

PATROL

Parking and Traffic Regulations
Outside London



**Draft Annual Accounts (issued on 18 June 2010 for
the 29 June 2010 meeting)**

Year Ended 31 March 2010

Annual Statement of Accounts 2009-10

Contents:	Page No :
Foreword by the Head of Service	3
Statement of Responsibilities for the Statement of Accounts	6
Statement of Accounting Concepts and Policies	7
Income and Expenditure Account	11
Statement of Movement on the General Fund Balance	11
Statement of Total Recognised Gains and Losses	12
Balance Sheet	13
Cash Flow Statement	14
Index and Notes to the Core Financial Statements	15
Annual Governance Statement	25
Audit Status	32

Foreword by the Head of Service

Introduction

The Annual Statement of Accounts 2009/10 has been prepared in accordance with all the relevant prescribed Codes of Practice and Reporting Standards.

It represents the statutory summary of the financial affairs of The Joint Committee of England and Wales for the civil enforcement of Parking and Traffic Regulations Outside London (referred to as the PATROL Adjudication Joint Committee or PATROLAJC) for the year 2009/10, in accordance with the Accounts and Audit Regulations 2003 as amended by the 2006 Regulations. It demonstrates the Joint Committee's financial position for the year 2009/10 and presents its overall financial position at the end of that period.

The purpose of the core statements is to give those local authorities who are a party to the PATROLAJC, their members, electors, local taxpayers and any other interested parties clear information on the overall finances of the PATROLAJC. They allow the reader to determine the cost of the PATROLAJC during 2009/10, where this cost was financed from and the overall assets and liabilities of the PATROLAJC as at 31 March 2010.

The following paragraphs give a brief explanation of PATROLAJC's Annual Statement of Accounts.

Statement of Responsibilities for the Statement of Accounts

The statement confirms the responsibilities of the Joint Committee and its Treasurer (The City Treasurer of Manchester City Council acting as Lead Authority to the PATROLAJC) for the production and content of the Annual Statement of Accounts.

Statement of Accounting Policies

The statement explains the accounting convention adopted to present the Annual Statement of Accounts and the accounting policies applied.

Income and Expenditure Account

The income and the expenditure account reports the annual income received and the expenditure incurred in operating the PATROLAJC 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 PATROLAJC before allowing for adjustments required by statute.

Statement of Movement on the General Fund Balance (SMFGB)

The statement reports amounts in addition to the Income and Expenditure Account deficit that are required by statute and non-statutory proper practices to be charged or credited to the general fund.

Statement of Total Recognised Gains and Losses (STRGL)

The Statement brings together the gains and losses from the PATROLAJC's balance sheet with the deficit on the Income and Expenditure Account to show the total movement in the PATROLAJC's net worth for the year.

Balance Sheet

The balance sheet is fundamental to the understanding of the PATROLAJC's financial position at the end of the financial year. The statement reports on its balances on assets, liabilities (long and short-term) and reserves.

Cash Flow Statement

The statement facilitates the assessment of the PATROLAJC's cash flow performance, providing information that assists in assessing its liquidity, solvency and financial adaptability.

Notes to the Financial Statements

These are the notes relating to the above statements.

Annual Governance Statement

This statement summarises the PATROLAJC's review of the effectiveness of its overall governance arrangements including its system of control.

Financial Summary

Income

During 2009/10 the PATROLAJC received income of £2,801,631 (2008-09 £2,411,960), (excluding adjustments relating to statutory pension disclosures). Income for the year was £248,143 higher than budget. Income is mainly based on the number of penalty charge notices (PCNs) that are issued by each participating council. Included in the income figure above is £87,031 (2008-09 £67,392) generated through the provision of adjudication services to the Bus Lane Adjudication Service Joint Committee.

Expenditure

The PATROLAJC incurred expenditure of £2,617,117 (2008-09 £2,636,880), (excluding adjustments relating to statutory pension disclosures) which resulted in an adverse variance of £63,629 (2008-09 £122,347) against the budget. The main contributing factor to this adverse variance relates to increased adjudication costs.

The net effect of the above income and expenditure position is an overall surplus of £184,514 for the year (2008-09 £224,920 deficit). The General Fund Balance as at 31 March 2010 amounts to £716,882. (31 March 2009 £532,368)

Revenue Expenditure

The actual income and expenditure against budget is summarised below:-

	Budget £	Actual £	Variance £
Adjudicators	868,632	1,039,924	171,292
Employees	742,657	759,910	17,253
Premises/Accommodation	173,106	169,828	(3,278)
Transport	38,150	31,658	(6,492)
Supplies & Services	286,958	268,560	(18,398)
Information Technology	328,440	278,012	(50,428)
Service Management & Support	53,045	39,640	(13,405)
Audit Fee	12,500	29,585	17,085
Contingency	50,000	0	(50,000)
Expenditure Total	2,553,488	2,617,117	63,629
Contingency	50,000	0	(50,000)
Fees & Charges	2,503,488	2,798,526	295,038
Bank Interest	0	3,105	3,105
Income Total	2,553,488	2,801,631	248,143
Contribution to General Fund Reserve	0	184,514	184,514

The table above excludes the statutory disclosures relating to FRS 17 pensions.

Retirement Benefits

Additional information is provided on the provisions of FRS17 Retirement Benefits. The objective of FRS17 is to ensure the accounts reflect the assets and liabilities underlying the obligations relating to retirement benefits. Further information on FRS17 is shown in the notes to the financial statements.

The Statement of Responsibilities for the Annual Statement of Accounts

The Parking and Traffic Regulations Outside London (PATROL) Adjudication Joint Committee Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this case, that officer is the Head of Service
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- 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 SORP).

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 local authority SORP.

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 a true and fair view of the position of the Joint Committee as at 31 March 2010, and its income and expenditure for the year ended 31 March 2010



Richard Paver, City Treasurer

18 June 2010

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Joint Committee at the meeting held on 29 June 2010. Signed on behalf of the Parking and Traffic Regulations Outside London Adjudication Joint Committee.

Chair of the Joint Committee

29 June 2010

Statement of Accounting Concepts and Policies

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Statement of Recommended Practice (SORP)), issued in 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The code constitutes proper accounting practice under the terms of section 21(2) of the Local Government Act 2003. The code is based on UK Generally Accepted Accounting Practice (GAAP). As Joint Committees need to reflect statutory conditions, accounting standards are amended for specific statutory adjustments so that the PATROLAJC's accounts present a true and fair view of the financial position and transactions of the PATROLAJC. These adjustments are recognised separately through the Statement of Movement on General Fund Balance (SMGFB). All accounting policies are disclosed where they are material.

The accounting convention adopted in these accounts is historic cost.

1. Fundamental Accounting Concepts

1.1 Relevance

The accounts have been prepared with the objective of providing information about the PATROLAJC's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.

1.2 Reliability

The financial information is reliable as it has been prepared so as to reflect the reality or substance of the transaction, is free from deliberate or systematic bias, is free from material error and has been prudently prepared.

1.3 Understandability

These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary contained within the accounts.

1.4 Materiality

The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not effect the interpretation of the accounts.

2. Pervasive Accounting Concepts

2.1 Accruals

The financial statements, other than the cash flow, are prepared on an accruals basis. Income and Expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

2.2 Going Concern

The accounts have been prepared on the assumption that the PATROLAJC will continue in existence for the foreseeable future.

2.3 Primacy of Legislative Requirements

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Statement of Recommended Practice), issued in 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on UK Generally Accepted Accounting Practice (GAAP) accounting standards amended for specific adjustments so that the PATROLAJC's accounts present a true and fair view of the financial position and transactions of the PATROLAJC.

3. Accounting Policies

Prior period adjustments are made where accounting policy changes or fundamental errors have resulted in material changes to comparative figures within the accounts. Adjustments have been made to figures where it assists the reader of the accounts to gain a better understanding of the prior year comparatives. These have not been highlighted where they do not impact on any of the primary statements.

The PATROLAJC has continued to use the same accounting policies which were used in 2008-09.

The Statement of Movement on the General Fund Balance reconciles the outturn on the PATROLAJ's Income and Expenditure Account established through statutory provisions to the movement on the general fund balance. It is used to neutralise the impact of charges made to the Income and Expenditure Account, which under statute are required to be adjusted for when calculating the movement on general fund balance. Note 5 gives further details of those charges included and excluded from the Income and Expenditure Account when determining this movement.

3.1 Accruals of Income and Expenditure

The revenue accounts of the PATROLAJC are maintained on an accruals basis in accordance with the 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 the consideration is earned. The payment or receipt of cash does not determine the period of account.

3.2 VAT

VAT is only included in expenditure, to the extent that it is not recoverable from HM Revenue and Customs.

3.3 Reserves

The PATROLAJC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred it is charged to the PATROLAJC's revenue account. The reserve is then appropriated back into Statement of Movement on the General Fund Balance so that there is no net charge for the expenditure on the general fund balance.

Reserves to manage the accounting treatment for retirement benefits do not represent usable resources for the PATROLAJC.

3.4 Leases

Leases are classified as either finance or operating leases. To be classed as a finance lease the lease must transfer substantially all the risks and rewards of ownership of an asset to the lessee. The test compares the present value of the minimum lease payments to the fair value of the leased asset. Discounting takes place based on the interest rate implicit in the lease. If the discounted minimum payments are 90% or more than the fair value then it is normally a finance lease. Operating leases are defined as leases that are not finance leases.

Operating Leases

Leasing payments for operating leases are charged to revenue on a straight-line basis over the term of the lease.

3.5 Retirement Benefits

The PATROLAJC 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.

The amount chargeable to the PATROLAJC's revenue account for providing pensions to employees is the amount payable to the pension fund in accordance with the statutory requirements governing the pension scheme. Where this amount does not match the amount charged to the Income and Expenditure Account for the year (i.e. the amount of pension earned by the employees) the difference is taken to the Pensions Reserve. This item is shown as a reconciling item within the Statement of Movement on General Fund Balance.

The following amounts are charged to the Income and Expenditure Account. The current service cost is charged to the net cost of services. Past service costs are shown as non distributed costs within the net cost of services as are gains and losses on settlements and curtailments. The net of interest cost and the expected return on assets are included within net operating expenditure. Unfunded benefits are accrued for in the pension's liability.

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Total Gains and Losses.

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Total Gains and Losses.

3.6 Method of Estimating Pension Fund Liabilities

The pension figures have been prepared by an actuary in accordance with guidance note 36 (Accounting for Retirement Benefits under Financial Reporting Standard 17) issued by the Institute and the Faculty of Actuaries and adopted by the Board for Actuarial Standards in May 2006.

In order to assess the value of the employer's liabilities in the fund at 31st March 2010, the value of employer's liabilities have been brought forward from those at the formal valuation for 31st March 2007 allowing for the different financial assumptions required under FRS17 for the year. In calculating the service cost changes in the pensionable payroll, as estimated from contribution information, have been allowed for. In calculating the asset share, the employer's share of the assets allocated at the latest valuation have been rolled forward allowing for investment returns, the effect of contributions paid into and estimated benefits paid out of the fund.

The estimated liability will not reflect any difference in demographic experience from that assumed, the impact of differences in salary and pension increases and changes for specific individuals and the effect of any changes in the age and length of service structure of the liabilities. In particular it would not allow for the effect of transfers of liabilities affected since the last formal valuation date. This approach does not produce any material distortions in the results provided.

3.7 Financial Assets – Receivables

Receivables are initially measured at fair value and carried at their amortised cost.

3.8 Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost.

3.9 Post Balance Sheet Events

Where an event after the balance sheet date occurs that provides evidence of conditions that existed at the balance sheet date the amounts recognised in the accounts are adjusted. Where an event occurs after the balance sheet date the amounts in the accounts are not adjusted. This is known as a non-adjusting event and is disclosed as a note to the accounts.

PATROL Adjudication Joint Committee

Income and Expenditure Account

2008/09 Actual £	Note	2009/10 Actual £
Cost of Service		
873,818		1,039,924
743,188		724,910
209,705		169,828
45,752		31,658
768,417		615,797
2,640,880		2,582,117
Gross Total Costs		
(2,411,960)		(2,798,526)
0		(3,105)
(8,000)	11	13,000
		Pensions Interest Cost and Expected Return on Pension Assets
220,920		(206,514)
(Surplus) / Deficit for the Year		

Statement of Movement on the General Fund Balance

220,920		(206,514)
4,000	5	22,000
		Net additional Amount Required by Statute and Non-Statutory Proper Practices to be (Credited) or Debited to the General Fund for the Year
224,920		(184,514)
Decrease / (Increase) in General Fund for the Year		
(757,288)		(532,368)
General Fund (Surplus) Brought Forward		
(532,368)		(716,882)
General Fund (Surplus) Carried Forward		



Richard Paver

City Treasurer

18 June 2010

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the PATROLAJC for the year and shows the aggregate (increase) / decrease in its net worth. In addition to the (surplus) / deficit generated on the Income and Expenditure Account, it includes re-measurement of the net liability to cover the cost of retirement benefits.

2008/09	2009/10
£	£
220,920 (Surplus) / Deficit for the year on the Income and Expenditure Account	(206,514)
191,000 Actuarial Losses on pension fund assets and liabilities	689,000
<u>411,920</u> Total recognised Loss for the year	<u>482,486</u>

PATROL Adjudication Joint Committee

Balance Sheet

31 March 2009		Note	31 March 2010
£			£ £
	Current Assets		
222,573	Debtors and Payments in Advance	7	207,291
667,278	Cash in hand	13	1,279,133
889,851	Total Current Assets		<u>1,486,423</u>
<u>889,851</u>	TOTAL ASSETS		<u>1,486,423</u>
	Current Liabilities		
(357,483)	Creditors and Receipts in Advance	8	(769,542)
<u>(357,483)</u>	Total Current Liabilities		<u>(769,542)</u>
<u>532,368</u>	TOTAL ASSETS LESS CURRENT LIABILITIES		
	Long Term Liabilities		
(69,000)	(Liability) Relating to Defined Benefit Pension Scheme	11	(736,000)
<u>463,368</u>	TOTAL ASSETS LESS LIABILITIES		<u>(19,118)</u>
	Financed By:		
(69,000)	Pensions Reserve	9	(736,000)
532,368	General Fund Reserve	9	716,882
<u>463,368</u>	TOTAL NET WORTH		<u>(19,118)</u>


Richard Paver

City Treasurer

18 June 2010

PATROL Adjudication Joint Committee

Cash Flow Statement

2008/09	Note	2009/10
£		£
367,238 Net Cash (inflow)/outflow from Revenue Activities	12	(608,750)
Returns on Investments		
Cash Inflow		
0 Interest Received		(3,105)
<u>367,238</u> (Increase)/Decrease in Cash	13	<u>(611,855)</u>

Notes to the Core Financial Statements

Note 1	Office Holders Emoluments
Note 2	Related Party Transactions
Note 3	Audit Fees
Note 4	Statement of Movement on the General Fund Balance
Note 5	Reconciling Items for the Statement of Movement on the General Fund Balance
Note 6	Assets Held Under Leases
Note 7	Debtors and Payments in Advance
Note 8	Creditors and Receipts in Advance
Note 9	Reserves and Other Balances
Note 10	Authorisation for Issue of the Statement of Accounts
Note 11	Pension Scheme
Note 12	Reconciliation of Surplus / (Deficit) to Net Cash Flow
Note 13	Increase/(Decrease) in Cash
Note 14	Financial Instruments
Note 15	Post Balance Sheet Events

Notes to the Core Financial Statements

Note 1. Office Holders Emoluments

The following number of office holders of the PATROLAJC received remuneration excluding employers pension contributions, in excess of £50,000:

<i>restated</i>		
Remuneration Band	2008/09 Number of Office Holders	2009/10 Number of Office Holders
£50,000 - £54,999	2	1
£55,000 - £59,999	0	1
£60,000 - £99,999	0	0
£100,000 - £104,999	1	0
£105,000 - £124,999	0	0
£125,000 - £129,999	0	1

In addition to the Head of Service, there are 2 Adjudicators included in the table of Office Holders.

Head of Service	2008/09 £	2009/10 £
Salary including fees and allowances	49,869	51,180
Expense Allowances	405	Nil
Total Remuneration Excluding Pension Contributions	50,274	51,180
Employers Pension Contributions	6,782	6,960
Total Remuneration Including Pension Contributions	57,056	58,140

Note 2. Related Party Transactions

During the year, transactions with related parties were as follows:

Payments	2008/09 £	2009/10 £
Greater Manchester Pension Fund - employer's contributions	72,000	89,000

Note 3. Audit Fees

The following amount of fees are payable to Grant Thornton:

	2008/09 £	2009/10 £
External Audit Services	12,000	26,360

Note 4. Statement of Movement on the General Fund Balance

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

Retirement benefits are charged as amounts become payable to the pension funds 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 General Fund Balance.

Note 5. Reconciling Items for the Statement of Movement on the General Fund Balance:

2008/09 £		2009/10 £
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Reserve Balance for the year	
4,000	Amount by which pension costs calculated in accordance with the SORP (i.e. in accordance with FRS17) are different from the contributions due under pension scheme regulations	22,000
4,000	Net additional amount required to be debited to the General Fund Balance for the year	22,000

Note 6. Assets Held Under Leases

Operating Leases

Operating lease rentals on land and buildings paid during the year amounted to £82,350 (2008-09 £120,629).

Undischarged obligations under operating lease agreements at 31st March 2010 amounted to £123,525 (£205,875 as at 31st March 2009).

Payments that the PATROLAJC is committed to make during the next year in respect of operating leases for land and buildings are as follows:

	<i>restated</i> 2008/09 £	2009/10 £
Commitment expires within year	0	0
Commitment expires in second to fifth years	82,350	82,350
Commitment expires over five years	0	0
	82,350	82,350

Note 7. Debtors and Payments in Advance

	2008/09 £	2009/10 £
Amounts Falling Due in One Year	222,573	207,291
Represented By:		
Local Authority Debtors	103,878	48,452
Prepayments	118,695	72,022
VAT	0	86,817
	222,573	207,291

Note 8. Creditors and Receipts In Advance

	2008/09 £	2009/10 £
Amounts Falling in One Year	357,483	769,542
Represented By:		
Other Local Authorities	195,531	590,083
Other	161,952	179,459
	357,483	769,542

Note 9. Reserves and Other Balances

The PATROLAJC maintains two reserves on the Balance Sheet; the General Fund which is a reserve to meet general expenditure, which represents the net worth of the Joint Committee, and the Pensions Reserve which reflects a balancing account to allow inclusion of pensions liability in the Balance Sheet.

Movements on these reserves were as follows:

	31st March 2009 £	Net Movement in Year £	31st March 2010 £
General Fund Reserve	532,368	184,514	716,882
Pensions Reserve	(69,000)	(667,000)	(736,000)
Total Reserves	463,368	(482,486)	(19,118)

Note 10. Authorisation for Issue of the Statement of Accounts

The 2009/10 Statement of Accounts were authorised for issue by Richard Paver, the City Treasurer on 18 June 2010. All the events after the balance sheet date until this date have been considered for disclosure as events after the balance sheet date.

Note 11. Pension Scheme

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

The PATROLAJC participates in the Local Government Pension Scheme which is a fully defined benefits scheme. The last triennial valuation was on 31st March 2007. Tameside MBC administers the scheme on behalf of the PATROLAJC.

Transactions Relating to Retirement Benefits

The cost of retirement benefits in the Net Cost of the PATROLAJC are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the PATROLAJC is based on the cash payable in the year, so the real cost of retirement benefits is reversed out on the Statement of Movement in the General Fund Reserve. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Reserve during the year:

	2008/09 £	2009/10 £
Income and Expenditure Account		
Net cost of Services:		
current service cost	53,000	54,000
past service costs	23,000	0
Net operating expenditure:		
interest cost	111,000	109,000
expected return on assets in the scheme	(119,000)	(96,000)
Net charge to the Income and Expenditure Account	68,000	67,000
Statement of Movement in the General Fund Reserve		
Reversal of net charges made for retirement benefits in accordance with FRS17	4,000	22,000
Actual amount charged against the General Fund Reserve for the pensions in the year:		
Employers' contribution payable to scheme	72,000	89,000

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities:	
	2008/09 £	2009/10 £
1 st April	1,570,000	1,546,000
Current Service Cost	53,000	54,000
Interest Cost	111,000	109,000
Contributions by Scheme Participants	37,000	45,000
Actuarial Losses/(Gains)	(226,000)	1,141,000
Benefits Paid	(22,000)	(23,000)
Past Service Cost	23,000	0
31 st March	1,546,000	2,872,000

Reconciliation of fair value of the scheme assets:

	Local Government	
	2008/09 £	2009/10 £
1 st April	1,688,000	1,477,000
Expected Rate of Return	119,000	96,000
Actuarial Gains/(Losses)	(417,000)	452,000
Employer Contributions	72,000	89,000
Contributions by Scheme Participants	37,000	45,000
Benefits Paid	(22,000)	(23,000)
31 st March	1,477,000	2,136,000

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £549,000, (2008-09 loss of £291,000).

Scheme History

	2006/07 £	2007/08 £	2008/09 £	2009/10 £
Present Value of Liabilities	(1,870,000)	(1,570,000)	(1,546,000)	(2,872,000)
Fair Value of Assets	1,672,000	1,688,000	1,477,000	2,136,000
Surplus/(Deficit) in the Scheme	(198,000)	118,000	(69,000)	(736,000)

The liabilities show the underlying commitment that the PATROLAJC has in the long run to pay retirement benefits. The total liability of £736,000 has a substantial impact on the net worth of the PATROLAJC as recorded in the Balance Sheet resulting in a negative overall balance of £19,118.

However, statutory arrangements for funding the deficit mean that the financial position of the PATROLAJC remains healthy:

- the deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the PATROLAJC in the year 31st March 2011 is £83,000.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme's assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

The main assumptions used in their calculations have been:

	2008/09	2009/10
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity Investments	7.0%	7.8%
Bonds	5.4%	5.0%
Other	8.9%	10.6%
Mortality Assumptions:		
Longevity at 65 for Current Pensioners		
Men	19.6 years	20.8 years
Women	22.5 years	24.1 years
Longevity at 65 for Future Pensioners		
Men	20.7 years	22.8 years
Women	23.6 years	26.2 years
Rate of Inflation	3.1%	3.8%
Rate of Increase in Salaries	4.6%	5.3%
Rate of Increase in Pensions	6.3%	6.9%
Rate of Discounting Scheme Liabilities	6.9%	5.5%
Take-up of Option to Convert Annual Pension into Retirement Lump Sum – pre April 2008 service	50%	50.0%
- post April 2008 service	n/a	75.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held.

	31 st March 2009	31 st March 2010
Equities	67.0%	67.0%
Bonds	16.0%	16.0%
Other Assets	17.0%	17.0%
	100.0%	100.0%

Actuarial Gains and Losses

The actuarial gains and losses identified on the Pensions Reserve in 2009/10 can be analysed into the following categories measured as a percentage of assets or liabilities at 31st March 2010.

	2007/08	2008/09	2009/10
Difference between the Expected and Actual Return on Assets – Gain/(Loss)	-10.7%	-27.8%	21.2%
Experience Gains/(Losses) on Liabilities	0.1%	0.0%	0.0%

Note 12. Reconciliation of Surplus/(Deficit) to Net Cash Flow

2008/09 £		2009/10 £
(220,920)	Surplus / (Deficit) on Income and Expenditure Account	206,514
	Servicing of Finance Items	
0	Interest Received	(3,105)
	Non Cash Transactions	
(4,000)	Pension Fund Adjustments	(22,000)
	Items on an Accruals Basis	
(48,963)	add Decrease/(Increase) in Debtors and Payments in Advance	15,282
(93,355)	add Increase/(Decrease) in Creditors and Receipts in Advance	412,059
(367,238)	Net Cash Inflow/(Outflow) from Revenue Activities	608,750

Note 13. Increase/(Decrease) in Cash

	2008/09 £	2009/10 £
Cash in hand at 1st April	1,034,516	667,278
Movements in Year	(367,238)	611,855
Cash in hand at 31 March	667,278	1,279,133

Note 14. Financial Instruments

Fair Value of Assets and Liabilities Carried at Amortised Cost

	Carrying Amount 31 st March		Fair Value 31 st March	
	2009 £	2010 £	2009 £	2010 £
Trade Creditors	357,483	769,542	357,483	769,542
Total Financial Liabilities	357,483	769,542	357,483	769,542

	Carrying Amount 31 st March		Fair Value 31 st March	
	2009 £	2010 £	2009 £	2010 £
Trade Debtors	222,573	120,474	222,573	120,474
Total Receivables	222,573	120,474	222,573	120,474

Nature and Extent of Risk arising from Financial Instruments and the Management of those risks

Manchester City Council in line with its Treasury Management Strategy invests any surplus income over expenditure held by the Patrol Adjudication Joint Committee.

Note 15. Post Balance Sheet Events

The PATROLAJC has no adjusting or non-adjusting post balance sheet events.

ANNUAL GOVERNANCE STATEMENT 2009/10

Scope of Responsibility

The PATROL Adjudication Joint Committee (PATROLAJC) 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 PATROLAJC 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 PATROLAJC 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 PATROLAJC, in so far as it is applicable, is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* in developing its Code of Corporate Governance and in preparing this Annual Governance Statement. This statement explains how the PATROLAJC 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 Annual Governance Statement Framework

The Annual Governance Statement Framework comprises the systems processes, 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 PATROLAJC 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 2010 and up to the date of approval of the Statement of Accounts.

Annual Review of Our Governance Arrangements

An important element of governance is the internal control environment which comprises the PATROLAJC'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 PATROLAJC's governance arrangements have been reviewed against the following core principles of the CIPFA/SOLACE code of governance:

- Focus on the committee's purpose and outcomes.
- Clarity through defined functions and roles
- Demonstrating values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective.
- Stakeholders are engaged appropriately

The following summarises the annual review of governance arrangements both in terms of progress against significant issues identified in last year's Annual Governance Statement and a general review of governance arrangements in line with the above six core principles:

Progress against Significant Issues identified in the Annual Governance Statement for 2008/09

The budget setting process for 2010/11 was informed by three year forecasts of income and expenditure.

The new financial accounting system was introduced successfully and the underpinning procedures were considered by Internal Audit as part of their programme for 2009/10. The results of their audit will be presented to the Joint Committee in June 2010.

The Internal Audit Programme for 2010/11 will include a review of the Financial Regulations prior to their approval by the Joint Committee's Executive Sub Committee in June 2010.

Annual Review of Governance Arrangements 2009/10

Focussing on the PATROLAJC's Purpose

The PATROLAJC's agreed primary objectives are set out in the PATROLAJC Agreement and the objectives of the Traffic Penalty Tribunal are set out in the Adjudicators' Annual Reports and on the Traffic Penalty Tribunal's web site at www.trafficpenaltytribunal.gov.uk.

Performance is monitored and reported within a Performance Management Strategy and Framework.

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

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

Clarity through defined functions and roles

The PATROLAJC 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, an Executive Sub Committee (Wales) and the Joint Committee's Advisory Board.

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 in September each year.

The Joint Committee commissions Internal Audit Services from the Lead Authority to provide an independent opinion on the adequacy and effectiveness of internal audit control systems. An Annual Audit Plan is agreed.

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

Following consultation with the Treasurer and Auditors, a separate bank account and accounting system for the Joint Committee has been introduced. This has further strengthened the Joint Committee's governance arrangements and streamlines the financial monitoring process.

Coinciding with the introduction in January 2010 of new arrangements in the Lead Authority for support the preparation of the Joint Committee accounts, adjustments have been made to the Lead Authority service charge for 2009/10 and these new arrangements will be reflected in the service level agreement to be presented to the Joint Committee at its Annual Meeting in September 2010.

Demonstrating values of good governance through upholding high standards of conduct and behaviour.

The Agreement sets out behavioural standards for Members. This is further reiterated through a briefing pack which is issued to new councillors nominated to the Joint Committee. The briefing pack has been reviewed by the Joint Committee in January 2010. In June 2009, the Joint Committee approved of Code of Corporate Governance. This will be reviewed at the June 2010 meeting.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Terms of Reference for the Advisory Board include the consideration of agendas and reports prior to submission to the Joint Committee. Terms of reference are also in place for the Joint Committee's Executive Sub Committee. Both Terms of Reference are reviewed each year. Agendas and reports of the Joint Committee are available electronically and are openly accessible. During 2010/11, work will commence on increasing the range of governance information available through the PATROL web site.

Audit recommendations in relation to publicity around the accounts process will be introduced during 2010/11 including notifying local authorities of the accounting timetable so that this information can be made available through their web sites.

The management of risks to delivery of the PATROLAJC's aims and objectives is monitored through the Joint Committee's Risk Register. This has been subject to review by the Joint Committee in 2009/10.

Arrangements for business continuity management are generally well developed and are subject to regular review.

Developing the capacity and capability of members and officers to be effective.

An appraisal scheme and competency framework for staff has been used to identify development needs. A Learning and Development Policy has been introduced. The induction programme for new staff has been reviewed and strengthened. Staff briefings are held to disseminate information on organisational issues. A briefing pack, which is subject to annual review, is provided to new councillor representatives.

The Chief Adjudicator is responsible for addressing the development needs of Adjudicators and positive feedback has been received on adjudicator training through an evaluation undertaken by the Judicial Studies Board in 2009/10.

Stakeholders are engaged appropriately

Outreach is a key aspect of the work of the tribunal. Consultation with the tribunal's key stakeholders including appellants and council user groups and specific forums to address the differing legislative requirements for Welsh councils informs actions to meet these objectives. The latter has resulted in arrangements being introduced to establish an Executive Sub Committee (Wales).

Review of Effectiveness

The effectiveness of governance arrangements is subject to regular review including:

- Annual review of effectiveness of the governance framework including the Advisory Board considering the draft Annual Governance Statement prior to final approval.
- Regular review of the PATROLAJC governance documentation and associated rules and procedures.
- Reviews of performance in accordance with the agreed Performance Strategy and Framework.
- Reports by the Lead Officer in the discharge of statutory functions.
- Review of the effectiveness of internal controls by the PATROLAJC's internal auditors.
- Submission of an Annual Governance Report by the external auditor.

In addition, the preparation of the Annual Governance Statement was reviewed in 2008/09 and the recommendation in respect of the use of an annual governance statement self assessment framework has been applied in 2009/10. The criteria of the framework are as follows:

Codes, protocols and regulations
Business planning
Performance Management
Risk Management
Financial Management
Human Resources

The assessment for 2009/10 concluded that controls are in place however also highlighted significant governance issues which are reported below.

Significant Governance Issues

Grant Thornton LLP through their audit of 2008/09 accounts identified the importance of:

- Gaining further assurance over the accuracy of Penalty Charge Notice figures which form the basis for the way in which the Joint Committee defrays its expenses. Immediate actions include reviewing the authorising signatories for the councils' formal statistical return to the Joint Committee and reviewing against annual returns made by the councils to the Department for Transport.
- Finalising the opening balance in the Joint Committee's new bank account. This was achieved prior to the 2009/10 year end. This has now been concluded.
- Reviewing the way in which the accounts and audit timetable is advertised. This process has been reviewed for 2010/11. The accounts and audit timetable will be issued to all member councils for them to make available via their web site and will be posted on the PATROL web site as well as being advertised in the London Gazette.
- Ensuring the clarity of communication for the Joint Committee and Member Authorities in relation to the basis for expense apportionment. This has been addressed.

Internal Audit in their review of the Financial Management System identified a number of areas where systems needed to be strengthened and these have been responded to as follows:

Management of cheques

Actions include running missing cheque reports from the finance system; confirmation with bank that cheques have not been banked, and where appropriate cheques cancelled with the bank. All cheques for 2009/10 have been accounted for. For 2010/11, Cheques are only removed when completing a payment run; every payment run is accompanied by a front sheet detailing the sequence of cheque numbers, member of staff who completed the cheque payments and authorising officers who signed the cheques. A missing cheque report is run on a monthly basis.

Payment Records

Procedures have been put in place for 2010/11 including documentation which details the date of the payment run. This document is signed by the two cheque signatories.

Management of purchase cards

For 2010/11, the number of purchase cards has reduced to two with use restricted to the Finance Team. Both cards are stored in a safe and a signing out system is in use.

Budget holder responsibilities

A devolved budget holder framework has been introduced for 2010/11 and all staff involved in purchasing have received training in the new ordering procedure. Changes include budget holder authorisation of payments, record keeping and reporting on variances.

Conclusion

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 PATROL Adjudication Joint Committee, its Executive Sub Committee and Advisory Board.

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 we 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 PATROL Adjudication Joint Committee

..... Date

Audit Status

The Parking and Traffic Regulations Outside London (PATROL) Adjudication Joint Committee's accounts are subject to audit in accordance with the Audit Commission Act 1998 (formerly part of the Local Government Finance Act 1982) and the Code of Practice.