

SOUTH BEDFORDSHIRE DISTRICT COUNCIL
BEDFORDSHIRE COUNTY COUNCIL
LUTON BOROUGH COUNCIL

**LUTON AND SOUTH BEDFORDSHIRE
JOINT COMMITTEE
STATEMENT OF ACCOUNTS 2007-2008
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EXPLANATORY FOREWORD

Introduction

The Luton and South Bedfordshire Joint Committee was created on 13 June 2007 by statutory instrument 2007/1412. There are two committees involved – one established under Section 29 of the Planning and Compulsory Purchase Act 2004, and one established under Section 101 of the Local Government Act 1972.

Two committees are required because whilst the local authorities wish to operate joint arrangements relating to transportation policies as an integral part of the Local Development Framework (which will be developed as a part of the Local Development Scheme), they also wish to work jointly in relation to the preparation of the Local Transport Plan for the designated area. This latter work is an Executive function and is outside of the ambit of the powers contained in Section 29 – so in order to facilitate this aspect a Section 101 committee has been established.

The Joint Committee agreements have been signed by Bedfordshire County Council, Luton Borough Council and South Bedfordshire District Council. The terms of reference of the committees are set out below:

The Section 29 Committee:

1. The Section 29 Committee will act on behalf of the local authorities with full delegation of powers in the following matters within the designated area;
2. Preparation, approval/adoption and maintenance of a Local Development Scheme and Local Development Documents for the designated area. Once adopted the Local Development Documents will become the formal policy of the local authorities;
3. Creating appropriate linkages between the Local Development Documents and the Local Transport Plan;
4. To oversee the consultation and liaison arrangements needs in respect of the Section 29 Committee's functions and to co-ordinate with Local Strategic Partnership and community planning activities;
5. To oversee the resources, budget and work programme for all joint technical work, including appointment of consultants and the establishment, and steering of any Joint Technical Unit or other officer working arrangement established by the local authorities.

The Section 101 Committee:

1. Preparation, recommendation for approval and maintenance of a Local Transport Plan for the designated area. Final adoption of a Local Transport Plan remains a function of the Local Highway Authorities.

For definitions of the various items within the terms of references, please refer to the Glossary on pages 12 to 14.

The Accounts

The Accounts of the Luton and South Bedfordshire Joint Committee for 2007/08 are set out on pages 3 to 11. Due to the fact that the gross expenditure of these committees in aggregate is less than £1m the full provisions of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom does not apply to the form and content of their published accounts. However in 2008/09 gross expenditure is forecast to exceed that level, and so the accounts have been presented in the Code of Practice format with respect to the Income and Expenditure Account and the Balance Sheet. Whilst there are actually two committees involved, the expenditure and income for 2007/08 has not been apportioned between the two committees activities. This aspect will be reviewed for 2008/09. The accounts consist of:

1. Statement of Responsibilities – this shows the principal financial responsibilities of the lead authority for administration matters, South Bedfordshire District Council.
2. Statement of Accounting Policies – this shows the policies adopted in preparing the Accounts.
3. Annual Governance Statement
4. Audit opinion – the Audit Opinion on the 2007/08 Accounts. (tba)
5. Income and Expenditure account – the Joint Committee’s Revenue Account showing Income and Expenditure.
6. Balance Sheet – this summarises the Assets and Liabilities of the Joint Committee at 31 March 2008.

It should be noted that prior to the formation of the S29 and S101 Committees on 13 June 2007, the three partner authorities undertook work in the areas of growth area planning and transportation policy matters under what was termed “virtual” joint working arrangements. The annual costs and income associated with this “virtual” arrangement are reflected in the 2006/07 comparative values, and are also included within 2007/08 to the extent that any such costs were incurred during 2007/08.

STATEMENT OF RESPONSIBILITIES

The Joint Committees are administered by South Bedfordshire District Council, which will apply its procedural and accounting rules and policies in undertaking this function. As a consequence, South Beds District Council is required to:

1. Make arrangements for the proper administration of the Joint Committees financial affairs and to secure that the Chief Financial Officer of South Beds District Council has the responsibility for the administration of those affairs;
2. Manage the Joint Committees affairs to secure economic, efficient and effective use of resources and safeguard its assets;
3. Prepare the Statement of Accounts for approval by the Joint Committee.

In preparing the Statement of Accounts the Chief Finance Officer has:

1. Selected suitable accounting policies and then applied them consistently;
2. Made judgements and estimates that were reasonable and prudent;
3. Complied with the Code of Practice on Local Authority Accounting in the United Kingdom;
4. Kept proper accounting records which were kept up to date; and
5. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF ACCOUNTING POLICIES

GENERAL

The Accounts have been prepared in accordance with the 2007 Code of Practice on Local Authority Accounting in the United Kingdom 2007: a Statement of Recommended Practice, which is recognised by statute as representing proper accounting practice.

These accounts have been prepared in accordance with all the prevailing concepts of accruals and going concern, together with relevance, reliability, comparability, understanding and primacy of legal requirements as set out in FRS18 – Accounting Policies.

Any exceptions to compliance with the Code of Practice are disclosed in the notes that follow.

ACCRUALS OF INCOME AND EXPENDITURE

Income

All income is accrued and accounted for in the period to which the income relates.

Expenditure

The cost of supplies and services is accrued and accounted for in the period during which they were consumed or received. Accrual is made for all material sums unpaid at the year end for goods or services received or works completed.

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Where the amounts are likely to be material, the nature of the contingency is disclosed in the notes to the accounts.

GOVERNMENT GRANTS

Government grants are accounted for on an accruals basis. Income has been credited to the appropriate revenue account.

PENSIONS

The Joint Committee had no employees during 2007/08 and does not operate a pension scheme.

POST BALANCE SHEET EVENTS

Where a material post balance sheet event occurs which:

- provides additional evidence relating to conditions existing at balance sheet date, or

- indicates that application of the going concern concept to a material part of the committee is not appropriate

then appropriate adjustments would be made in the amounts included in the Statement of Accounts.

PROVISIONS

Provisions will be established for any liabilities of uncertain timing or amounts that have been incurred. Provisions will be recognised when:

- the Joint Committee has a present obligation (legal or constructive) as a result of a past event
- it is probable that a transfer of economic benefits will be required to settle the obligation

Provisions will be charged to the revenue account. When a payment for expenditure against a provision is made, the expenditure is charged directly to the provision.

VALUE ADDED TAX

VAT is included in income and expenditure accounts whether of a capital or revenue nature only to the extent that it is irrecoverable.

NOTE:

As the Joint Committee matures, further policies will be required.

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility.

South Bedfordshire District Council, as lead authority for the Joint Committees, is responsible for ensuring that their 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 District Council 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, South Bedfordshire District Council is responsible for putting in place proper arrangements for the governance of the Joint Committees affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

South Bedfordshire District Council, for itself, has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (CIPFA 2007). A copy of the code is on our website at www.southbeds.gov.uk/ or can be obtained from:

South Bedfordshire District Council
Committee Services
The District Offices
High Street North
Dunstable
Bedfordshire
LU6 1LF

South Bedfordshire District Council will apply the principles of its approach to corporate governance when regulating the affairs of the Joint Committees. This statement explains how the Joint Committees have complied with the code and also how they meet 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 council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the council 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, 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 council's policies, aims and objectives. It is also designed to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework described below has been in place at South Bedfordshire District Council for the year ended 31 March 2008 and up to the date of approval of this statement of accounts.

The Governance Framework.

The South Beds District Council governance framework derives from six core principles identified in a 2004 publication entitled The Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute Of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

- a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- e) Developing the capacity and capability of members and officers to be effective; and
- f) Engaging with local people and other stakeholders to ensure robust public accountability.

South Bedfordshire District Council will apply these six principles, where appropriate, in regulating the affairs of the Joint Committees.

Local Agreement

On 13 June 2007, the three councils signed up to a Local Agreement in respect of the Joint Committees. This agreement covers, for each of the two committees, the following key regulatory areas:

- a) Membership;
- b) Appointment of the Chair and Vice-Chairs;
- c) Tenure of office of the members;
- d) Frequency, administrative and procedural requirements for the conduct of meetings;
- e) Arrangements for co-opted membership;
- f) Sub-committees

- g) Staffing arrangements for the work undertaken by the joint committees as set out in their terms of reference;
- h) Accounting and budgeting arrangements; and
- i) Termination arrangements.

The agreement also sets out the initial arrangements for virtual joint technical working as a prelude to a formal joint technical unit encompassing staff from each of the three councils involved.

Compliance

It is South Bedfordshire District Council's role as Lead Authority to ensure that the Joint Committees activities comply with the governance framework. The Joint Committees are subject to external inspection by the Audit Commission, and are subject to internal monitoring by South Beds Internal Audit and its Audit Committee, along with all three councils Scrutiny Committees.

Financial Management

The Joint Committees will take the decisions on the investment in individual projects. They will operate in accordance with the Financial Regulations and Contract Procedure Rules of South Bedfordshire District Council. South Bedfordshire District Council will provide quarterly budget monitoring reports to the Joint Committees. In addition an asset register will be required, as will a contracts register.

Performance Management

Performance Management will be by exception reporting to the Joint Committees. Appropriate performance indicators will be determined by South Beds District Council during 2008/09 in the light of experience gained during 2007/08.

Review of effectiveness

South Bedfordshire District Council, as Lead Authority, has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is established by the work of internal auditors and the executive managers within the council, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by external auditors and other review agencies and inspectorates.

Future requirements to develop the corporate governance arrangements

1	Draw up a detailed risk register, based upon the principles set out in the South Beds District Council's risk strategy.
2	Set out the objectives of the Joint Committees in terms of required outcomes
3	Determine appropriate performance management indicators and a reporting mechanism so as to monitor achievement of the objectives and outcomes.
4	Produce an asset and contract register
5	Review the effectiveness of the arrangements for internal control (by SBDC Internal Audit)

INCOME AND EXPENDITURE ACCOUNT

2006/07 Net Exp £'000	2007/08 Gross Exp £'000	2007/08 Income £'000	2007/08 Net Exp £'000	Notes
(139) Central Services to the Public	553	(711)	(158)	
(139) Net cost of Services	553	(711)	(158)	
(139) Net Operating Expenditure			(158)	
(139) (Surplus)/deficit for the year			(158)	

Statement of movement on the Joint Committee Fund balance

2006/07 £'000	2007/08 £'000
(139) (Surplus)/deficit for the year on the Income and Expenditure Account	(158)
(139) (Increase)/reduction in the JC balance	(158)
(234) JC balance brought forward	(373)
(373) JC balance carried forward	(531)

Notes to the Income and Expenditure Account

1. Related party transactions

The related parties to the joint committee are the three participating authorities. Their contributions to the joint committee were:

	2007/08 £'000	2006/07 £'000
Bedfordshire County Council	100	50
South Bedfordshire District	150	40
Luton Borough Council	200	90
Totals	450	180

BALANCE SHEET

2006/07 Net Exp £'000	2007/08 £'000	2007/08 £'000	Notes
- Fixed Assets		-	
Current Assets			
- Debtors	250		1
377 Cash at Bank	462	712	2
377 Total Assets		712	
Current liabilities			
(4) Creditors		(181)	3
373 Total assets less current liabilities		531	
Financed by:			
373 Fund balance		531	4
373 Total net worth		531	

BALANCE SHEET

Notes to the Balance Sheet

1. Debtors

This sum represents a Growth Area Fund grant re a transport model, due from the Department for Communities and Local Government, via Luton Borough Council.

2. Cash at bank

The cash element of the Joint Committee's assets is held by South Beds District Council on the Committee's behalf, who invest it as part of that councils treasury management activities. Interest earned on the net cash flow relating to the Joint Committee's activities is credited to the Joint Committee.

3. Creditors

The creditors balance reflects amounts owed by the Joint Committee for goods and services received during the year for which payment was not made during that year.

4. Fund balance

There are no known material post balance sheet events to be reported within the joint committee's accounts.

GLOSSARY OF TERMS

ACCOUNTING TERMS

ACCRUAL - A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end of the period.

ASSET - Something which will be used by the authority over a long period of time and has a lasting value (e.g. land, buildings, roads).

CAPITAL EXPENDITURE - Spending on assets (e.g. land, buildings roads etc.) which adds to and not merely maintains the value of an existing fixed asset.

CIPFA - The Chartered Institute of Public Finance and Accountancy is the professional accounting body that specialises in the public services.

CONTINGENCY – Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls:- income.

CONTINGENT LIABILITY - A contingent liability is either:

- a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- b) past events where it is not probable that a transfer or economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR - An amount owed by the Council to suppliers for work done or goods received for which payment has not yet been made.

DEBTOR - Money owed to the Partnership.

DISTRICT AUDITOR - An auditor employed directly by the Audit Commission to audit the accounts of local authorities.

EXCEPTIONAL ITEMS - Material items that fall within the ordinary activities of the authority that need to be disclosed in order to present the accounts fairly.

EXTRAORDINARY ITEMS - Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur.

FINANCIAL YEAR - The period covered by a set of financial accounts - the local authority financial year commences 1 April and finishes 31 March the following year.

FIXED ASSET - An asset that has value beyond one financial year.

GOING CONCERN - The concept that the organisation will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS - Assistance by government and inter-government agencies and similar bodies, whether

local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

GROSS EXPENDITURE - The total cost of providing the services before taking into account income from government grants, contributions from partners and fees and charges for services.

INCOME - Amounts due to an organisation which have been or are expected to be received.

LIABILITIES - Money owed to individuals or organisations that will be paid at some time in the future.

NET BOOK VALUE - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET EXPENDITURE – Gross expenditure less specific service income.

NET REALISABLE VALUE - The open market value of the asset in its existing use (open market value in the case of non-operational assets), or sale proceeds for stocks and stores less the expenses to be incurred in realising the asset.

OUTTURN - Actual income and expenditure in a financial year.

POST BALANCE SHEET EVENTS - Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Chief Finance Officer signs the Statement of Accounts.

PRIOR YEAR ADJUSTMENTS - Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

PROVISION - An amount, set-aside in the accounts, for liabilities that are anticipated in the future but cannot be accurately quantified.

PRUDENCE – The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets.

RELATED PARTY TRANSACTION - A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

RESERVES - Money set aside by the authority to meet particular expenditure in future years which do not fall within the definition of provisions.

REVENUE EXPENDITURE - The day-to-day running costs incurred in providing services. i.e. current expenditure plus debt charges.

STOCKS - The amount of unused or unconsumed stocks held in expectation for future use.

USEFUL LIFE - The period over which the local authority will derive benefits from the use of a fixed asset.

WORKS IN PROGRESS - The cost of work done on an uncompleted project at the balance sheet date.

OTHER DEFINITIONS

DESIGNATED AREA - "designated area" means

(a) a National Park;

(b) land to which section 28(1) (areas of special scientific interest) of the Wildlife and Countryside Act 1981 applies;

(c) a conservation area;

(d) an area of outstanding natural beauty designated under section 82 (designation of areas) of the Countryside and Rights of Way Act 2000;

(e) a World Heritage Site;

(f) the Broads."

JOINT TECHNICAL UNIT - This includes the officers from Luton Borough Council, South Bedfordshire District Council and Bedfordshire County Council who support the Luton and South Bedfordshire Joint Committee.

LOCAL DEVELOPMENT

DOCUMENTS - These include Development Plan Documents (which form part of the statutory development plan) and Supplementary Planning Documents (which do not form part of the statutory development plan). LDDs collectively deliver the spatial planning strategy for the local planning authority's area.

LOCAL DEVELOPMENT

FRAMEWORK - The Local Development Framework (LDF) is a non-statutory term used to describe a folder of documents, which includes all the local planning authority's local development documents. An LDF is comprised of:

- Development Plan Documents (which form part of the statutory development plan)
- Supplementary Planning Documents

The local development framework will also comprise of:

- the Statement of Community Involvement
- the Local Development Scheme
- the Annual Monitoring Report
- any Local Development Orders or Simplified Planning Zones that may have been added

LOCAL DEVELOPMENT SCHEME -

The local planning authority's time-scaled programme for the preparation of Local Development Documents that must be agreed with government and reviewed every year.

LOCAL HIGHWAY AUTHORITY - The Authority in England responsible for local roads under relevant legislation

LOCAL STRATEGIC PARTNERSHIP -

An overall partnership of people that brings together organisations from the public, private, community and voluntary sector within a local authority area, with the objective of improving people's quality of life.

LOCAL TRANSPORT PLAN - A five-year integrated transport strategy, prepared by local authorities in partnership with the community, seeking funding to help provide local transport projects. The plan sets out the resources predicted for delivery of the targets identified in the strategy. Local transport plans should be consistent with the policies and priorities set out in the Regional Transport Strategy as an integral part of the Regional Spatial Strategy.