

PATROL ADJUDICATION JOINT COMMITTEE

REPORT FOR RESOLUTION

DATE: 2 June 2008
AGENDA ITEM: Number 14
SUBJECT: Final Revenue and Capital Accounts 2007/08
JOINT REPORT OF: The Lead Officer

PURPOSE OF REPORT

To present to the Joint Committee Final Accounts for the year 2007/2008

RECOMMENDATIONS

It is recommended that the Joint Committee:

- [i] Note the outturn position against the 2007/2008 revenue budget, as detailed in Appendix 1.
- [ii] Receive and approve the 2007/2008 Account for the NPASJC as prepared by the Lead Authority and detailed in the Appendix 2, which includes the Annual Governance Statement 2007/8.
- [ii] Agree to carry forward the excess of income over expenditure in the 2007/2008 Revenue Account to the 2008/2009 Revenue Account.
- [iii] Note the Auditor's report in relation to 2007/08 will be submitted to the committee in due course.
- [iv] Note that changes are required to the delegation arrangements referred to in the Reserves Policy, at Appendix 3. Under Management of Reserves, Item 3 will be replaced with delegated authority to the Lead Officer, in consultation with the Chair and Vice Chair.

CONTACT OFFICERS

Louise Hutchinson, Joint Committee Services, PATROL, Barlow House, Minshull Street, Manchester Tel: 0161 242 5270

BACKGROUND DOCUMENTS

Minutes of the NPASJC Executive Sub-committee meeting held 29th January 2007

1, INTRODUCTION

1.1 The adjudication service is operated on a self-financing basis with income obtained from charges made to member authorities.

1.2 At the meeting of Executive Sub-Committee held on 29th January 2007 it was agreed to: [i] adopt the Revenue Budget estimates for 2007/2008; [ii] adopt a zero capital budget for year 2007/8.

1.3 At the meeting of the Executive Sub-Committee held on 29th January 2007 the Lead Officer was given authorisation in consultation with the Chair, Vice Chair and Assistant Chair to incur expenditure against the revenue budget in excess of the £2,452,276 set by the Committee should the need arise, provided such expenditure is within the total income for the year.

1.4 This report provides details of the 2007/2008 final accounts for approval by the Joint Committee.

2. REVENUE ACCOUNTS

2.1 The accounts for 2007/08 have been recorded and prepared in accordance with the requirements of the Accounts and Audit Regulations 2003. These regulations were amended by further regulations made from 1st April 2006.

2.2 During 2007/2008 the service received income of £2,404,332 and incurred expenditure of £2,226,506 (excluding adjustments relating to pension) producing a revenue contribution to reserves of £177,826 for the year. The combined surpluses as at 31st March 2008 amount to £757,288. In January 2008, the Joint Committee established a Reserves Policy Statement (Appendix 3) which will be reviewed on an annual basis.

2.3 Income for the year, (excluding pensions interest cost and expected return on pension assets) was £47,944 lower than budget. Income is based on the number of penalty charge notices (PCNs) that are issued by each participating council. Additional income of £43,930 was available to the NPASJC through the provision of adjudication services to the Bus Lane Adjudication Services Joint Committee.

2.4 Expenditure in 2007/08 was £225,770 lower than budget due to:

- (1) A contingency of £100,000 not being called upon.
- (2) Recruitment to new staff posts being deferred to 2008/09 pending the outcome of Job Evaluation which was completed in March 2008.
- (3) Lower than anticipated adjudicator costs due to the adjudicator appraisal scheme being deferred until the introduction of the Traffic Management Act on 31st March 2008.
- (4) Expenditure associated with the Independent Review of Parking Documentation and Notices falling into two financial years.

- (5) Expenditure associated with design and printing of Traffic Penalty Tribunal and PATROL re-branded literature falling into two financial years.

3. OTHER STATEMENTS

3.1A number of other statements are included in the accounts to satisfy Regulations. These include a Statement of the Movement of Reserves, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement.

3.2 Notes to the accounts and a statement of the accounting principles used in their preparation are also attached in the Appendix.

3.3 The Joint Committee is recommended to receive and approve the Accounts as shown in the Appendix.

4. ANNUAL GOVERNANCE STATEMENT

The new CIPFA/SOLACE governance framework 'Delivering Good Governance in Local Government' brings together an underlying set of legislative requirements, governance principles and management processes. Where these apply to the functions of the Joint Committee, the framework has been used to review the governance arrangements for the National Parking Adjudication Service (NPASJC) for the period 2007/08.

It is a requirement under the Accounts and Audit (Amendment) (England) Regulations 2006 – SI564/2006 to publish an annual statement on the effectiveness of their internal control framework with the NPASJC's financial statements. Circular 03/2006 clears the way for the Annual Governance Statement (the part of the new CIPFA/SOLACE governance framework that subsumes the Statement of Internal Control or SIC) to be assigned proper practice status and therefore have statutory backing.

The Annual Governance Statement extends the coverage of the SIC to reflect how the organisation conducts its business internally and in its dealings with others. It takes a more holistic approach, providing a statement on the NPASJC's key governance arrangements, within which assurance on internal control is a key element. There is also greater emphasis on assessment of risk management arrangements.

The Annual Governance Statement covering the period April 2007/2008 is presented at Appendix 1 of this report and, once approved, will be contained within the Annual Statement of Accounts as required by the Accounts and Audit Regulations 2003.

The Statement includes the following:

- An introduction setting out an explanation of Corporate Governance and the purpose of the Annual Governance Statement

- A description of the review work within the Joint Committee to provide assurance on the internal control environment.
- A summary of external audit opinions
- A summary of the areas where the Joint Committee will focus its efforts over the coming year.

RECOMMENDATIONS

To note the findings of the review of internal control and the actions proposed to further develop or strengthen elements of the control environment during 2008/09 and approve the Annual Governance Statement.

5. AUDITOR'S REPORT

5.1 In previous years it has usually been possible to provide the committee with the outcome of the Audit Commission's audit report. The Accounts and Audit regulations require a number of steps and stages to be undertaken in respect of the joint committee's accounts, each of which has a defined time scale. These requirements have been further amended by regulations that came into effect on 1st April 2006.

5.2 The regulations require the committee to adopt the accounts before the auditor produces his report. In turn there has to be a public notice for the rights of electors to inspect the accounts and this inspection period has to be 20 working days and can only commence after the committee has adopted the accounts. The auditor is now required to provide an annual governance report and also a value for money report.

5.3 After consultation with the Audit Commission a programme in respect of the accounts for the financial year 2007/08 has been agreed that meets these requirements and is set out below.

Stage	2007/08
Accounts prepared and certified by the Treasurer.	By 30 th June 2008
Accounts submitted to Joint Committee for approval.	By 30 th June 2008
Advertisement of Public Notice for Exercise of Public Rights for electors to inspect the accounts.	13 th June 2008
Period for exercise of rights of inspection.	From 1 st July to 31 st July 2008
Date after which the Auditor may be questioned about or make objections to the accounts.	31 st July 2008
Receive the Auditor's annual audit letter	By 31 st August 2008
Auditor's Annual Governance Report submitted to Joint Committee.	By 30 th September 2008
Publish the Accounts and Auditor's letter	By 30 th September 2008

Outturn against 2007/08 Approved Revenue Budget

Expenditure	Budget 2007/8 £	Actual 2007/8 £	Variance £
Adjudicators	850,636	727,691	-122,945
Staff	668,203	582,407	-85,796
Premises / Accommodation	120,096	144,376	24,280
Transport	48,659	40,268	-8,391
Supplies and services	327,570	408,786	81,216
ICT	278,862	264,178	-14,684
Service Management and Support	50,000	50,000	0
Audit Fee	8,250	8,800	550
Contingency	100,000	0	-100,000
Total Expenditure	2,452,276	2,226,506	-225,770
Income			
Penalty Charge Notices	2,428,502	2,360,402	68,100
Recharge for Bus Lane Adjudication Costs	23,774	43,930	-20,156
Total Income	2,452,276	2,404,332	47,944
Net Surplus/Deficit	0	-177,826	-177,826

ACCOUNTS 2007/08

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**National Parking
Adjudication Service**

**Annual Accounts
2007/2008**

NATIONAL PARKING ADJUDICATION SERVICE
JOINT COMMITTEE

Explanatory Foreword

This statement of accounts is the statutory summary of the National Parking Adjudication Service Joint Committee's (NPASJC) financial affairs for the year 2007/08, in accordance with the Accounts and Audit Regulations 2003. The format of the accounts reflects the requirements of the Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy. It demonstrates the Joint Committee's financial position for the year 2007/08 and presents its overall financial position at the end of that period. An explanatory note covering the purpose of each account is shown below. Further detailed notes are included after the core financial statements.

The purpose of the core financial statement is to give those local authorities who are a party to the NPASJC, their members, electors, local taxpayers and any other interested parties clear information on the overall finances of the NPASJC. They should allow the reader to determine the cost of the National Parking Adjudication Service during 2007/08, where this cost was financed from and the overall assets and liabilities of the NPASJC as at 31 March 2008.

During 2007/2008 the service received income of £2,404,332 and incurred expenditure of £2,226,506 (excluding adjustments relating to pension disclosures) producing a revenue contribution to reserves of £177,826 for the year. The combined surpluses as at 31 March 2008 amount to £757,288.

Income for the year, excluding pensions interest cost and expected return on pension assets was £47,944 lower than budget. Income is mainly based on the number of penalty charge notices (PCNs) that are issued by each participating council. Additional income of £43,930 was available to the NPASJC through the provision of adjudication services to the Bus Lane Adjudication Services Joint Committee. There has been a reduction in planned expenditure of £225,770 which relates mainly to the deferral of recruitment to vacancies following a service review encompassing job evaluation and the non utilisation of the budgeted Contingency (£100,000), as a result of income achieved closely matching forecasted budgeted income.

The 2007/08 accounts comprise of the following main statements:

The Statement of Accounting Policies

This explains the principles, bases, conventions and practices applied by the lead authority that specify how the effects of transactions are to be reflected in the accounts.

The Income and Expenditure Account

This reports the income receivable and the expenditure incurred in operating the National Parking Adjudication Service for the year.

The surplus or deficit achieved represents the amount by which income is greater or less than expenditure. It shows the financial position of the Service before allowing for adjustments required by statute.

The Statement of Movement on Reserve

This statement reports the reconciliation between the Income and Expenditure Account and the final balance on the reserve established by relevant statutory provisions. Details of the movement in year are included in the Notes to the Core Financial Statements.

The Statement of Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses brings together all the recognised gains and losses of the Service during the period and identifies those that have not been recognised in the Income and Expenditure Account.

The Balance Sheet

This reports the balances and reserves at the Services disposal, its long-term indebtedness, and fixed and net current assets employed in the operation of the service, together with summarised information on the fixed assets held.

The Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Statement of Accounting Policies

1. General

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, issued in 2007 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and with the latest guidance notes issued by CIPFA on the application of accounting standards (SSAPs) and Financial Reporting Standards (FRSs).

2. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

The asset values are based on historical cost less accumulated depreciation. Assets have been fully depreciated in 2006/07. Depreciation has been calculated using a straight-line method for all assets, where a finite life could be determined, in accordance with the Accounting Code of Practice.

3. Creditors and Debtors

The revenue and capital accounts are maintained on an accruals basis in accordance with the Accounting Code of Practice. Expenditure is charged to the account in the period in which goods or services are received; similarly, income is credited in the period in which it falls due. The payment or receipt of cash does not determine the period of account.

4. V.A.T.

VAT is excluded from both income and expenditure where it can be recovered.

5. Reserves

The National Parking Adjudication Service maintains a reserve to defray general rather than specific items of future expenditure.

6. Pensions

The National Parking Adjudication Service pays an employer's contribution into the Greater Manchester Pension Fund which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

7. Method of Estimating Pension Fund Liabilities

The pension disclosures have been prepared by an actuary in accordance with guidance note 36 issued by the Institute and the Faculty of Actuaries. In order to assess the value of the employer's liabilities in the fund at 31st March 2008 the value of employer's liabilities have been rolled forward from those at the formal valuation for 31st March 2007 allowing for the different financial assumptions required for 2007/08.

The liabilities for active members have been adjusted to take account of any change in payroll of active members since April 2006. In calculating the asset share the employer's share of the assets allocated as at the latest formal funding valuation has been rolled forward allowing for investment returns (estimated where necessary), the effect of contributions paid into and estimated benefits paid from the fund by the employer and its employees. This approach should not introduce any material distortion in the results.

8. Government Grants and Contributions

Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets, in the Service Revenue Account, in line with the depreciation policy applied to them.

NATIONAL PARKING ADJUDICATION SERVICE

INCOME AND EXPENDITURE ACCOUNT 2007/2008

2006/2007 Actual £		Note	2007/2008 Actual £
	Cost of Service		
695,280	Adjudicators		727,691
703,546	Employees		611,407
82,953	Premises		144,376
36,756	Transport		40,268
562,364	Supplies and Services		731,764
1,400	Interest Payable		0
67,281	Depreciation		0
2,149,580	Gross Total Costs		2,255,506
-2,005,250	Less Fees and Charges		-2,404,332
-12,000	Pensions Interest Cost and Expected Return on Pension Assets		-19,000
-53,334	Amortisation of Government Grants		0
78,996	Deficit / (Surplus) for Year		-167,826

STATEMENT OF MOVEMENT ON RESERVE 2007/2008

78,996	Deficit for the Year on Income and Expenditure Account		-167,826
-111,614	Net additional amount required by Statute and Non Statutory Proper Practices to be debited or credited to the General Reserve for the Year	4	-10,000
-32,618	Increase in General Reserve for the Year		-177,826
-546,844	General Reserve Balance Brought Forward		-579,462
-579,462	General Reserve Balance Carried Forward		-757,288

I certify that the above presents fairly the financial position of the National Parking Adjudication Service at the 31/03/08 and it's income and expenditure.

Richard Paver, City Treasurer 

Date 23 MAY 2008

NATIONAL PARKING ADJUDICATION SERVICE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 2007/2008

2006/2007		2007/2008
£		£
78,996	Deficit for the year on the Income and Expenditure Account	-167,826
-125,000	Actuarial (gains) / losses on pension fund assets and liabilities	-326,000
<u>-46,004</u>	Total recognised (gains) / losses for the year	<u>-493,826</u>

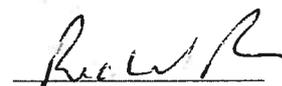
NATIONAL PARKING ADJUDICATION SERVICE

BALANCE SHEET as at 31 MARCH 2008

2006/2007		Note	2007/2008	
£			£	£
	Current Assets			
164,606	Debtors and Payments in Advance	9	173,610	
604,383	Cash at Bank	8	1,034,516	
768,989	Total Current Assets		<hr/>	1,208,126
<hr/>	TOTAL ASSETS			<hr/> 1,208,126
	Current Liabilities			
-189,528	Creditors and Receipts in Advance	10	-450,838	
<hr/>			<hr/>	-450,838
579,462	TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> 757,288
	Long Term Liabilities			
-198,000	(Liability) / Asset Relating to Defined Benefit Pension Scheme			
	Asset Relating to Defined Benefit Pension Scheme	7		118,000
<hr/>	TOTAL ASSETS LESS LIABILITIES			<hr/> 875,288
	Financed By:			
-198,000	Pension Reserve	7		118,000
579,462	Revenue Account Surplus	5		757,288
<hr/>	TOTAL NET WORTH			<hr/> 875,288

Richard Paver, City Treasurer

Date



23 MAY 2008

NATIONAL PARKING ADJUDICATION SERVICE

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2008

2006/2007		Note	2007/2008
£			£
REVENUE ACTIVITIES			
Cash Outflows			
580,546	Cash Paid to and on Behalf of Employees		580,001
1,281,514	Other Operating Cash Payments		1,385,195
<u>1,862,060</u>			<u>1,965,196</u>
Cash Inflows			
-2,346,093	Cash Received for Goods and Services		-2,395,329
<u>-484,033</u>	(Increase) / Decrease in Cash	8	<u>-430,133</u>

Notes to the Core Financial Statements

1. Officers' Remuneration

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:

Remuneration Band	2006/2007 Number of Employees	2007/2008 Number of Employees
£50,000 - £59,999	1	1
£60,000 - £69,999	-	-
£70,000 - £79,999	-	-
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-

2. Audit Fees

The following fees have been paid to the Audit Commission:

	2006/2007 £	2007/2008 £
External Audit Services	7,800	10,000
	7,892	10,000

3. Statement of Movement on the Reserve

The Income and Expenditure Account shows the Service's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.

Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as future benefits earned.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the Reserve Balance.

4. Reconciliation Items for the Statement of Movement on Reserve:

2006/2007 £		2007/2008 £
	Amounts to be included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Reserve for the year	
(67,281)	Depreciation and impairment of fixed assets	0
53,334	Government Grants Deferred Amortisation	
(178,000)	Net charges made for retirement benefits in accordance with FRS 17	(76,000)
	Amounts not included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Reserve for the year	
13,333	Minimum Revenue Provision for Capital Financing	
67,000	Employers contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	66,000
(111,614)	Net additional amount required to be credited to the General Reserve for the year	(10,000)

5. Reserves

The National Adjudication Service maintains a reserve to meet general rather than specific expenditure and fund balances which represents its net worth.

Movements on these reserves were as follows:

	Balance at 1 April 2007 £	Applied 2007/08 £	Contributions 2007/08 £	Balance at 31 March 2008 £
Revenue Reserve	579,462	-	177,826	757,288

6. Authorisation for Issue of the Statement of Accounts

The 2007/08 Statement of Accounts were authorised for issue by Richard Paver, the City Treasurer on 23 May 2008. All events after the balance sheet date until this date have been considered for disclosure as events after the balance sheet date.

7. Pension Scheme

As part of the terms and conditions of employment of its employees, the service offers retirement benefits. Although these benefits will not actually be payable until employees retire, the service has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The service participates in the Greater Manchester Pension Scheme which is a fully funded defined benefits scheme. The last triennial valuation was on 31st March 2007. Tameside MBC administers the scheme on behalf of the Greater Manchester Authorities.

Transactions relating to Retirement Benefits

	2006/2007 £	2007/2008 £
Income and Expenditure Account		
Net Cost of Service:		
Current Service Cost	(109,000)	(95,000)
Past Service Cost	(81,000)	-
Net operating expenditure:		
Interest Cost	(87,000)	(99,000)
Expected Return on Assets in the Scheme	99,000	118,000
Net Charge to the Income and Expenditure Account	(178,000)	(76,000)

Statement of Movement on the Reserve Balance		
Reversal of net charges made for retirement benefits in accordance with FRS17	178,000	76,000
Actual amount charged against the Reserve Balance for pensions in the year	(67,000)	(66,000)
	111,000	10,000

Assets and Liabilities in relation to retirement benefits

	2006/2007 £	2007/2008 £
Estimated liabilities in scheme	(1,870,000)	(1,570,000)
Estimated unfunded liabilities in scheme	-	-
Estimated assets in scheme	1,672,000	1,688,000
Net asset / (liability)	(198,000)	118,000

This has the effect of increasing the Service's reserves by £118,000.

Basis for estimating Assets and Liabilities

The main assumptions used in the actuarial calculations have been:

	2005/2006	2006/2007	2007/2008
Rate of Inflation	3.1%	3.2%	3.6%
Rate of Increase in Salaries	4.6%	4.7%	5.1%
Rate of Increase in Pensions	3.1%	3.2%	3.6%
Rate of Discounting for Scheme Liabilities	4.9%	5.4%	6.9%

The fair value of the assets held by the pension scheme attributable to the Service are analysed as follows:

	Assets at 31 March 2006 £	Assets at 31 March 2007 £	Assets at 31 March 2008 £	Long Term Return at 31 March 2006	Long Term Return at 31 March 2007	Long Term Return at 31 March 2008
Equities	967,000	1,117,000	1,065,000	7.4%	7.8%	7.7%
Bonds	234,000	266,000	315,000	4.6%	4.9%	5.7%
Property	132,000	165,000	147,000	5.5%	5.8%	5.7%
Cash	132,000	124,000	161,000	4.6%	4.9%	4.8%

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2007/2008 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008.

	Year to 31 March 2008 £
Difference between the Expected and Actual Return on Assets	(181,000)
Value of assets	1,688,000
Percentage of Assets	-10.72%
Experience Gains / (Losses) on Liabilities	1,000
Total Present Value of Liabilities	1,570,000
Percentage of the Total Present Value of Liabilities	0.06%
Actuarial Gains / (Losses) recognised in STRGL	326,000
Total Present Value of Liabilities	1,570,000
Percentage of the Total Present Value of Liabilities	20.76%

8. Cash Flow Statement - Increase in Cash

	2006/2007 £	2007/2008 £
Bank Balance at 1 April	120,350	604,383
Movements in Year	484,033	430,133
Bank Balance at 31 March	604,383	1,034,516

9. Debtors and Payments in Advance

	2006/2007 £	2007/2008 £
Amounts Falling Due in One Year	164,606	173,610
Represented By:		
Other Local Authorities	120,240	126,751
Other	44,366	46,859
	164,606	173,610

10. Creditors and Receipts in Advance

	2006/2007 £	2007/2008 £
Amounts Falling in One Year	189,528	450,838
Represented By:		
Other Local Authorities	96,679	126,251
Other	92,849	324,587
	189,528	450,838

11. Financial Reporting and the Euro

No commitments have been entered into at 31 March 2008 in respect of costs likely to be incurred in the introduction of the Euro. At this time the financial implications of the introduction cannot be assessed.

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The National Parking Adjudication Service Joint Committee Responsibilities

The Joint Committee is required:

to make arrangements for the proper administration of its financial affairs and to make secure that one of its officers has responsibility for the administration of those affairs. In this case, that officer is the Service Director;

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

to approve the statement of accounts.

The City Treasurer of Manchester City Council's Responsibilities

The City Treasurer is responsible for the preparation of the Joint Committee's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this statement of accounts, the City Treasurer has:

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that were reasonable and prudent;

complied with the Code of Practice.

The City Treasurer has also:

kept proper accounting records which were kept up to date;

taken reasonable steps for the prevention and detection of fraud and other irregularities.

The statement of accounts presents fairly the position of the Joint Committee as at 31 March 2008, and its income and expenditure for the year ended 31 March 2008.

Richard Paver, City Treasurer  Date 23 MAY 2008

ANNUAL GOVERNANCE STATEMENT 2007/08

Scope of Responsibility

The National Parking Adjudication Service (NPASJC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The NPASJC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the NPASJC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The NPASJC, in so far as it is applicable, is following the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* in preparing this statement. This statement explains how the NPASJC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the NPASJC aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place for the year ended 31 March 2008 and up to the date of approval of the Statement of Accounts.

Review of Our Governance Arrangements

An important element of governance is the internal control environment which comprises the NPASJC's policies, procedures and operations that are in place to:

- Establish and monitor the achievement of the Joint Committee's objectives
- Identify, assess and manage risks to achieving the Joint Committee's objectives
- Facilitate appropriate governance.
- Ensure value for money
- Ensure compliance with established policies, procedures, laws and regulations
- Safeguard the Joint Committee's assets and interests from losses such as arising from fraud, irregularity or corruption
- Ensure the integrity and reliability of information, accounts and data including internal and external reporting and accountability processes.

The NPASJC's governance arrangements have been reviewed against the following key parts of the CIPFA/SOLACE code of governance:

- Focus on the committee's purpose.
- Having clear responsibilities and arrangements for accountability
- Informed, transparent decision making takes place
- Stakeholders are engaged appropriately

Focussing on the NPASJC's Purpose

The NPASJC's agreed primary objectives are set out in the NPASJC Agreement and the objectives of the National Parking Adjudication Service are set out in the Adjudicators' annual report.

Consultation with the tribunal's key stakeholders including appellants and council user groups informs actions to meet these objectives.

Measuring the quality of services for users, ensuring they are delivered in line with objectives and they represent best use of resources

The monitoring of performance against tribunal standards is undertaken by the NPASJC and its Advisory Board.

Having Clear Responsibilities and Arrangements for Accountability

The NPASJC Agreement sets out the functions of the Joint Committee, its Standing Orders, Financial Standing Orders and Rules of Financial Management. A Scheme of Delegation is in place and terms of reference are in place for an Executive Sub Committee and the Joint Committee's Advisory Board.

Good Conduct and Behaviour

The Agreement sets out behavioural standards for Members.

Informed, Transparent Decision Making

The NPASJC is the decision making body with responsibility for formulating policy in line with the functions contained within the Agreement. The Joint Committee delegates specific decision-making responsibilities to its Executive Sub-Committee in line with the agreed Terms of Reference.

Customer Complaints

Complaints regarding the tribunal are handled by the Chief Adjudicator and Tribunal Manager in accordance with established judicial procedures. Complaints regarding Joint Committee matters are handled by the Head of Service.

Risk Management

The management of risks to delivery of the NPASJC's aims and objectives is monitored through the Joint Committee's Executive Sub Committee. The Risk Management Framework will be reviewed on an annual basis by that Committee.

Developing Skills and Capacity

The Tribunal has introduced a competency framework for its staff which will be used to identify development needs. The Chief Adjudicator is responsible for the development needs of Adjudicators. A briefing pack is provided for new councillor representatives.

Review of Effectiveness

The system of internal control is based on a framework arising from the NPASJC's agreement entered into under section 101 (5) of the Local Government Act 1972, Manchester city is the "Lead Authority" on behalf of the NPAS Joint Committee (NPASJC).

The framework includes administrative and reporting procedures to the NPASJC and the Advisory Bard, a scheme of delegation and accountability, financial regulations, and financial management information. Development and maintenance of the system is undertaken by managers within the Lead Authority and NPAS and includes:

- Regular review of the NPASJC governance documentation and associated rules and procedures.
- Reviews of performance
- Reports by the Lead Officer in the discharge of statutory functions.

- Review of the effectiveness of internal controls by the NPASJC's internal auditors.
- Submission of an annual assessment by the Lead Authority's external auditor.

The outcome from these ongoing reviews has been assessed by the Head of Service on behalf of the Lead Officer and in overall terms she is satisfied that the system of internal control is effective or arrangements have been put in place to strengthen control where necessary. The Head of Service, on behalf of the Lead Officer, has also approved a programme of further activity to enhance the process of continuous and annual review and any changes identified will be proposed to the new Joint Committee (PATROL Adjudication Joint Committee), its Executive Sub Committee and Advisory Board.

Audit

The Joint Committee's Executive Sub Committee is responsible for reviewing the activity of internal and external audit in providing assurance over the effectiveness of internal controls.

Internal Audit

MCC delivers the Joint Committee's internal audit service and provides an independent opinion on the adequacy and effectiveness of internal audit control systems. An Annual Audit Plan is agreed. The final report is presented to the Joint Committee's Executive Sub Committee.

External Audit

External audit is undertaken by the external auditors appointed by the Audit Commission to Lead Authority. The Annual Governance Report from the Auditor is presented to the Joint Committee's Executive Sub Committee.

Other Assurance Mechanisms

To support the delivery of the first Annual Governance Statement the officers of the Joint Committee have also carried out a self assessment of:

- The governance arrangements in place for the Joint Committee
- The financial controls in place for the Joint Committee.

This considered the following areas:

- Financial Regulations
- Treasury Management
- Counter Fraud arrangements
- Scheme of Delegation
- Budget Setting and budgetary control
- Financial systems

- Systems to address actions agreed with Internal and External Auditors

The assessment concluded that controls are in place in the above areas.

Significant Governance Issues

Recommendations from the Audit Commission for 2006/07 have resulted in a review of the presentation of accounts which have been taken into account in the preparation of accounts for 2007/08.

Vision and Objectives

The NPASJC's objectives are included in the Agreement. The tribunal's objectives are set out in the Adjudicators' Annual Report.

Resource Management

The NPASJC reviews its services and financial performance through its reporting procedures to the NPASJC and its Advisory Board. A Reserves Policy has been established and will be reviewed on an annual basis by the Joint Committee's Executive Sub Committee.

Performance against tribunal standards is reported to the NPASJC and its Advisory Board. Additional capacity and facilities for performance monitoring and reporting is an identified development area in order to strengthen performance management.

Risk Management

A risk register has been established and will be reviewed by the NPASJC's Executive Sub Committee on an annual basis.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Head of Service on behalf of the Lead Officer

.....

Date

Chair of NPASJC

.....

Date

GLOSSARY OF FINANCIAL TERMS

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Assets

Items of worth which are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. stocks). Fixed assets are assets that yield benefit to the Service for a period of more than one year (i.e. land).

Balances

The reserves of the Service which include the accumulated surplus of income over expenditure for the National Parking Adjudication Service.

Creditors

Amounts owed by the Council for goods and services provided, where payment has not been made at the date of the balance sheet.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities which are expected to arise from employee service in the current financial year.

Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

Debtors

Sums of money owed to the Council but not received at the date of the balance sheet.

Defined Benefit Scheme

A pension or other retirement benefit scheme, other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption and / or other reduction in, the useful economic life of a fixed asset.

Expected Return on Pension Assets

For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Expenditure

Amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment as expenditure is deemed to have been incurred, once the goods or services have been received even if they have not been paid for.

Fees and Charges

Income arising from the provision of services.

Financial Reporting Standards (FRSs)

These are statements prepared by the Accounting Standards Committee that are (established by the major accounting bodies) to ensure consistency in accountancy matters, any departure from these must be disclosed in the published accounts.

Income

Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received, as income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Statement of Standard Accounting Practice (SSAPs)

These are statements prepared by the Accounting Standards Committee (established by the major accounting bodies) to ensure consistency in accountancy matters. A number of the SSAPs have been replaced by FRSs but some remain in force, any departure from these must be disclosed in the published accounts.

NATIONAL PARKING ADJUDICATION SERVICE JOINT COMMITTEE

EXECUTIVE SUB COMMITTEE

REPORT FOR RESOLUTION

DATE: 29th January 2008
AGENDA ITEM Number 9
SUBJECT: Reserves Policy
REPORT OF: The Lead Authority
On behalf of the Advisory Board

PURPOSE OF REPORT

To establish a reserves policy for the Joint Committee.

RECOMMENDATIONS

It is recommended that the Joint Committee adopt:

- [i] The attached Reserves Policy.
- [ii] The reserve level for NPAS being set at £525,000 and, where required, surplus from the revenue account being used to maintain that level of reserves.
- [iii] The Reserves Policy Statement being reviewed on an annual basis.
- [iv] Delegated authority to the Chair and Vice Chair for authorizing the withdrawal of funds from reserves to meet budgetary deficits.
- [v] The use of surpluses which exceed the approved reserve level being taken into account in calculating subsequent budgets for Joint Committee approval.

CONTACT OFFICER

Louise Hutchinson, NPAS Headquarters, Barlow House, Minshull Street, Manchester,
Tel: 0161 242 5270

BACKGROUND DOCUMENTS

Minutes of the NPASJC Executive Sub Committee meeting held 29 January 2007

1.0 INTRODUCTION

- 1.1 NPAS is reliant on a single source of income and aims to be self-financing. NPAS has since its inception built up a body of reserves which ensures the continuation of service should there be an unexpected down turn of income or unforeseen expenditure. The availability of reserves is central to maintaining this ability to self-finance and reducing the likelihood of having to call on additional local authority resources mid-year.
 - 1.2 The purpose of this paper is to establish a Reserves Policy which sets out arrangements for the management of those reserves.
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National Parking Adjudication Service Reserves Policy Statement

Background

NPAS is reliant on a single source of income and aims to be self-financing. NPAS has since its inception built up a body of reserves which ensures the continuation of service should there be an unexpected down turn of income or unforeseen expenditure. The availability of reserves is central to maintaining this ability to self-finance and reducing the likelihood of having to call on additional local authority resources mid-year. The purpose of this policy is to set out arrangements for the management of those reserves.

Revenue Reserves

NPAS has built up the following reserves since inception:

31 March 2000	Surplus of £4,651
31 March 2001	£108,925
31 March 2002	£153,211
31 March 2003	£240,382
1 April 2004	£336,890
1 April 2005	£528,696
31 March 2006	£546,844
31 March 2007	£579,462

Operational Risks

The Joint Committee is aware of the work which is underway in respect of measuring and monitoring risks. The relevant financial risks may be summarized as follows:

- a) Reduction in income as a result of individual local authority issues.
- b) Reduction in income as a result of issues affecting decriminalised parking across all or a majority of local authorities.
- c) Unanticipated costs associated with legal action.
- d) Unanticipated expenditure due to unforeseen circumstances.
- e) Overrun on expenditure
- f) Reliance upon a single source of income

The risk with the most significant impact would be (b) and in planning the appropriate level of reserves to cover any of the above eventualities, this scenario has been used to forecast an appropriate level of reserves. By way of example, should there be a period of six months without income based upon the service charge to local authorities operating decriminalised parking enforcement, the following expenditure could be estimated:

Fixed Costs

1. Maintain premises and associated services/developments
2. Employ salaried staff

Variable Costs

The timelag for appeals resulting from the issue of PCN would mean that there would continue to be a period of handling appeals beyond the time that PCNs are no longer issued. This would affect:

1. Fee paid adjudicator costs
2. Hearing Centre Supervisor costs
3. Hearing Venue Costs
4. Telephone conference calls

Based on 2007/08 budget

Fixed costs:

Salaried Adjudicators and support staff	£834,000
Premises	£120,000
Transport	£ 30,000
Supplies and Services	£760,000
Total Fixed Costs	£1,744,000
Variable costs	£ 708,276
Total Income	£2,452,276

Fixed costs remain during the year, although it is anticipated that there would be a 20% associated reduction in consumables and general running costs giving a total fixed cost of £1,395,200.

Assuming income ceased on 1 April 2007 for six months, variable costs would be expended to manage appeals arising from PCNs issued prior to 1 April during the period 1 April to 31 August 2007 and would recommence approximately 1 January 2008 for appeals received after 1 September 2007. For the purposes of this reserve policy, the assumption is made that this would result in variable costs running at approximately 50%.

In a scenario where no income is received for six months, the following would apply.

Income reduced by 50% =	£1,226,138
Fixed costs =	£1,395,200
Variable Costs =	£ 354,138
Deficit =	£ 523,200

On this basis, the recommended reserve level for the NPASJC is £525,000

Management of Reserves

The National Parking Adjudication Service Joint Committee has approved:

1. The reserve level for NPAS being set at £525,000 and any surplus from the revenue account being used to maintain that level of reserves.
2. The Reserves Policy Statement being reviewed on an annual basis.
3. Delegated authority to the Chair and Vice Chair for authorizing the withdrawal of funds from reserves to meet budgetary deficits.
4. The use of surpluses which exceed the approved reserve level being taken into account in calculating subsequent budgets for Joint Committee approval.

January 2008