. Financial Instruments

Assets

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

		Group		Company	
		Current	Long Term	Current	Long Term
		31/03/2019	31/03/2019	31/03/2019	31/03/2019
Notes		£000's	£000's	£000's	£000's
Trade and other receivables	10	5,960	-	5,962	-
Cash and cash equivalents	11	1,694	-	1,666	-
Total		7,654	-	7,628	-
		Current	Long Term	Current	Long Term
		31/03/2018	31/03/2018	31/03/2018	31/03/2018
		£000's	£000's	£000's	£000's
Trade and other receivables	10	5,232	-	5,232	-
Cash and cash equivalents	11	1,683	-	1,683	-
Total		6,915	-	6,915	-

Liabilities

The table below analyses the Company's current and long-term financial liabilities on a contractual gross undiscounted cash flow basis at the reporting date up to the contractual maturity date.

	Notes	Group		Company	
		Current 31/03/2019 £000's	Long Term 31/03/2019 £000's	Current 31/03/2019 £000's	Long Term 31/03/2019 £000's
Trade and other payables	12	6,307	-	6,371	-
Total		6,307	-	6,371	-
		Current 31/03/2018 £000's	Long Term 31/03/2018 £000's	Current 31/03/2018 £000's	Long Term 31/03/2018 £000's
Trade and other payables	12	6,743	-	6,743	-
Total		6,743	-	6,743	-

Cash Flow

The Company's primary source of revenue is from the Council either through the Management Fee (£13.3m) or the capital (£25.2m) and Repairs & Maintenance Fee (£12.4m) which are invoiced monthly in advance and then adjusted on a quarterly basis to reflect actual expenditure incurred. The timing of these cash inflows ensures the Company can meet its financial obligations.

Credit and Liquidity Risk

The Company ensures that all liabilities are met as they fall due. As stated above the nature of cash inflows gives a safeguard that the Company is exposed to low credit and liquidity risk.

The Company is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties. However, based on the Council's own high credit rating this is assessed to be a very unlikely scenario of low risk.

Interest Rate Risk

The Company has no borrowing and no long term investments. Short term deposits are limited to cash held at the bank and interest received from these short term investments is not critical to the Company's revenue. We therefore consider that the Company is not exposed to interest rate risk in relation to its financial instruments.

25. Operating leases

The Company has one lease agreement in respect of contract hire vehicles. Happy to Help (Northampton) CIC do not have any lease agreement.

Expenditure on operating leases during the year totalled £356k (2017/18 £380k) and was included in operating costs in the Statement of Comprehensive income.

	Within 1 year	1 to 5 years	Total								
	£000's	£000's	£000's								
31st March 2019	289	681	970								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Within 1 year</th> <th style="text-align: center; border-bottom: 1px solid black;">1 to 5 years</th> <th style="text-align: center; border-bottom: 1px solid black;">Total</th> </tr> <tr> <th></th> <th style="text-align: center;">£000's</th> <th style="text-align: center;">£000's</th> <th style="text-align: center;">£000's</th> </tr> </thead> </table>					Within 1 year	1 to 5 years	Total		£000's	£000's	£000's
	Within 1 year	1 to 5 years	Total								
	£000's	£000's	£000's								
31st March 2018	273	932	1,204								

Occupation of the premises by NPH for the period to 31st March 2019 is under a Tenancy at Will Agreement. This arrangement has not been included in the Financial Statements as an operating lease, by virtue of not being classified as a lease.

26. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

