

REPORT FOR RESOLUTION

SUBJECT: Revenue Budget Estimates 2011/12

REPORT OF: The Lead Officer

PURPOSE OF REPORT

To request the Committee to adopt the Revenue Budget Estimates for 2011/12

RECOMMENDATIONS

It is recommended that the Joint Committee:

- [i] Agree to adopt the Revenue Budget estimates for 2011/12 as detailed in the report at Table 2.

FINANCIAL CONSEQUENCES FOR THE REVENUE BUDGET

Member authority contributions are the subject of a separate report on the agenda.

CONTACT OFFICER

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1.0 INTRODUCTION

1.1 In accordance with the PATROL Adjudication Joint Committee's Agreement it is necessary to establish a budget estimate for the forthcoming year. An assessment has been made of the likely service take up during 2011/12 and therefore the Adjudicators, administrative support and accommodation needed. The adjudication service is operated on a self-financing basis with income obtained from contributions by PATROL member authorities.

2.0 REVENUE BUDGET ESTIMATES

2.1 Income assumptions

Table 1 provides a summary of income since 2005/6.

Table 1 Five year income summary

Period	Budgeted Income	Achieved Income	Variance
2005/06	2,209,439	2,059,439	150,000
2006/07	2,315,226	1,994,832	320,394
2007/08	2,428,502	2,360,402	68,100
2008/09	2,439,499	2,344,568	94,931
2009/10	2,441,432	2,712,373	270,941
2010/11	2,560,993		

2.2 The Joint Committee has determined that member authorities will defray the expenses of the Joint Committee by way of a contribution based on to the number of penalty charge notices (PCNs) they issue.

2.3 For 2011/12 the forecasting model has been reviewed to take more account of more recent income trends (i.e. the last 12 months) No assumptions have been made regarding new councils joining in 2011/12.

2.4. A modest amount of bank interest has been included in the income projection for 2011/12. This may increase subject to the introduction of a revised treasury management strategy, reported separately.

2.5 Additional income to the PATROL budget arises from the transfer of income from the

Bus Lane Adjudication Service budget for the purposes of integrated adjudication. For budget purposes, it assumes that the level of income will follow the most recent estimates from councils operating civil enforcement of bus lanes during 2010/11. No assumptions are made about bus lane councils joining in 2011/12.

EXPENDITURE

3.1 General Expenditure

An assessment has been made of the revenue budget that will be needed to meet the demands on the service during 2011/12. The assessment has taken into account spending that will be needed to sustain the adjudication service to councils already in the scheme and those joining in 2011/12. This forecast is based on the current penalty charge notice framework. A change to this framework could impact upon the rate of appeal.

3.2 Adjudicators

It is assumed that there will be no inflationary uplift for the judiciary for 2011/12.

The budget includes provision for the recruitment and training of up to 12 new adjudicators in order to replace adjudicators reaching the judicial retirement age of 70 and ensure an appropriate distribution of adjudicators across England and Wales. This is a formal judicial recruitment process and must be planned in consultation with the Judicial Appointments Commission.

3.3 Staffing

There are no inflationary uplifts for 2011/12 excepting staff whose salary falls below £21,000. A number of vacant posts within the existing staffing establishment will remain unfilled for 2011/12. One administrative post has been disestablished. Maternity cover for the Finance Manager post in 2011/12 is being addressed through an agency contract.

3.4 Premises

Options are being considered for accommodation following the end of the ten year lease at Barlow House in October 2011. A move from Barlow House will only be considered if savings can be achieved during the period of the lease. Provision of £50,000 has been made in respect of costs associated with dilapidation requirements or the move into new premises

3.5 Transport

Expenditure levels during 2010/11 have benefited from improved planning and this is being carried through to 2011/12, however the budget for 2011/12 reflects projected external increases in transport costs.

3.6 Supplies and Services

During 2010/11 it has been possible to achieve savings in post, stationery and printing associated with the move to electronic correspondence. A reduction in telephone charges has also been incorporated. During 2010/11 an independent review of Business Processes and IT is in progress to

- a) Provide an independent health check to assess whether the tribunal's Business Processes and IT systems and structure are meeting business needs, delivering value and operating at an acceptable level of risk
- b) Provide an option appraisal document to inform the tribunal's future Business Process and IT strategy going forward

This review will continue into 2011/12 and provision has been included in the budget for engagement with councils and their suppliers in relation to designing a case management system which includes increasingly efficient evidence transfer solutions for the future. Councils' engagement with the tribunal includes the preparation and despatch of bulky evidence drawing on council officer administration time, copying and scanning costs. The aim behind this consultation will be to establish options for reducing the councils' administrative burden and costs in responding to appeal to the Tribunal. This period of consultation will be followed by market analysis prior to commissioning further development of the tribunal's case management system in 2011/12. The commissioning of a new case management system (should this be the preferred option) would be the subject of a formal tender exercise and the timeframe from commencing the procurement to delivery is likely to be in the order of 18 months to 2 years. A report will be presented to the June 2011 meeting on the outcome of the independent review.

3.7 ICT Budget

The budget assumes the current IT arrangements and reflects some savings in server hosting costs, hardware and infrastructure costs. Additional one-off expenditure includes provision for domain migration to create an independent domain from the Lead Authority and provision for a replacement telephone system (dependent upon the premises review).

3.8 Service Management and Support

This relates to the services provided to the Joint Committee by the Lead Authority. A final figure has not been determined but the budget includes an estimate based on early discussions.

3.9 Audit Fees

For 2011/12 external audit fees have been included in this figure (a copy of the external audit plan for 2011/12 is reported separately). Internal audit is included under Supplies and Services.

3.10 Contribution to reserves

A contribution to reserves of £245,801 is proposed on account of:

- The expiry of the lease requires the Lead Authority to enter into a new lease. The Lead Authority is undertaking a review of all leases and has indicated an unwillingness to enter into a lease beyond two years. This may have implications for the potential savings that the Joint Committee can achieve through a longer rental period. To address this and provide assurance to the Lead Authority, it is proposed that a separate reserves element is included to be used by the Lead Authority in the event of addressing any penalty arising from withdrawing from the new lease prematurely. A report on premises will be presented to the June 2011 meeting.
- The results of the Independent Review of Business Processes and IT will be reported at the June 2011 meeting. It is recommended at this stage to ensure that the Joint Committee's reserves are strengthened to accommodate the investment required to improve the efficiency of the case management system for the tribunal and its stakeholders.

3.11 Summary

The 2011/12 budgeted expenditure (minus the contribution to reserves) is £2,770,997. This represents an increase of £82,257 (3.06%) on the budget for 2010/11. However the budget takes into account additional expenditure for 2011/12 including:

Judicial recruitment process £45,000
Joint PATROL initiatives of common interest to enforcement authorities and motorists on behalf of member authorities £40,000
Dilapidation costs associated with end of lease £50,000
Increased staffing costs due to maternity cover £30,000
Remainder of independent review of Business Processes and IT and procurement process £30,000

Income is forecasted to remain at 2010/11 levels at £2,782,500. Should this not be achieved, there are reserves in place. Should there be an increase in income, the January 2012 meeting of the Executive Sub Committee will review member contributions.

TABLE 2: RECOMMENDED REVENUE BUDGET ESTIMATE for 2011/12

TABLE 1 Analysis	Actual Outturn 2007/08	Actual Outturn 2008/09	Actual Outturn 2009/10	Budget 2010/11	Profiled Budget at Nov 2010	Estimated Outturn 10/11	Variance from budget	Budget 2011/12	YoY Budget change
Expenditure:									
Adjudicators	727,691	873,818	1,039,924	1,016,456	650,253	911,772	-104,684	962,565	-53,891
Staff	582,407	739,188	759,910	762,873	505,117	792,728	29,855	799,173	36,300
Premises / Accommodation	144,376	209,705	169,828	171,000	114,000	171,400	400	225,848	54,848
Transport	40,268	45,752	31,658	33,500	20,939	22,349	-11,151	30,100	-3,400
Supplies and Services	408,786	396,876	255,974	309,166	199,380	296,882	-12,284	356,611	47,445
ICT	264,178	307,941	278,012	330,700	221,568	318,167	-12,533	344,200	13,500
Services Management and Support	50,000	51,500	39,640	53,045	26,523	53,045	0	40,000	-13,045
Audit Fees	8,800	12,100	29,585	12,000	12,000	12,500	500	12,500	500
Capital Finance Charges	0	0	0	0	0	0	0	0	0
Contingency / Contribution to Reserves	0	0	0	0	0	218,181	218,181	245,801	245,801
Q4 rebate	0	0	0	0	0	218,180	218,180	0	0
Total Expenditure	2,226,506	2,636,880	2,604,531	2,688,740	1,749,780	3,015,204	326,464	3,016,798	328,058
Income:									
Annual contribution	0	0	0	0		0	0		0
Penalty Charge Notices	-	-	-	-	-	-	-	-	-
Other Non PCN Income	2,360,402	2,344,568	2,712,737	2,560,993	1,707,328	-2,782,308	-221,315	-2,782,500	221,507.00
Parking PCN Adjustment			-7,696	0	0	-1,588	-1,588	0	0
Parking Pcn Audit Adjustment			22,465	0	0	-6,019	-6,019	0	0
Adjudication case charge			-13,527	0	0	2,273	2,273	0	0
Adjudication case charge	0	0	0	0	0	0	0	0	0
Contribution from Reserves	0	0	0	-31,101	0	0	31,101	0	31101
Recharge for Bus Lane Adjudication									
Costs	-43,930	-67,392	-87,031	-94,746	-57,900	-220,250	-125,504	-228,299	133,552.66
Bank Interest	0	0	-3,105	-3,000	0	-7,312	-4,312	-6,000	-3,000.00
Total Income	2,404,332	2,411,960	2,801,631	2,689,840	1,765,228	-3,015,204	-325,364	-3,016,799	-326,959
Net (Surplus)/Deficit	-177,826	224,920	-197,100	-1,100	-15,448	0		0	1,100