



Northampton Partnership Homes Limited

Company Limited by Guarantee

Consolidated Financial Statements for the year ended 31st March 2020

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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) (left 18th October 2019)

Chris Deery – Independent

Andrew Weatherill – Independent

Andrew Woods – Independent (appointed 18th October 2019)

Clare Whitehead – Tenant

John Connolly – Tenant (Vice Chair)

Godfrey Kanengoni – Tenant

Chris Webb – Tenant (appointed 18th October 2019)

Alan Bottwood – Councillor

Andrew Kilbride – Councillor

Rufia Ashraf – Councillor (left 16th June 2020)

Mary Markham – Councillor

Zoe Smith – Councillor (appointed 16th June 2020)

Executive Management Team (Chief Officers)

Mike Kay – Chief Executive

Paul Satchwell – Executive Director

Julie Petrie – Assistant Director of Human Resources and Organisational Development

Nicola McKenzie – Assistant Director: Housing

Gary Duckmanton – Assistant Director: Property Maintenance & Compliance

Dale Robertson – Assistant Director: Corporate Services and ICT

Helen Town – Assistant Director: Asset Management & Development

Linda Cherrington – Assistant Director: Finance (appointed 16th September 2019)

Registered office

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Northampton
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Company registration number

09019453

Auditors

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Milton Keynes
MK9 1FF

Actuary

Hymans Robertson LLP
One London Wall
London
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Bankers

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

Solicitors

Forbes
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4 Wellington St (St Johns)
Blackburn, Lancashire
BB1 8DD

Solicitors

Shoosmiths LLP
Witan Gate House
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Buckinghamshire
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Solicitors

Tozers LLP
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Solicitors

Trowers and Hamlins
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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 in July 2018 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 company have been consolidated into NPH's financial statements for the year.

Review of business results and performance

The consolidated financial statements for the year ended 31st March 2020 show an operating loss for the year of £89k (2018/19: £236k profit), and a total comprehensive profit of £5,489k (2018/19: £2,652k loss) 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 relivable 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. However, as a Community Interest Company (CIC), Happy to Help has the same corporation tax obligations as any limited company regardless of whether there is a profit intention or not. During the year we approached HMRC for non-statutory clearance, however the response received was that it is not appropriate in this circumstance.

We have now completed our fifth 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

- £100m will be spent over the 5 years on improving homes, Neighbourhood Regeneration and increasing the number of 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 new homes
- Warm Homes Fund started in January 2020 to invest £170,000 to support circa 200 homes-
- Expand the use of renewable energy to minimise the impact to the environment and prevent fuel poverty



Customer Focussed

- Conduct bi-ennial Leaseholder and Tenants Surveys
- Achieved Support Service Accreditation in 2018
- Achieved ASB Accreditation in 2019
- ICS Service Mark Accreditation by 2023
- Invested £6m in Aids & Adaptations by 2023 to maintain tenant independence
- Expand our housing offer to include new build supported housing for adults with physical disabilities mental health problems, learning disabilities and autism by 2021



Opportunity and access for all

- Enhance our online anytime self-service offer, including online repairs reporting, satisfaction surveys and 'Where's my repair Operative?'
- Building up our Resident Involvement offer and engagement opportunities to ensure all can participate



Maximise Partnership

- We will develop and grow our Community Interest Company: Happy 2 Help 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
- We will use our established 10-year partnership with Engie to deliver investment and improvements to existing homes.
- We will grow our now established framework of smaller local contractors and suppliers to assist in the delivery of a local, first class repairs service



Being an effective organisation

- Continue service improvement reviews: repair costs, Community Hubs, SLAs and service charges
- Universal Credit Intervention Plan over the next 3 years from 2018 to support tenants to sustain tenancies whilst maximising income
- Achieve £1.2m 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
- Created a Strategic Apprenticeship Programme
- Reducing our Carbon Footprint by 2023



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 72% (2018/19: 88%) are achieving (within agreed tolerances) or exceeding the target at the end of year. 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. Voids KPI's make up a large proportion of the underachieving measures and although the KPI's were not hit for the full year, at the year all indicators were hitting targets and so the intention is to maintain this level of performance and continue to improve.

Progress against strategic objectives is summarised below. A more comprehensive account can be found in the Corporate Plan 2018-2023 document on the NPH website.

Quality homes and estates

Key Achievements

Garage Site review and refurbishment programme completed

£19.8m invested in estate and property regeneration in 2019-20

Completion in 2019 of car park upgrades and security measures including barriers to all town centre car parks

88% of communal blocks achieving a cleaning assessment standard of A (the highest) or B by 2023

Neighbourhood investment programmes completed in Spring Boroughs, Thorplands, Camp Hill, Blackthorn and Lings. Including new playground in Thorplands and green gym with play area in Spring Boroughs

150 new homes created since 2018.

Ten-year annual cyclical Internal component programme established

Centenary House in Hunsbury completed in 2019 providing homes for 40 families with outside green space, balconies and children's play area

Briar Hill Neighbourhood Event in November 2019 to raise awareness in an area where fly-tipping is a big issue

Customer focussed

Key Achievements

Achieved ASB Service Accreditation with HouseMark with the highest attainment level

Supported over 100 survivors of Domestic Abuse to ensure they live free from further harm and safely

Achieved Supporting People Accreditation in 2019

Conducted over 18,000 welfare checks via the Welfare and Complex Needs Team, ensuring our most elderly and vulnerable tenants have the support they need.

Supported tenants to access over £160,000 in unclaimed benefit payments they are entitled to

Supported over 900 tenants with housing related support with over 95% of tenants who receive the housing related support still sustaining their tenancy

Property Maintenance and Compliance service standards introduced

Invested £1.3m providing aids and adaptations to support people in their homes and in new build adapted homes

Reducing re-let times and achieving lowest level of void numbers

Offered homes to 925 new tenants in 2019-20

Reduced rent arrears and evictions

Increased the supply of accommodation for older people and supported housing by creating 45 flats at Lakeview, opened in 2019

Staff and tenant surveys conducted on customer service

Customer Service Strategy developed in September 2018

Conducted first Leaseholder Satisfaction Survey in 2018

Census Tenant Survey held in 2019

Improving Repairs Right First Time

Opportunity and access for all

Key Achievements

On-line reporting of repairs launched

Tenant volunteers recruited to the CIC

Community involvement projects held, such as the annual Garden Competition and Community Hero Awards

Launch of Daphne, the community bus visiting estates on a timetabled schedule

Tenant Board Members recruited to the CIC

New Equality & Diversity Policy

New Community Hub provision in Spring Boroughs in 2018

Maximise Partnership

Key Achievements

Tackling community safety issues with the county-wide Community Safety Partnership, Northampton Community Safety Board, local hot spot groups and supporting community initiatives

Days of Action held across the town working with partners such as Ryehill Week of Action (19-23 August 2019)

Supporting the Council with delivery of its objectives, the development of the Housing Strategy and increasing the supply of affordable housing

Keeping informed of local and national changes through the Northamptonshire housing management and development forums.

Briar Hill Neighbourhood Event in November 2019 to raise awareness in an area where fly-tipping is a big issue

Working with Northamptonshire County Council on a county-wide Older Persons' Housing Strategy and the development of an extra care scheme at Foxfields

Established contact partnerships with Engle (planned maintenance work), Just Ask (cleaning services) and Continental Landscapes (grounds maintenance) to improve services.

Launched Neighbourhood Plans in 2019/20 to provide key information, facts and services within local estates.

Launched an innovative materials contract with Grafton's for the responsive repairs service in April 2020

Being an effective organisation

Key Achievements

Implementation of the new materials contract supporting the delivery of a new, efficient delivery model

Full review of our Repairs Service to deliver Right First Time

Reduced sickness absence from 14.71 days in 2015/16 to 7.05 days in 2019/20.

Raised over £2,200 in 2018-19 and £8,182 in 2019-20 for our nominated charities voted for by staff.

Introduce Repairs Recharge Policy in 2019

Employee Well-being Policy developed

Delivered a wide variety of training for staff, with 67 passing qualifications and over 3,500 hours training provided through our Learning and Development Programme.

Reduced sickness absence from 14.71 days in 2015/16 to 11.27 in 2017/18.

Annual Employee 'Making A Difference (MAD) Awards' held for the third year to recognise staff commitment and achievements.

Strategic Apprenticeship Programme with 18 apprentices starting with NPH since 2019

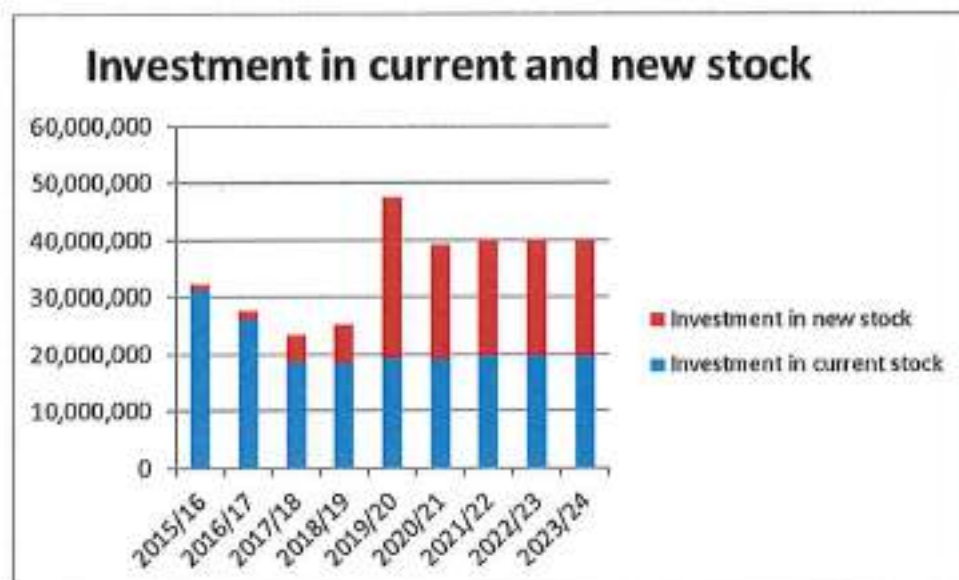
NPH Project Management approach rolled out in 2019

Reviewed Health and Safety and Compliance and delivered improvements to ways of working

Overall the services to the council were delivered within budget with a £6.9m under-spend against the management fee budget. The capital budget was fully committed in the year reflecting a mix of carry forward where certain projects slipped and other works being able to be brought forward. £9.8m on new build projects was carried forward where certain projects were delayed mainly as a result of hold ups through the planning application process and, later in the year, the Coronavirus pandemic. This was reduced by being able to bring forward works on the planned investment programme of around £3.2m.

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 c11,500 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 2019/20 have reduced due to Right to Buy (RTB) sales, which were 125 this year (2018/19: 125), however NPH have delivered the biggest programme of new homes in a number of years adding 122 (2018/19 – 71) 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. We have also developed our offering to other public service entities taking on the development of property for Northampton County Council care services during the year.

The lifting of the HRA borrowing cap by the government in October 2018 has meant 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 and Homes England grant, 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.

Finally, during the year NPH, invested in its first directly owned property. An HMO property at Greenwood Road, Northampton was purchased completing in January 2020. The property was purchased to let to NAASH a local charity providing emergency accommodation to the homeless.

2020/21 Priorities

NPH, along with the rest of the UK and much of the world, enters the new financial year in the middle of the Coronavirus pandemic. The current uncertainty and unparalleled restriction on 'normal life' mean that service plans and budgets that were only just agreed by teams, committees and boards in the last few months are in some doubt. That said, however, our broad priorities remain, and the expectation is that some element of business as usual must return in the relatively short-term.

The immediate priority is to work through this uncertain time protecting the most vulnerable and hardest hit in our communities to the best of our ability and within our remit. We continue to place a high importance on compliance areas and carry out emergency work while stepping up our programme of welfare checks and support. We are also able to work to ensure that as much housing as possible is available and of a habitable standard, so void works and some new development continues.

Where possible we will continue to work on items of the corporate plan that can be progressed. Once we are able to return to something like business as usual service plans will be resumed and the expectation is that we will continue to deliver the services we always have albeit possibly in different ways.

Notwithstanding the current situation NPH's operating environment continues to change at pace, as it has for a number of years 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.

Our customers continue to face social and economic challenges that make life harder. The business will also have to adjust to the effects of Brexit which still cannot yet be fully understood. We continue to monitor the situation with regard to the UK leaving the EU. While it is very difficult to determine what the exact impact might be on NPH we are able to react and plan as more information becomes available. We expect the impact to be felt most through the supply chain. NPH is involved in construction and maintenance, both of which require resources (people and materials) from the EU. So far the impact has been minimal, but much will depend on the nature of the exit and the deals that the government make with both the EU and other worldwide trading partners. We will work with our partners to monitor the situation and mitigate the largest impacts where possible. 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) will continue to be rolled out, albeit at a slower pace than the government initially intended. NPH have continued to see an increase of new UC cases which at the end of the 2019/20 year were 2,201, 19.7% of all tenancies. The next steps from government are to move existing benefit claimants over to UC. This will be done in a staged and controlled way over the next 3-5 years in order that the impact is fully understood, and they can learn from what works and what doesn't as they go along. It is expected that over the next year NPH will not be subject to any transfers and that only new UC claimants will impact the Housing Revenue Account (HRA). The following graph shows the trajectory so far of UC claimants for NPH. The expectation is of a similar increasing trajectory however the impact

of Coronavirus can also be seen in the last month and it is difficult to predict whether there will be a continuing impact.



The political landscape also continues to change for Northampton. Following the General Election in December 2019 legislation has been passed ensuring that Northamptonshire will move to a two unitary model of local government. This will effectively see the winding up of the current borough and district councils as well as the County Council. Northampton Borough Council will become part of the 'West Northamptonshire' Unitary along with Daventry and South Northamptonshire. This will become a reality from 1st April 2021. The impact on NPH will therefore be felt and understood as 2020/21 progresses. The NPH Management Agreement will novate under the new Unitary and we will continue to deliver services in much the same way, however such a seismic shift under our feet will undoubtedly impact on how we do business in the future. We generally see the changes as an opportunity and feel that NPH has the potential to be a key partner to the new unitary.

NPH was set up to ensure that these challenges can be effectively dealt with and plans for 2020/21 target continued improvement to services and the provision of quality housing against this backdrop. Building on the work from the past five years the focus remains on delivering a value for money, customer focused service for tenants and residents and for the council through our Corporate Plan.

Value for Money

At Northampton Partnership Homes (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 frontline services and the Happy to Help Community Interest Company. 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 £26.7m (2019/20 business plan) and NPH had a budgeted management fee of £26.5m of that to enable the delivery of housing services across Northampton.

NPH was set up to provide and improve housing services, with the requirement of refreshing and reinvigorating the Council's housing offering. To monitor this progress, a number of performance measures were put in place. 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

	2013/14	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Actual	Actual	Actual	Target
Headline Social Housing cost, £ per unit		N/A	4,521	4,217	4,470	5,931 ¹	5,785
% satisfied with overall service ²	72%	N/A	N/A	76%	N/A	Replaced	N/A
% CSI satisfied with overall service	N/A	N/A	N/A	N/A	N/A	71%	N/A
% satisfied with value for money of rent ²	66%	N/A	N/A	78%	N/A	79%	N/A
Staff cost per unit		801	808	790	757	823	No target

Note: ¹Overall 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 2018/19 onwards remains outstanding.

² The satisfaction results from 2019/20 onwards are the weighted average Customer Service Index scores given by tenants in response to questions about their experiences of NPH services. This is a new and more appropriate mechanism to capture recent experiences and feedback. Consequently, these scores will be comparable to future but not prior year surveys.

Headline Social Housing Cost has risen year on year reflecting the underlying need to invest in the capital programme, which is particularly noticeable in 2019/20. During 2019/20 and in future years there is substantial investment in the new build capital programme with ambitions to deliver over 1,000 homes

by 2025, this is also reflected in the social housing cost anticipated for 2020/21. This additional investment has been made possible due to the removal of the HRA Borrowing Cap from October 2018.

The demand on housing in Northampton is significant and continues to grow as tenants exercise their Right to Buy depleting housing stock year on year. At the end of the 2019/20 year there were c 3,800 people on the housing register. New housing 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 clearly needed in the area as evidenced by the housing register numbers. Currently there are more than 3,800 people on the housing waiting list, with more than 350 individuals and families living in temporary accommodation and an ever-growing homeless problem that is a symptom of the housing crisis across the country. This increase is clearly a critical need 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 extent of the capital investment is highlighted in the graph included in the Strategic Report on page 9, illustrating the growth over this and future years to help reduce and reverse the current depletion of housing stock. This shows that investment in current stock remains consistent and high at c£20m per annum for the foreseeable future and also that new build investment is not to the detriment of expenditure needed on existing stock.

If capital spend is stripped out of the Headline Social Housing cost indicator the increase is less pronounced and when also considering the inflationary impact, historically this has been almost static. However, during 2019/20 this has grown slightly reflecting the significant investment particularly in compliance work. We have taken the decision to move Electrical testing from a 10-year cycle (regulation) to 5 years (best practice) as well increasing activity on Radon testing.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		Actual	Actual	Actual	Actual	Target
Headline Social Housing cost ex capital, £	2,065	2,160	2,204	2,260	2,355	2,364
% change		4.6%	2.1%	2.5%	4.0%	0.4%
Annual inflation (Apr – Mar)		3.1%	3.3%	2.4%	1.9%	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 a suite of operational service level and satisfaction KPIs.

Satisfaction is measured every two years using the national Survey of Tenants and Residents (STAR) provided by Housemark. The last survey took place in October 2019 and the next full survey will be in Summer/Autumn 2021. Where a direct comparison is available, improvement across a number of these measures can be seen when compared to the base position from 2014/15 which was the first year of operation for NPH. Housemark have been carrying out a review of their satisfaction monitoring methodology and new guidance and approaches have been recommended to move towards using metrics that more effectively capture service user satisfaction levels.

In anticipation of these changes NPH moved to reporting satisfaction using the Customer Service Index (CSI) scoring methodology in 2019/20, which provides results based on experience and importance to the customer on the service received, and not their perception of a service. The CSI scoring is also aligned to NPH's work towards achieving Customer Service Accreditation which is an on-going project with the Institute of Customer Services. The first year of reporting the CSI score is included in the table below. As

this will be the first year of reporting with this new methodology, no target will be fixed. Previous 'STAR' Housemark measures no longer collected and replaced with new CSI measures are shown on the relevant service area performance tables as 'replaced' below.

Combining the improvement in service and new delivery with the underlying headline social housing and staff costs per unit remaining broadly static, it is clear that more has been achieved with the resources available. 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	2019/20	RAG 2019/20	Housemark benchmark quartiles		
						Upper Quartile	Median	Lower Quartile
Staff turnover	%	18.8	15.95	11.6	G	11.1	12.7	18.4
Average days lost to sickness per employee	Days	11.7	7.88	7	G	8.3	9.75	11.05
% of calls answered	%		/	90.8	G	91.95	85.5	80.75
Total arrears and write-offs %	%	3.74	0.38	4.43	A	3.47	4.56	6.24
Current and former tenant arrears %	%	3.35	3.5	4.14	A	3	4.51	5.82
Void loss %	%	0.91	0.77	0.9	A	0.54	0.76	1.07
Average re-let time	Days	26.21	28.79	23.06	A	17.52	23.9	39.13
% of properties vacant	%	1.12	0.94	0.5	G	1.58	1.2	0.9
Direct cost per property of responsive repairs & void works	£	817.32	962	535.93	G	598.52	676.95	813.09
% of repairs completed at the first visit	%	97	98.58	82.98	B	95.21	92.5	86.5
Appointments kept %	%	95.4	99.46	95.76	A	98.4	97.15	95
% of dwellings with a valid gas safety certificate	%	100	100	100	G	100	100	99.97
Average SAP rating	Number	75	75	75	G	74	71.6	69.55
Direct cost per property of estate services	£	124.3	163	120.87	A	108.43	146.56	204.98
Satisfaction with ASB case outcome	%	47	81.1	79.40	B	96.7	89.9	79.4
Satisfaction with ASB case handling	%	49	86.61	86.10	A	96.4	92.45	84.28
Satisfaction with the service provided (STAR)	%	77.9	76.43	/	/	*Housemark methodology review		
Satisfaction with the overall quality of home (STAR)	%	77.1	74.58	/	/			
Satisfaction with neighbourhood as a place to live (STAR)	%	73.9	72.21	/	/			
Satisfaction that rent provides value for money (STAR)	%	79.6	78.42	/	/			
Satisfaction that their views are being listened to and acted upon (STAR)	%	57.2	56.23	/	/			
Average CSI score for NPH services overall	%	/	/	70.80	/	*2020 CSI Scores		
Average CSI score for estate regeneration	%	/	/	71.40	/			
Average CSI score for value for money – service charges	%	/	/	69.00	/			
Average CSI score for the repairs service	%	/	/	72.40	/			
Average CSI score for cleaning services	%	/	/	58.80	/			
Average CSI score for grounds maintenance	%	/	/	56.50	/			
Average CSI score for contacting NPH	%	/	/	61.00	/			
Average CSI score for advice and support	%	/	/	84.50	/			

* Following a Housemark review of the STAR methodology in 2020, NPH moved to a CSI Score in 2019/20 as detailed in the report above

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 5 years it is clear to see from the above that when compared to Housing Association peers there is still plenty more to do.

There are many examples of work that is ongoing to deliver VFM and support for our tenants which include:

By the end of 2019/20 we had completed four major projects supporting our VFM aims within repairs and maintenance, which we are confident will positively impact on future scores in these areas:

- a) The Repairs Improvement Programme phase 1 reviewed right first-time performance and processes, ensuring they are lean and transparent;
- b) The recharges project phase 1 ensuring that a proportion of the cost of repairs that are necessary due to the actions, abuse or neglect of a tenant is recovered. Phase 2 of the project seeks to ensure the full cost of the repair is recovered;
- c) The voids costing project provided us with costing information previously unavailable and therefore enabling us to predict future costs and trends, as well as scrutinising current costs per property, void type and contractor;
- d) The Assets and Component module enhancement project ensuring that all components are automatically loaded, together with replacement and repair cycle updated thereby increasing officer time efficiency, data quality and improved future costs and asset programme modelling. This work has been absorbed using existing resources, thereby reducing the amount of work sub-contracted. Any savings realised through this initiative is being ploughed back into making the in-house service more effective.

Housing officers provide increasing levels of support with social issues that were previously dealt with by other Council budgets. It is impressive therefore that satisfaction continues to improve and highlights the quality of our team. During 2019/20 the Anti-Social Behaviour (ASB) team received formal accreditation, being one of only 12 organisations across the country to achieve this status. Housing Management services are focussed on support and sustainment, which are key to ensuring value is achieved. The financial and social cost of tenancy failure by far exceeds the cost of working with tenants to sustain their tenancies into the long term. In the year there were 6 injunctions and 9 evictions as a result of anti-social behaviour. Taking this clear and decisive action ensures tenants adversely impacted by this behaviour do not terminate their tenancies as the issues are resolved, either due to improvement or removal.

This year also saw a new initiative with the introduction of a Community Bus, Daphne, to support tenants. This service visits all areas of the Borough offering support, sign posting and advice to tenants and provides an opportunity for tenants to meet in a less formal environment.

Also, within the year NPH joined the Institute of Customer Service and are refreshing our ways of working to ensure we are putting the customer at the centre of all we do.

In Summary

We aim to continue to make cost savings while improving the services. At times costs have increased slightly as we look to deliver more, and we believe there is clear value being added through the additional provisions. We are pleased with the direction of travel over the 5 years since NPH was founded. Quality has increased as measured by satisfaction and the 'like for like' cost has decreased since 2015. 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 and are not complacent. The plan for the coming years is to continue to target improvement in the metrics. We are committed and focused on driving up satisfaction and our investment in our association with the Institute of Customer Service will be further supported by our training and culture change programme ensuring we work to put our customers' needs first.

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.

In accordance with the Companies Act 2006, the Board members comply with a duty to act within its powers, a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transactions or arrangements.

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 2019/20 was 80% (2018/19: 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 management team. The Executive team meet weekly and the directors attend meetings of the board and committees.

Subsidiary Board

Happy to Help (Northampton) Community Interest Company has its own Board of Directors which includes one member from NPH Board. Governance arrangements are appropriate to the size and activity of the business. All governance arrangements require the subsidiary to feed into NPH governance structure. Both Boards adhere to a Code of Conduct based on the seven Nolan principles of public life; selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Significant risks and uncertainties

The largest current and emerging risk/uncertainty is the Corona Virus pandemic. At the time of writing the business has scaled back and amended activities in order to comply with government guidelines and to support those in need in the communities we serve. There is uncertainty over the length of time that restrictions will remain in place and what the longer-term impact of some of these will be.

The management fees paid to NPH are set annually in advance and are the financial resources available to deliver services and 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 HRA is funded by rents therefore an increase in bad debt resulting from the Coronavirus situation is the main risk to the HRA and NPH's future management fee. Work carried out at the time of writing suggests an increase in arrears, but it is not anticipated that this will result in a large increase in bad debts which would have to reach high sustained levels before the management fee and capital pots were affected. NPH alongside NBC will continue to review the situation and monitor arrears and bad debt levels to ensure that should a significant problem come on the horizon then early warning triggers and further mitigating actions are in place.

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 closely with the Council. Universal Credit and the current pandemic 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 impacts. Activity to date in the social housing sector suggests that it is almost guaranteed that arrears will rise. 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 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.

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 8th July 2020 and signed on its behalf



D J Latham
Chair

DIRECTORS' REPORT

Board Members

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

The constitutional make-up of the board (tenants, councillors and independent members) ensures a good mix and understanding of stakeholders. All contribute fully to the governance and oversight of NPH and bring a good diversity of experience.

The board interacts with the business, its suppliers and employees as appropriate to their role, utilising a number of channels through-out the year. Board members attend corporate events such as openings, stock tours and tenants' forums. They have regular training and board away days to help develop and maintain ongoing knowledge and understanding. Some employees attend board on an ad hoc basis to present papers and employee related items are regularly reviewed by committees and board. Board members have also spent time shadowing employees in the business in order to increase their understanding and knowledge of NPH. All of this gives them the requisite skills to take decisions and actions such as; signing off on contracts (in line with corporate Financial Regulations and Contract Procedure Rules), agreeing changes to strategies including those centring on people and operational delivery.

The board maintain an appropriate level of scrutiny of the business in line with their terms of reference and codes of conduct. This ensures that they do not stray into senior managements areas of responsibility and become too operational.

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 25.

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

People

Our approach to our people is very simple: to enable the company's growth through recruitment, retention and development of talent.

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

Communication

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 four months. The Making a Difference Awards help recognise excellent employee commitment to the organisation and its customers.

Consultation

As our most important asset we aim to involve our employees in the running of the business. Every two years NPH embarks on a staff satisfaction survey to gauge the opinions of staff. The results of the survey will influence the way we engage with staff, policies, internal processes, the way we conduct our business, and employee terms and conditions. Ad-hoc surveys are sent to employees to ask their opinion on changes to HR policies, social events etc. NPH regularly consults with employees through the recognised Trade Unions (GMB, UNISON, UNITE). Trade Union Consultation meetings took place each month in 2019/20. Topics discussed including policies, restructures, and pay negotiations. The discussions influenced the content of policies, the shape of the structures, and the final pay offer made by NPH. The first pay offer made to the Trade Unions was a 2% increase, after discussion they requested that the minimum hourly rate for the lowest paid employees was increased to £10 per hour, NPH reviewed the financial impact of this and after consideration proposed this to the Board, the Board approved this change and it was implemented from 1 April 2020.

All HR policies are available on the NPH Intranet for all employees to view.

Employee Development

During 2019/20 staffing structures has remained stable, NPH have continued to embrace opportunities 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 electronic appraisal system, based on the organisations 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.

Sustainability

At NPH, we believe that each of our residents, employees, suppliers and stakeholders has a crucial role in creating a sustainable future for Northampton. To help us become a more sustainable organisation we have adopted the One Planet Living framework, which is based on the ten simple principles below.

These principles provide a holistic approach to sustainability and will feature clearly in our plans for the future.

One Planet Living top 10 principles:



If everyone on the planet lived as we do in the UK, we would need three planets to produce and absorb the natural resources consumed.

The concept of One Planet Living works towards the ideal that we must reduce our ecological footprint to within the means of our planet - it is the only one we have!

We have recruited a Sustainability Manager and we are refreshing our sustainability strategy and associated action plans.

This approach to sustainable development will enable NPH to:

- Increase efficiency of service provision, saving money and reducing resource consumption;
- Increase resilience to changing environmental, social and economic challenges;
- Manage risk by anticipating and adapting to future trends and changing demands
- Monitor and report on key social and environmental aspects; and
- Engage stakeholders through effective communication of sustainability ambitions.

Energy and carbon reporting

The following data is included to satisfy our obligation under Streamlined Energy and Carbon Reporting (SECR). We have followed the 2019 UK Government environmental reporting guidance and the ISO 14064-1:2019 methodology for reporting greenhouse gases, established by the International Organisation for Standardization. We have used the 2019 UK Government's Conversion Factors for Company Reporting.

We have used the financial control approach to define the organisational boundary. Scope 3 emissions have been included where sufficient and robust data has been available, most notably for all forms of waste disposal, water supply and treatment, and grey miles.

This is our first formal reporting of energy and carbon data, enabling us to fix a baseline and plan a targeted and systematic approach for continual improvement of environmental performance. An intensity ratio provides a figure of tCO₂e per property.

Table 1: Energy and Carbon data

		2019/20	2018/19
Energy consumption relevant to scope 1 & 2 emissions (kWh)		9,838,829	9,446,397
Emissions from combustion of gas tCO ₂ e (scope 1)		1,229	1,259
Emissions from combustion of fuel for transport tCO ₂ e (scope 1)		226	218
Emissions from business mileage tCO ₂ e (scope 3)	C	42	50
Emissions from purchased electricity tCO ₂ e (scope 2, location based)		570	527
Total gross emissions tCO ₂ e based on the above	A	2,067	2,054
Intensity ratio: tCO ₂ e as above/number of properties (including leasehold)		0.167	0.166
Total scope 3 emissions tCO ₂ e	B	443	470
Total annual net emissions tCO₂e [A+B-C]		2,468	2,474
Intensity ratio: tCO ₂ e per number of properties (including leasehold)		0.200	0.200

Energy efficiency action taken

In the period covered by the report, a communal heating system has been replaced with a modern modular cascade system. The new system is more efficient with condensing functionality and enhanced control integrated with new energy efficient pumps. LED lighting has been installed in most of our communal residential areas, and our fleet management system has been upgraded. This is expected to reduce electricity, gas and diesel consumption.

We have over 3MW of renewable electricity generating capacity installed on our housing stock. For the period 2019/20 this generated 2,642,272 kWh of renewable electricity, saving 732 tCO₂e.

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 18th October 2019. Mazars was appointed for an initial three-year term of which 2019/20 is the second year.

Approval

The Director's Report was approved by the Board on 8th July 2020 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 2019/20 the Board met approximately every eight 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 eight 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 reviewed 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 13th November 2019. 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 'Reasonable assurance', requiring some minor management action, in the review process in September 2019.

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 bi-monthly 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 2019/20 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 2020 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 2020 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 45, and the consideration in the going concern basis of preparation on page 45 and non-adjusting post balance sheet events on page 62.

During the year under audit, there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

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 19, 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

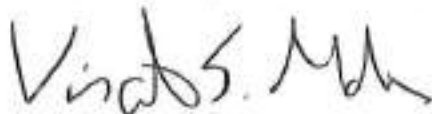
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but

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 9 July 2020

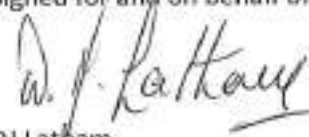
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

	Notes	2019/20 £000's	2018/19 £000's
Revenue	2	67,310	51,261
Total Revenue		67,310	51,261
Employee benefit expenses	4 & 19	(12,565)	(11,304)
Other expenses	3 & 4	(54,834)	(39,721)
Total expenses		(67,399)	(51,025)
Operating (Loss) / Profit		(89)	236
Finance costs	11	(446)	(370)
Finance Income	21	10	4
(Loss) / Profit before tax		(525)	(130)
Taxation	12	(14)	(1)
(Loss) / Profit for the year		(540)	(131)
Other Comprehensive Income			
Remeasurement of pension assets and liabilities	20	6,029	(2,521)
Total Comprehensive Profit / (Loss) for the year		5,489	(2,652)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31st March 2020

	Notes	2019/20 £000's	2018/19 £000's
ASSETS			
Non-Current			
Investment property under construction	6a	334	-
Right of use assets	6b	552	-
Non-current assets		886	-
Current			
Inventories	7	84	112
Trade and other receivables	8	1,387	5,960
Cash and cash equivalent	9	8,129	1,694
Current assets		9,600	7,766
TOTAL ASSETS		10,486	7,766
LIABILITIES			
Current			
Trade and other payables	10a	(8,751)	(6,754)
Lease liabilities	10b	(232)	-
Employee benefits accrual	19	(109)	(123)
Current liabilities		(9,092)	(6,877)
Non-current			
Pension liability	20	(11,244)	(16,554)
Lease liabilities	10b	(356)	-
Non-current liabilities		(11,600)	(16,554)
TOTAL LIABILITIES		(20,692)	(23,431)
NET LIABILITIES		(10,206)	(15,665)
Equity and Reserves			
Pension Reserve		(11,244)	(16,554)
Insurance Reserve		138	138
Retained Earning		900	751
TOTAL EQUITY	14	(10,206)	(15,665)

These Financial Statements were approved by the Board and authorised for issue.
Signed for and on behalf of the Directors on 8th July 2020.


DJ Latham
Chair

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31st March 2020

	Notes	2019/20 £000's	2018/19 £000's
ASSETS			
<u>Non-Current</u>			
Investment in subsidiary	5	-	-
Investment property under construction	6a	334	-
Right of use assets	6b	552	-
Non-current assets		886	-
<u>Current</u>			
Inventories	7	84	113
Trade and other receivables	8	1,378	5,962
Cash and cash equivalent	9	8,064	1,666
Current assets		9,526	7,741
TOTAL ASSETS		10,412	7,741
LIABILITIES			
<u>Current</u>			
Trade and other payables	10a	(8,728)	(6,818)
Lease liabilities	10b	(232)	-
Employee benefits accrual	19	(110)	(123)
Current liabilities		(9,069)	(6,941)
<u>Non-current</u>			
Pension liability	20	(11,244)	(16,554)
Leasing liabilities	10b	(356)	-
Non-current liabilities		(11,600)	(16,554)
TOTAL LIABILITIES		(20,669)	(23,495)
NET LIABILITIES		(10,257)	(15,754)
<u>Equity and Reserves</u>			
Pension Reserve		(11,244)	(16,554)
Insurance Reserve		138	138
Retained Earning		849	662
TOTAL EQUITY	14	(10,257)	(15,754)

Signed for and behalf of the Board of Directors on 8th July 2020.


D J Latham
Chair

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2020

	Notes	Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2019	14 & 20	(16,554)	138	751	(15,665)
<u>Loss for the period</u>		-	-	(540)	(540)
<u>Other Comprehensive income</u>					
Adjustment from the adoption of IFRS16		-	-	(30)	(30)
Remeasurement of pension assets and liabilities	20	6,029	-	-	6,029
Transfers to pension reserve	20	(719)	-	719	-
Total Comprehensive gain for the year		5,310	-	149	5,459
Balance at 31 March 2020		(11,244)	138	900	(10,206)

for the Year Ended 31 March 2019

		Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2018	14 & 20	(13,817)	138	667	(13,012)
<u>Loss for the period</u>		-	-	(131)	(131)
<u>Other Comprehensive income</u>					
Remeasurement of pension assets and liabilities	20	(2,521)	-	-	(2,521)
Transfers to pension reserve	20	(216)	-	216	-
Total Comprehensive loss for the year		(2,737)	-	84	(2,652)
Balance at 31 March 2019		(16,554)	138	751	(15,665)

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2020

	Notes	Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2019	14 & 20	(16,554)	138	662	(15,754)
<u>Loss for the period</u>		-	-	(502)	(502)
<u>Other Comprehensive income</u>					
Adjustment from the adoption of IFRS16		-	-	(30)	(30)
Remeasurement of pension assets and liabilities	20	6,029	-	-	6,029
Transfers to pension reserve	20	(719)	-	719	-
Total Comprehensive gain for the year		5,310	-	187	5,497
Balance at 31 March 2020		(11,244)	138	849	(10,257)

for the Year Ended 31 March 2019

		Pension Reserve £000's	Insurance Reserve £000's	Retained Earnings £000's	Total Equity £000's
Opening Balance at 1st April 2018	14 & 20	(13,817)	138	667	(13,012)
<u>Loss for the period</u>		-	-	(221)	(221)
<u>Other Comprehensive income</u>					
Remeasurement of pension assets and liabilities	20	(2,521)	-	-	(2,521)
Transfers to pension reserve	20	(216)	-	216	-
Total Comprehensive loss for the year		(2,737)	-	(5)	(2,742)
Balance at 31 March 2019		(16,554)	138	662	(15,754)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2020

	Notes	2019/20 £000's	2018/19 £000's
Cash flows from operating activities			
Loss before tax		(540)	(131)
Adjustments (non-cash items)	13	3,624	3,026
Contributions to defined benefit plans	20	(2,899)	(2,810)
Net changes in working capital	13	6,251	(74)
Net Cash flow from operating activities		6,436	11
Net cash change in cash or cash equivalents		6,436	11
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,693	1,682
Cash, cash equivalents and bank overdrafts at the end of the year		8,129	1,693

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 March 2020

	Notes	2019/20 £000's	2018/19 £000's
Cash flows from operating activities			
Loss before tax		(502)	(221)
Adjustments (non-cash items)	13	3,624	3,026
Contributions to defined benefit plans	20	(2,899)	(2,810)
Net changes in working capital	13	6,175	(11)
Net Cash flow from operating activities		6,398	(16)
Net cash change in cash or cash equivalents		6,398	(16)
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,666	1,682
Cash, cash equivalents and bank overdrafts at the end of the year		8,064	1,666

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 Preparation

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.

The adoption of IFRS 16 Leases has resulted in the Group and Company recognising right of use assets and related lease liabilities in connection with all former operating leases except as detailed in note 23.

The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 by recognising the adjustment in general reserves for the current accounting period. A prior period adjustment has therefore not been made.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right of use assets (including in operating costs) and an interest expense on the recognised lease liabilities (included within finance costs). The discount rate applied is specifically tailored for each motor vehicle contract rather than an average or general rate.

Impact of adoption of IFRS 16

IFRS 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on the opening reserves as at 1 April 2019. A reconciliation of the operating lease commitments to the opening right of use asset and lease liability is shown below:

	Operating lease commitments at 31 March 2019 £'000	Incremental borrowing rate (ave) at 1 April 2019 %	Interest calculated on right of use assets at 1 April 2019 £'000	Right of use assets at 1 April 2019 £'000	Lease liability recognised at 1 April 2019 £'000
Motor Vehicles	970	5.41%	(192)	778	808
Total	970		(192)	778	808

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
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
Amendments to IFRS 17, Insurance Contracts	01 January 2022
Amendments to IFRS 9, IAS 39 and IFRS 7, Interest rate on benchmark reform	01 January 2022
Amendments to IAS 1, Presentation of financial statements' on classification of liabilities	01 January 2022

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 Investment Property under construction

Investment property has been recognised at the purchase price and associated costs to date whilst the asset is still under refurbishment. Upon completion of this work a fair valuation will take place annually and the asset value will be adjusted accordingly.

1.9 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 recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- For assets held under operating leases these are adopted as non-current assets per IFRS16 and included at the net present value of the lease payments on an individual agreement basis.
- 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.
- 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.
- Subsequent expenditure that will substantially increase the market value of the asset.
- 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.
- The Company has a general de-minimis level of £1,000 for capital expenditure purposes.
- Capital Assets are held on the Statement of Financial Position as non-current assets, unless otherwise stated.

1.10 Depreciation

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 is based as follows:

ICT equipment for the economic useful life of 3 years

Operating lease assets over the term of the respective motor vehicle lease agreement

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 the Comprehensive Statement of Income within Other Income or Other Expenses as appropriate.

1.11 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.

1.12 Inventories

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

1.13 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.

1.14 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.

1.15 Trade and other payables

Trade payables are recognised at fair value.

1.16 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.

1.17 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 but require no further recognition under IFRS 16. Payments made under these agreements are charges under Other Expenses in the Statement of Comprehensive Income.

For comparative purposes only, the expenditure on operating leases in 2018/19 totalled £356k and was included in operating costs in the Statement of Comprehensive income.

Other operating leases have been capitalised following the adoption of IFRS16 at the net present value of the discounted lease commitments. Depreciation costs and finance costs for these changes are shown in the Comprehensive Statement of Income under other expenses and finance costs respectively.

1.18 Estimation uncertainty

The Company operates a defined benefit pension scheme for its employees and the future obligations and asset returns are based on several 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.

1.19 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 Statement of Comprehensive Income 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 finance costs in the Statement of Comprehensive Income.
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 finance income in the Statement of Comprehensive Income.
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.

1.20 Going concern

The financial statements have been prepared on a going concern basis. Forecast profile of income and expenditure for 2020/21 indicate that cash flows for year will be sufficient to meet all obligations as they become due, including due consideration of the detrimental impact of COVID-19, due to the strong HRA position. There has been an increase in tenants accessing Universal Credit and delays in receipt of rental income however these continue to be actively managed and are not considered to materially impact the strong HRA position.

The payment from NBC in respect 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.*

For clarity, this agreement and the commitment to supporting NPH will continue beyond 1st April 2021 when the Council becomes part of the newly formed West Northamptonshire unitary body.

1.21 Key Judgements

The Company has responsibility to commission and project manage 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 in full for the reimbursement of these costs within the agreed Managed Budget Fee. We consider the NPH 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).

The acquisition of the company's activity from its parent is a transaction between entities under common control and consequently is outside the scope of IFRS 3 Business Combinations. In the absence of specific guidance in IFRS applicable to such transactions, the company has considered guidance that is available under other similar conceptual accounting frameworks and accounted for the business transfer as a group reconstruction using merger accounting principles set out in FRS 6 Acquisitions and Mergers issued by the Accounting Standards Board.

The Directors consider that the application of acquisition accounting, and consequential recognition of goodwill, would fail to reflect the substance of the transaction. No consideration was paid for the business transfer; however, the company did assume the defined benefit pension scheme obligation in relation to employees who transferred to the company as part of the business transfer; no other assets or liabilities were transferred. The difference between the nil consideration and the assumed pension scheme obligation has historically been debited to reserves, as the assumption of the pension scheme obligation is in substance a distribution to its parent. There has been a full triennial valuation during 2019/20 reflecting the reduction in the pension scheme obligation and this improvement has been reflected in the pension reserves shown in the Statement of Financial Position.

1.22 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.

1.23 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 Statement of Comprehensive Income adjusted accordingly.

1.24 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.

1.25 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.

1.26 Exceptional and extraordinary items and prior period adjustments

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

1.27 Contingent assets and liabilities

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

1.28 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.

1.29 Intra Group Transactions

During 2019/20 there were no transactions between Northampton Partnership Homes and Happy to Help (Northampton) Community Interest Company. At 31st March 2020 there is no debtor or creditor balance outstanding with Happy to Help (Northampton) Community Interest Company.

1.30 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.

1.31 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	
	2019/20 £000's	2018/19 £000's
Management fee paid by Northampton Borough Council	67,274	51,179
Other Revenue	36	82
	67,310	51,261

Analysed as:

Management Fee - Housing Revenue Account	14,195	12,983
Management Fee - General Fund	291	341
Management Fee - Repairs & Maintenance	12,046	12,392
Management Fee - Capital	40,512	25,229
Other	230	234
Happy to Help (CIC) - Revenue	36	82
Total Revenue	67,310	51,261

	Company	
	2019/20 £000's	2018/19 £000's
Management fee paid by Northampton Borough Council		
Analysed as:		
Management Fee - Housing Revenue Account	14,195	12,983
Management Fee - General Fund	291	341
Management Fee - Repairs & Maintenance	12,046	12,392
Management Fee - Capital	40,512	25,229
Management Fee - Other	230	234
Total Revenue	67,274	51,179

3. Other Expenses

Other expenses comprise of (excluding salaries):

	Group		Company	
	2019/20	2018/19	2019/20	2018/19
	£000's	£000's	£000's	£000's
Management Fee - Housing Revenue Account	4,299	4,212	4,269	4,220
Management Fee - General Fund	276	313	276	313
Management Fee - Repairs & Maintenance	7,494	7,881	7,494	7,881
Management Fee - Capital	40,512	25,229	40,512	25,229
Management Fee - Special Services	2,253	2,086	2,253	2,086
Total	54,834	39,721	54,803	39,729

4. Operating Profit

The operating profit is reported after charging the following costs:

	Group		Company	
	2019/20	2018/19	2019/20	2018/19
	£000's	£000's	£000's	£000's
External Audit Fees				
– Audit Services	28	25	26	24
– Other Services	3	3	3	3
Internal Audit Fees	40	40	40	40
Depreciation - right of use assets	44	-	44	-
The following table analyses the nature of expenses as follows:				
Staff costs	12,565	11,304	12,565	11,304
Other Operating Costs	54,834	39,721	54,803	39,729
	67,399	51,025	67,369	51,033

These costs are further analysed as follows:-

Management Fee - Housing Revenue Account	9,241	8,580	9,220	8,588
Management Fee - Special Services	4,130	3,732	4,127	3,732
Management Fee - General Fund	328	350	328	350
Management Fee - Repairs & Maintenance	13,189	13,135	13,196	13,135
Management Fee - Capital	40,512	25,229	40,512	25,229
	67,399	51,025	67,383	51,033

5. 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, Happy to Help (Northampton) CIC are as follows:

	2019/20 <u>£000's</u>	2018/19 <u>£000's</u>
Revenue	36	103
(Loss)/Profit	(26)	89
Aggregate of reserves	63	89

6. Non-Current Assets (Group and Company)

6a. Investment property under construction

	Investment property under construction £'000
Cost as at 1 April 2019	-
Costs to date	334
Cost as at 31 March 2020	334

During the year, NPH invested in its first directly owned property. A House in Multiple Occupation (HMO) located on Greenwood Road, was purchased in January 2020. This property has undergone extensive refurbishment and the intention is to lease this property to a local charity Northampton Association for Accommodation of Single Homeless (NAASH) for use as a HMO to help support the growing issues of homelessness across Northampton. The property will be subject to a valuation upon completion and annually thereafter.

6b. Right of use assets, plant and equipment

	Right of use assets £'000	Plant and equipment £'000	Total £'000
Cost as at 1 April 2019	-	2	2
On transition to IFRS 16	1,129	-	1,129
Additions	-	-	-
Disposals	-	-	-
Cost as at 31 March 2020	1,129	2	1,131
Accumulated Depreciation as at 1 April 2019	-	2	2
Accumulated depreciation on transition to IFRS 16	351	-	351
Depreciation charge for the year	226	-	226
Depreciation on disposal	-	-	-
Accumulated depreciation as at 31 March 2020	577	2	579
Net book value as at 31 March 2020	552	-	552
Net book value as at 31 March 2019	-	-	-

The right of use assets are motor vehicles under lease agreements of up to five years, with no option to extend, now recognised following the adoption of IFRS 16.

7. Inventories

Inventories are stated at cost and relate to van stocks for the responsive repairs service. During the year £66k was charged to operating expenses in the Statement of Comprehensive Income (2018/19: £110k).

	Group and Company		Company	
	2019/20 £000's	2018/19 £000's	2019/20 £000's	2018/19 £000's
Inventories	84	112	84	112
Total	84	112	84	112

8. Trade and Other Receivables

The primary debtors at year-end relate to central government and the management fee due from the council. Therefore, credit losses are expected to be immaterial.

	Group		Company	
	2019/20 £000's	2018/19 £000's	2019/20 £000's	2018/19 £000's
Sundry Debtors	924	164	892	152
Amounts due from Northampton Borough Council	211	5,618	228	5,618
Happy to Help (CIC)	-	-	5	14
Payments in Advance	253	178	253	178
HMRC - VAT	-	-	-	-
Total	1,387	5,960	1,378	5,962

9. Cash and Cash Equivalents

	Group		Company	
	2019/20 £000's	2018/19 £000's	2019/20 £000's	2018/19 £000's
Cash in Hand	1	1	1	1
Bank current account	8,063	1,665	8,063	1,665
Happy to Help (CIC) - Bank current account	65	28	-	-
Total cash and cash equivalents	8,129	1,694	8,064	1,666

10. Current Liabilities

10a. Trade and Other Payables

	Group		Company	
	2019/20 £000's	2018/19 £000's	2019/20 £000's	2018/19 £000's
Trade payables	2,327	3,365	2,320	3,365
Amount owed to Northampton Borough Council	1,373	2,801	1,373	2,801
Happy to Help (CIC)	-	-	4	64
Other Creditors (HMRC VAT)	1,504	259	1,504	259
Tax and Social Security	219	189	207	189
Accruals	3,328	141	3,320	140
Total trade and other payables	8,751	6,754	8,728	6,818

10b. Lease Liabilities

	Group		Company	
	2019/20 £000's	2018/19 £000's	2019/20 £000's	2018/19 £000's
Less than 1 month	19	-	19	-
1-3 months	39	-	39	-
Over 3 months	174	-	174	-
Total lease liability less than one year	232	-	232	-
Total lease liability greater than one year	356	-	356	-
Total lease liabilities	588	-	588	-

Note that as IFRS16 was adopted in 2019/20, there are no prior year comparative figures.

11. Finance Costs

Group and Company

	2019/20 £000's	2018/19 £000's
Pensions Interest	(402)	(370)
Interest on lease liabilities	(44)	-
Total	(446)	(370)

12. 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 relievable 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.

	Group		Company	
	2019/20 £000's	2018/19 £000's	2019/20 £000's	2018/19 £000's
Corporation Tax liability	14	1	3	1

Happy to Help (Northampton) CIC is currently seeking alternative ways of working to minimise the taxation liability in order to maximise the benefit from CSR monies provided by NPH suppliers. The tax currently payable is based on taxable profit for the year from activities with parties other than the parent company.

Happy to Help - Corporation Tax

	Liability / (Asset) b/fwd £000's	period ended 31/03/19 £000's	year ended 31/03/20 £000's	Liability/ (Asset) c/fwd £000's
Current taxes				
Prior periods: to 31/03/19	17	(5)		12
Current period: to 31/03/20			-	
Over/(under) provided	(17)	17	-	-
	<u>-</u>			<u>12</u>
Deferred taxes				
Timing differences	-		-	
Over/(under) provided	-	-	-	
	<u>-</u>	<u>12</u>	-	
Adjustment for prior periods			12	
Total charge for the year			<u>12</u>	

13. Cash Flow adjustments and changes in working capital

	Group		Company	
	2019/20	2018/19	2019/20	2018/19
	£000's	£000's	£000's	£000's
Adjustments (non-cash items)				
Current service costs	3,216	2,656	3,216	2,656
Net pension interest costs	402	370	402	370
Net adjustment - adoption of IFRS 16	6	-	6	-
Total Adjustment	3,624	3,026	3,624	3,026
	2019/20	2018/19	2019/20	2018/19
	£000's	£000's	£000's	£000's
Net changes in working capital				
Change in trade and other receivables	4,574	113	4,584	111
Change in trade and other payables	1,997	(177)	1,910	(113)
Change in employee benefits accrual	(14)	4	-	4
Movement in Stock	28	(14)	28	(14)
Capital Expenditure	(334)	-	(334)	-
Net changes in working capital	6,251	(74)	6,188	(12)

14. Reserves

		Group		Company	
		2019/20	2018/19	2019/20	2018/19
<u>Retained Earnings and Reserves</u>	<u>Notes</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Loss for the year		(540)	(131)	(502)	(221)
Adjustment from the adoption of IFRS16		(30)	-	(30)	-
Remeasurement of pension assets and	22	6,029	(2,521)	6,029	(2,521)
Total comprehensive profit / (loss) for the year		5,459	(2,652)	5,497	(2,742)
Analysis of Reserves					
Opening position at 1st April		(15,665)	(13,012)	(15,754)	(13,012)
Profit and Loss (usable)		149	84	187	(5)
Pension surplus / (deficit)		5,310	(2,737)	5,310	(2,737)
		5,458	(2,653)	5,497	(2,742)
Closing position at 31st March		(10,206)	(15,665)	(10,257)	(15,754)

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.

15. 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 £14.5m for management services to the Council relating to 2019/20 (£13.3m: 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 £12.0m and £40.5m for the repairs and maintenance and capital fee respectively (2018/19: £23.4m and £25.2m).

The Council provide facilities to the Company as outlined in the management agreement and at 31st March 2020 the Company owed the Council £1.1m. The balance is payable on normal commercial terms and does not bear any interest.

There have been no transactions with key management personnel or board members during the year (2019: £Nil).

16. 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.

17. Contingent Liabilities

There are no contingent liabilities at the 31st March 2020 (2019: Nil) for the Company and the Group.

18. Employee Benefit Expense

Expenses recognised for employee benefits are analysed as follows:

	Company and Group	
	2019/20	2018/19
	£000's	£000's
Wages and salaries	8,230	7,727
Social security cost	802	753
Pension cost	3,216	2,656
Temporary Staff	317	168
Total	12,565	11,304

The average number of full-time equivalents for the year was 261 (2018/19: 248).

Key management of the Company comprise of the Executive Management Team (Chief Officers).

Key management personnel remuneration includes the following expenses:

	Group and Company	
	2019/20	2018/19
	£000's	£000's
Wages and salaries	624	570
Social security cost	78	72
Pension cost	79	71
Severance Payments	12	-
Total	793	713

Directors' remuneration

The Directors' of the Company are detailed on page 2. Directors' remuneration is as follows:

	Group and Company	
	2019/20	2018/19
	£000's	£000's
Wages and salaries	18	19
Total	18	19

19. Employee Related Benefit Accrual

The current liabilities recognised for employee remuneration in the Statement of Financial Position related to accrued costs in respect of untaken holiday entitlement for employees as at 31st March 2020.

	Group and Company	
	2019/20	2018/19
	£000's	£000's
Employee related benefit accruals	109	123

20. 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 2019/20 the employer's rate was 16.4%, (2018/19: 16.4%) and employees contribute variable rates which increase on banded salary ranges. At 31st March 2020 the scheme had 244 (2018/19: 229) active members.

A comprehensive actuarial valuation is undertaken every three years and the latest review was undertaken on 31 March 2019 by the actuary Hymans Robertson LLP.

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

	2019/20 £000's	2018/19 £000's
Opening balance at 1 April	40,678	33,236
Current service cost	3,216	2,656
Interest cost on pension liabilities	1,018	933
Contributions by scheme participants	469	446
Benefits paid	(399)	(361)
Remeasurement – (gain)\ loss on financial assumptions	(7,170)	3,768
Closing balance at 31 March	37,812	40,678

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

<u>Inflationary assumptions</u>	2019/20 End of Period %	2019/20 Start of Period %
Rate of Inflation (CPI)	1.9	2.5
Rate of Inflation (RPI)	2.8	3.5
Rate of increase in salaries	2.3	2.8
Rate of increase in pensions	1.8	2.5
Discount Rate	2.3	2.4

<u>Mortality assumptions:</u>	2019/20 End of Period years	2019/20 Start of Period years
Life expectancy for current pensioners aged 65:		
Men	21.5	22.1
Women	23.7	24.2
Life expectancy for future pensioners aged 65 in 20 years time:		
Men	22.3	23.9
Women	25.1	26.1

Analysis of plan assets as follows:

	2019/20 £000's	2018/19 £000's
Opening balance at 1 April	24,124	19,419
Interest on plan assets	616	563
Remeasurements (assets)	(1,141)	1,247
Employer contributions	2,899	2,810
Benefits paid	(399)	(361)
Contributions by members	469	446
Closing balance at 31 March	26,568	24,124

<u>Fair value of plan assets</u>	<u>2019/20</u>	<u>2018/19</u>
	<u>£000's</u>	<u>£000's</u>
<u>Equity Securities</u>		
Consumer	57	2,562
Manufacturing	20	919
Energy & Utilities	26	1,334
Financial Institutions	28	1,446
Health Care	13	954
Information Technology	18	1,319
Other		
<u>Debt Securities</u>		
UK Government	151	2,082
<u>Private Equity</u>		
All	24,965	456
<u>Real Estate</u>		
UK Property funds	110	
Overseas Property Funds	8	40
Infrastructure	87	2,049
Other		
<u>Investment Funds and Unit Trusts</u>		
Equities	941	8,429
Bonds	113	1,858
<u>Cash and Cash Equivalents</u>		
All	31	676
Total	26,568	24,124

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

	<u>2019/20</u>	<u>2018/19</u>
	<u>£000's</u>	<u>£000's</u>
Fair value of plan assets	26,568	24,124
Present value of funded obligation	(37,812)	(40,678)
Deficit in scheme	(11,244)	(16,554)

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

	2019/20 £000's	2018/19 £000's
Remeasurement (liabilities):		
Experience gain	265	-
Gain / (loss) on financial assumptions	5,365	(3,768)
Demographic assumptions	1,540	-
Remeasurement (assets)	(1,141)	1,247
Actuarial gain / (loss) recognised in the Statement of Changes in Equity	6,029	(2,521)

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

	2019/20 £000's	2018/19 £000's
Current service cost	(3,216)	(2,656)
Interest cost on pension liabilities	(1,018)	(933)
Interest on plan assets	616	563
Total charged to the Statement of Comprehensive Income	(3,618)	(3,026)

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 overleaf:

	Approximate % increase to Employee Liability	Approximate monetary amount (£000)
Changes in assumptions at 31 March 2020		
0.5% decrease in Real Discount Rate	12%	4,586
0.5% Increase in the Salary Increase Rate	1%	514
0.5% increase in Pension Increases Rate	11%	4,034

Estimated Employer's contributions for the period to 31 March 2021 will be approximately £2,859,000.

21. Finance Income

	Group and Company	
	2019/20 £000's	2018/19 £000's
Investment income from cash and cash equivalents	10	4
Total	10	4

22. 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.

	Notes	Group		Company	
		Current 31/03/2020 £000's	Current 31/03/2019 £000's	Current 31/03/2020 £000's	Current 31/03/2019 £000's
Trade and other receivables	10	1,134	5,782	1,125	5,784
Cash and cash equivalents	11	8,129	1,694	8,064	1,666
Total		9,263	7,476	9,189	7,450

There are no long-term Group or Company assets.

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 31/03/2020 £000's	Long Term 31/03/2020 £000's	Current 31/03/2020 £000's	Long Term 31/03/2020 £000's
Trade and other payables	12a	7,028	-	7,017	-
Leasing liability	12b	232	356	232	356
Employee benefits accrual	21	109	-	110	-
Total		7,370	356	7,359	356

		Group		Company	
		Current	Long Term	Current	Long Term
		31/03/2019	31/03/2019	31/03/2019	31/03/2019
		£000's	£000's	£000's	£000's
Trade and other payables	12a	6,307	-	6,370	-
Leasing liability	12b	-	-	-	-
Employee benefits accrual	21	123	-	123	-
Total		6,430	-	6,493	-

Cash Flow

The Company's primary source of revenue is from the Council through the Management, Capital and Repairs & Maintenance Fees. These are invoiced monthly in advance and then adjusted on a quarterly basis to reflect actual expenditure incurred across each area. 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 an unlikely scenario and therefore 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.

23. Commitments

Occupation of the premises by NPH for the period to 31st March 2020 is under a Tenancy at Will Agreement.

24. Post reporting date events

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