

## REPORT FOR RESOLUTION

**SUBJECT: DRAFT ANNUAL RETURN 2011/12**

**JOINT REPORT OF: THE LEAD OFFICER**

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### PURPOSE OF REPORT

To present to the Committee the draft Annual Return for the year 2010/11.

### RECOMMENDATIONS

The Joint Committee is asked to:

- [i] Note the outturn position against the 2010/11 budget as detailed in Appendix 1 (To be tabled).
- [i] Approve the 2010/11 Annual Return (Appendix 2), note the Annual Internal Audit Report (Appendix 3) and Balance Sheet (Appendix 4)
- [iii] Note that the External Auditor's report and final Annual Accounts for 2010/11 will be submitted to the PATROL Adjudication Joint Committee in September.
- [iv] Approve the surplus of income over expenditure of being added to the Joint Committee's General Reserves and to note that the Reserves Level will be reviewed at the September 2011 meeting..
- [v] Approve the Code of Corporate Governance (see Appendix 5)

### CONTACT OFFICERS

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## 1.0 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 26th January 2010 it was agreed to: adopt the Revenue Budget estimates for 2010/11 set out in Table 1.
- 1.3 At the meeting of the Executive Sub-Committee held on 26th January 2010 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 £2,688,739 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 draft 2010/11 Annual Accounts for approval by the Joint Committee.

## 2.0 OUTTURN POSITION AT 31<sup>ST</sup> MARCH 2010

- 2.1 The outturn position is shown at Appendix 1

## 3.0 ANNUAL RETURN 2010/11 (Appendix 2)

- 3.1 The accounting statement for 2010/11 has been prepared by the Lead Authority in accordance with the requirements of the Small Bodies Annual Return. The completion of the Small Bodies Annual Return removes the requirement for a full set of accounts however a Balance Sheet is provided for information at Appendix 4.

## 4.0 INCOME AND EXPENDITURE DURING 2010/11

- 4.1 During 2010/11 the service received income as follows:

	£
Parking PCN Income	2,464,288
Non PCN Income	1,164
Internal Recharge to Bus Lanes	165,514
Parking PCN Adjustments (financial year) <sup>1</sup>	87,975
Parking PCN Adjustments <sup>2</sup>	34,807
Bank Interest	3,918
<b>Total</b>	<b>2,757,666</b>

Note 1:

This adjustment ensures that the accounts present income for the financial year. This reflects a positive adjustment of £87,975

Note 2:

This adjustment reflects the adjustments arising from comparing councils' returns for 2008/09 and 2009/10 to PATROL with those to the Department for Transport. This results in a positive adjustment of £34,807

4.2 During 2010/11, income to the parking account exceeded budget as follows:

Item	Budget £	Actual £	Variance/ (Improvement) £
Parking Income	2,560,993	2,464,288	96,705
Parking PCN Adjustments Financial Year	0	87,975	(87,975)
Parking DfT Adjustments	0	34,807	(34,807)
Non PCN Income	0	1,164	(1,164)
Bus Lane Recharge	94,746	165,514	(70,768)
Interest	3,000	3,918	(917)
Reserves	30,000	0	30,000
Total	2,688,739	2 757,666	(68,927)

4.3 Income to the parking account can be summarised as follows:

- a) The adverse variance on parking income of £96,705 arises from parking income in the fourth quarter being £44,612 less than forecast coupled with the approved four quarter rebate to councils of £220,462.
- b) Additional income of £87,975 is derived from adjustments to ensure that the accounts reflect income received in the financial year.
- c) Additional income of £34,807 has been received in relation by comparing PATROL statistics with those submitted by councils to the Department for Transport, following a recommendation from External Audit.
- d) The PATROL bank account has attracted £917 over budget.
- e) The bus lane recharge was higher than budgeted due to the introduction of a revised recharge mechanism reflecting the integrated nature of the tribunal. This recharge is based on the number of bus lane appeals. During 2010/11 the number of bus lane appeals increased from 633 to 1071.
- f) The budget included £30,000 provision to draw from reserves to balance the budget. On this occasion, this was not drawn upon.

- g) Overall parking income has dropped by 1.6% since 2009/10 inclusive of the final quarter rebate (£2,757,666 compared to £2,801,631). Parking income from councils has reduced by just over 1%

4.4 Expenditure during 2010/11 was budgeted as £2,688,739. Expenditure was £2,365,723 reflecting a positive variance of £323,016.

Expenditure during 2010/11 can be summarised as follows:

a) Adjudicators

The overall budget for adjudicators was set as £1,016,456. Expenditure of £844,921 was incurred, giving a favourable variance of £171,535. The anticipated rise in parking appeal numbers based on experience in 2009/10 where a 14% rise occurred did not materialise in 2010/11. Parking appeals remained stable whilst bus lanes doubled. Expenditure in relation to training was lower than anticipated and the planned recruitment of adjudicators has been deferred.

b) Employees

The Employee budget of £762,873 was exceeded by £11,786. Additional costs for agency staff arising from three staff on maternity leave were mitigated by a reduction in costs for hearing centre supervisors, in part reflecting the increase in telephone appeals.

c) Premises/Accommodation

There is a favourable variance of £2,513 for premises.

d) Transport

A favourable variance of £8,344 arising from efficiency savings.

e) Supplies and Services

The Supplies and Services budget of £309,165 shows a favourable variance of £40,332 and reflects reduced postage and stationery on account of increased electronic communication. There have also been savings in design and print.

f) Information Technology

The Information Technology budget of £330,700 relates to general IT costs and is accounted for separately from adjudicator IT costs. Expenditure has been contained at £242,393 and the favourable variance of £88,307 reflects lower than anticipated expenditure in part, pending the implementation of plans to separate the domain from the Lead Authority. However the cost of

support for the Case Management System were twice those budgeted arising from work to stabilise the system.

g) Service Management and Support

A favourable variance of £13,405 reflects the services required from the Lead Authority by the Joint Committee in 2010/11.

h) Audit Fees

Under Section 3 of the Audit Commission Act 1998, the Audit Commission appoints external auditors to audit the accounts of all local government authorities. The definition of smaller relevant bodies for whom a limited assurance audit is permitted has been revised for 2010/11 to include those whose gross income or expenditure is less than £6.5 million. This has resulted in a reduction from £12,500 to £4,275 for external audit costs for 2010/11. Internal Audit Costs are approved by the Joint Committee each January for the following year and are included in Supplies and Services. During 2010/11 these charges were £5,460.

i) Summary

Overall 2010/11 saw total expenditure of £2,365,723 which reflects a positive variance of £323,016 against budget

## **5.0 RESERVES AT 31 MARCH 2011**

At their meeting in January 2011, the Joint Committee approved a reserves level of £1,095,793. The reserves level at 31 March 2010 was £729,468. During 2010/11 a surplus of £391,942 has been achieved which takes the reserves at 31 March 2011 to £1,121,410. The reserves level will be reviewed at the September 2011 meeting in the light of finalising a new premises lease and in relation to IT capital expenditure requirements. Any excess in the reserves level will be taken into account in January 2012 in setting the budget for 2012/13.

## **6. AUDITOR'S REPORT**

- 6.1 The Joint Committee is required to adopt the accounts before the auditor produces his report. There is a requirement for a public notice for the rights of electors to inspect the accounts after the Joint Committee has approved them.
- 6.2 After consultation with the new auditors, BDO, a programme in respect of accounts for the financial year 2010/11 has been agreed that meets these requirements and is set out below.

## **2010/11 ACCOUNTS AND AUDIT PROGRAMME**

<b>Stage</b>	<b>2010/11</b>
Display Notice	13 <sup>th</sup> June to 26 <sup>th</sup> June 2011
Accounts submitted to PATROLAJC for approval	PATROLAJC meeting 28 <sup>th</sup> June 2011
Make records available	29 <sup>th</sup> June to 22 July 2011
Submission of Annual Return and Supporting Documents to BDO	29 <sup>th</sup> July 2011
BDO Report presented to Joint Committee	28 <sup>th</sup> September 2011
Publication of audited accounts	By 30 <sup>th</sup> September 2011

### **7. RECOMMENDATIONS**

The Joint Committee is asked to:

- [i] Note the outturn position against the 2010/11 budget as detailed in Appendix 1.
- [i] Approve the 2010/11 Annual Return (Appendix 2), note the Annual Internal Audit Report (Appendix 3) and Balance Sheet (Appendix 4)
- [iii] Note that the External Auditor's report and final Annual Accounts for 2010/11 will be submitted to the PATROL Adjudication Joint Committee in September.
- [iv] Approve the surplus of income over expenditure of £ 391,942 being added to the Joint Committee's General Reserves and to note that the Reserves Level will be reviewed at the September 2011 meeting..
- [v] Approve the Code of Corporate Governance (see Appendix 5)

**APPENDIX 1 DRAFT OUTTURN POSITION AT 31 MARCH 2011**

To be tabled at meeting