

PATROL ADJUDICATION JOINT COMMITTEE

REPORT FOR RESOLUTION

DATE: 30th June 2009

AGENDA ITEM: Number 14

SUBJECT: To review the Service Charges to user councils for 2009/10

REPORT OF: The Lead Authority
On behalf of the Advisory Board

PURPOSE OF REPORT

To review the charges levied from local authorities participating in the Joint Committee's adjudication service during 2009/10.

RECOMMENDATIONS

It is recommended that:

- (i) The Joint Committee reviews the income forecast and adopts the following charges in support of the service to be made to participating local authorities with effect from 1st July for the remainder of the financial year 2009/10, as detailed below.

ELEMENT	CHARGE
Annual Charge [per SPA]	£0
Charge per PCN Issued	65 pence
Charge per Adjudication Case	nil.

- (ii) The Joint Committee considers the options outlined in the report in respect of actions to replace the reserves to the approved level.
- (iii) Service Charges are levied on a quarterly in advance basis for the PCN charge based on estimated figures and subsequently adjusted.
- (iv) To note that the decision to provide a transcription from the audio recording of proceedings rests with the Adjudicator. Where this has been agreed to, the Joint Committee agree that the incidental cost of making a transcription from the audio recording of proceedings at a personal hearing is charged to the requesting party except when, in the view of the Adjudicator, a disability of the requesting party would make it desirable for that person to receive such a transcript.

FINANCIAL CONSEQUENCES FOR THE REVENUE AND CAPITAL BUDGETS

It is intended that service will, in the long term, continue to be self financing as a result of contributions made from participating local authorities. The charges recommended for 2009/10 are with a view to the service continuing to be self-financing. The reserve (£532,368 at 31 March 2009) can be drawn upon in the event of the income not being sufficient to match the expenditure during 2009/10.

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1. BACKGROUND

- 1.0 An essential element for a local authority when adopting decriminalised parking enforcement powers is the existence of a means to appeal to an independent parking adjudicator. Local authorities are required to fund adjudication as part of their powers.
- 1.1 The PATROL Adjudication Joint Committee agreement provides for the Committee to decide the cost sharing arrangements. As is usual practice, the PATROL Adjudication Joint Committee Executive Sub Committee established a service charge at its meeting in January 2009 of 60 pence with effect from 1st April 2009 but agreed to review the position at the PATROL Adjudication Joint Committee in June 2009. That paper is attached as Appendix 1.

2. INTRODUCTION

- 2.0 Since the meeting in January 2009, further financial information has become available:
- a) In forecasting income for 2009/10 a more prudent approach was taken based on the prevailing trend of reducing PCN issue (see Appendix 2). Despite this, the achieved income for the first quarter in 2009/10 is £563,092 compared to a forecasted figure of £610,358. This represents a £47,266 shortfall. If this picture is replicated over the remaining three quarters, this will result in a potential shortfall of £189,064. This is further compounded by the fact that whilst there has been a considerable number of new councils joining since the Traffic Management Act (2004) was introduced in March 2009, this has started to slow down. New councils joining in year has not been factored into the income forecast but provides a useful buffer when income from existing councils is reducing. By re-forecasting income in the light of the above, it is recommended that the service charge is increased from 60 pence to 65 pence with effect from 1st July 2009.
- b) The outturn for 2008/09 is a deficit of £224,920. The reasons for this outturn position are set out in the report accompanying the Financial Accounts for 2008/09. This has resulted in a draw upon reserves, taking the reserves balance to £532,368. At its meeting in January 2009, the PATROL Adjudication Joint Committee agreed to set a reserves level of £650,000. This would result in a £117,632 shortfall in reserves. In considering how to replenish reserves to the approved level, the following options are available to the Joint Committee:
- i) Increase the service charge by a further four pence in 2009/10 with effect from 1st July 2009.
 - ii) Spread the cost of replenishing reserves over two financial year periods.
 - iii) Defer the decision until budget setting for 2010/11 when estimates can be made in relation to the outturn for 2009/10.

3.0 RECOMMENDATION

1. It is recommended that the following service charges be adopted by the Joint Committee for 2009/10.

ELEMENT	CHARGE
Annual Charge	nil
Charge per PCN Issued	£0.65
Charge per Adjudication Case	nil

2. The Joint Committee consider the options in relations to replenishing the reserves
 - a) Increase the service charge by a further four pence in 2009/10 with effect from 1st July 2009 to fully replenish reserves this financial year.
 - b) Spread the cost of replenishing reserves over two financial year periods.
 - c) Defer the decision until budget setting for 2010/11 when estimates can be made in relation to the outturn for 2009/10.

4.0 METHOD OF CHARGING

- 4.1 The Accounts and Audit Regulations 2003 introduced the requirement for a Cash Flow Statement to be produced for each financial year. It is therefore proposed to continue with the practice of the service charges being levied quarterly in advance based on estimated PCN figures and subsequently adjusted when the actual figures become available.

5.0 TRANSCRIPTION COSTS

- 5.1 To note that the decision to provide a transcription from the audio recording of proceedings rests with the Adjudicator. Where this has been agreed to, the Joint Committee agree that the incidental cost of making a transcription from the audio recording of proceedings at a personal hearing is charged to the requesting party except when, in the view of the Adjudicator, a disability of the requesting party would make it desirable for that person to receive such a transcript.

APPENDIX 1: January 2009 Service Charge Paper

PATROL ADJUDICATION JOINT COMMITTEE EXECUTIVE SUB COMMITTEE

REPORT FOR RESOLUTION

DATE: 27th January 2009

AGENDA ITEM: Number 12

SUBJECT: To establish the Service Charges to user councils for 2009/10

REPORT OF: The Lead Authority
On behalf of the Advisory Board

PURPOSE OF REPORT

To establish the method of charging and the charges to be levied from local authorities participating in the Joint Committee's adjudication service during 2009/10.

RECOMMENDATIONS

It is recommended that:

- (i) The Joint Committee adopt the following charges in support of the service to be made to participating local authorities during the financial year 2009/10, as detailed below.

ELEMENT	CHARGE
Annual Charge [per SPA]	£nil
Charge per PCN Issued	0.60 pence
Charge per Adjudication Case	nil.

- (ii) Service Charges are levied on a quarterly in advance basis for the PCN charge based on estimated figures and subsequently adjusted.
- (iii) To note that the decision to provide a transcription from the audio recording of proceedings rests with the Adjudicator. Where this has been agreed to, the Joint Committee agree that the incidental cost of making a transcription from the audio recording of proceedings at a personal hearing is charged to the requesting party except when, in the view of the Adjudicator, a disability of the requesting party would make it desirable for that person to receive such a transcript.

FINANCIAL CONSEQUENCES FOR THE REVENUE AND CAPITAL BUDGETS

It is intended that service will, in the long term, continue to be self financing as a result of contributions made from participating local authorities. The charges recommended for 2009/10 are with a view to the service continuing to be self-financing. The reserve (£757,288 at 31 March 2008) can be drawn upon in the event of the income not being sufficient to match the expenditure during 2009/10.

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1.2 INTRODUCTION

- 1.3 An essential element for a local authority when adopting decriminalised parking enforcement powers is the existence of a means to appeal to an independent parking adjudicator. Local authorities are required to fund adjudication as part of their powers.
- 1.4 The PATROL Adjudication Joint Committee agreement provides for the Committee to decide the cost sharing arrangements.

2.0 BACKGROUND

- 2.1 The PATROL agreement provides for the adjudication service to be operated on a self-financing basis with revenue obtained from charges made to participating local authorities. An estimate has been made of the likely service take up during 2009/10. The level of charging has been based on this predicted service activity. It is the practice only to levy charges from those enforcing authorities who manage the enforcement income stream.
- 2.2 The current level of appeals are on average at about the 0.3% level of the number of PCNs issued. For 2009/10 estimates have been based on this appeal rate and this has been reflected in the proposed charge per PCN.

An undertaking was given to government in the run up to establishing the service that the service would be made available to all authorities in England [outside London] and Wales. In establishing the charges and considering the options for recommendation the Advisory Board have been mindful of the need to ensure that the charges are both equitable and not prohibitive to any particular type or size of local authority.. Table 1 provides an overview of the Joint Committee's charging policies since inception.

Table 1: Charging policies

Year	PCN Levy	Annual Fee	Fee per case
1999/2000	70 pence	£500	£10
2000/01	70 pence	£500	£10
2001/ 02	70 pence	£500	£0
2002/03	70 pence	£500	£0
2003/04	65 pence	£250	£0
2004/05	65 pence	£250	£0
2005/06	60 pence	£0	£0
2006/07	55 pence	£0	£0
2007/08	60 pence	£0	£0
2008/09	60 pence	£0	£0

2.3 Whilst the increasing number of councils joining the scheme contributes to economies of scale, the benefits are counterbalanced by inflationary pressures and the fact that the prevailing trend is for councils to issue fewer PCNs over time. For 2009/10, these factors are also compounded by the effects of the economic downturn. Taking into account the issues detailed above, for 2009/10, two options in respect of the PCN levy were considered:

- (i) To maintain the levy at 60 pence, utilising reserves to support a contingency of £50,000 and potentially introduce a requirement to draw further from reserves in 2009/10.
- (ii) To increase the levy to 65 pence in order to support the contingency and reduce the potential requirement to draw on reserves.

The recommendation is to maintain the level at 60 pence for 2009/10 and assess the impact of this in year in conjunction with the Advisory Board through budget monitoring.

2.6 It is therefore, recommended that the following service charges be adopted by the Joint Committee for 2009/10.

ELEMENT	CHARGE
Annual Charge	nil
Charge per PCN Issued	£0.60
Charge per Adjudication Case	nil

3.0 METHOD OF CHARGING

3.1 The Accounts and Audit Regulations 2003 introduced the requirement for a Cash Flow Statement to be produced for each financial year. It is therefore proposed to continue with the practice of the service charges being levied quarterly in advance based on estimated PCN figures and subsequently adjusted when the actual figures become available.

4.0 TRANSCRIPTION COSTS

4.1 To note that the decision to provide a transcription from the audio recording of proceedings rests with the Adjudicator. Where this has been agreed to, the Joint Committee agree that the incidental cost of making a transcription from the audio recording of proceedings at a personal hearing is charged to the requesting party except when, in the view of the Adjudicator, a disability of the requesting party would make it desirable for that person to receive such a transcript.

APPENDIX 2: JANUARY 2009 BUDGET PAPER

PATROL ADJUDICATION JOINT COMMITTEE EXECUTIVE SUB COMMITTEE

REPORT FOR RESOLUTION

DATE: 27th January 2009
AGENDA ITEM Number 10
SUBJECT: Revenue Budget Estimates 2009/10
REPORT OF: The Lead Authority
On behalf of the Advisory Board

PURPOSE OF REPORT

To request the Committee to adopt the Revenue Budget Estimates for 2009/10

RECOMMENDATIONS

It is recommended that the Joint Committee:

- [i] Agree to adopt the Revenue Budget estimates for 2009/10 as detailed in the report at Table 2...

FINANCIAL CONSEQUENCES FOR THE REVENUE BUDGETS

These charges are the subject of a separate report on the agenda and are recommended with a view to the service continuing to be self-financing.

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1.0 INTRODUCTION

- 1.1 In accordance with the 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 2009/10 and therefore the Adjudicators, administrative support and accommodation needed. The adjudication service is operated on a self-financing basis with income obtained from charges made to PATROL member authorities.

2.0 Revenue Budget Estimates

2.1 Income assumptions

Comparison between Income projection and achievement for the three years to March 2008 (Table 1) indicates that across the board increases in PCN issue rates cannot be assumed. To date, downward trends in PCN issue have been balanced by new councils joining the scheme. Whilst in previous years income from new councils has offset reductions in income from existing councils, this is not predicted to be the case for 2008/09. Meanwhile the tribunal continues to attract an increasing number of appeals and, like all organisations, face inflationary pressures outside its control. The current economic conditions raise further uncertainties in forecasting.

Table 1 Five year parking 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

- 2.2 By way of background, when predicting income for 2008/09, the last audited income for existing councils was used as the basis of the estimate with no account taken of anticipated new councils. Whilst table 1 indicates that forecasting accuracy improved in 2007/08, there remain shortcomings in the approach used for 2007 2007/8 and 2008/09. This is the result of using the last available audited PCN figure as this is 12 months out of date and further decreases could have occurred since then.
- 2.3 For 2009/10, a more cautious approach has been taken by modelling the PCN issue trend of existing councils to take account of further increases/decreases since the last available audited figures. In addition, an additional amount has been factored in for new councils who joined in 2008/09. In common with projections for 2008/09, no assumptions have been made about councils joining after April 2009.

2.4 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 services. For budget purposes, it assumes that the level of income will follow the most recent estimates from councils operating civil enforcement of bus lanes. No assumptions are made about councils joining the scheme.

3.0 Expenditure

a) General Expenditure

An assessment has been made of the revenue budget that will be needed to meet the demands on the service during 2009/10. 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 2009/10.

It is recognised that there has been a reduction in the number of PCNs issued by local authorities which may in part be due to increasing compliance however may also be due to the economic downturn. The number of appeals has increased in 2008, taking into account new councils joining the scheme, and whilst during the economic downturn, we may see a reduction in appeals associated with anticipated reductions in PCN issue rates, there will be a delay before this reaches the tribunal.

For setting expenditure levels for 2009/10, the following steps have been taken:

- Inflation has not been applied to each budget line.
- Some areas of expenditure capped at below 2008/09 levels.
- Expenditure will be restricted to core areas with development activities deferred pending availability of funds.

The overall decrease in budgeted expenditure from 2008/09 to 2009/10 is from £2,514,533 to £ 2,503,488.

b) Staffing

A number of vacant posts within the existing staffing establishment will remain unfilled for 2009/10. The budget includes provision for two new posts. The PATROL Development Officer post to facilitate continued development of the PATROL web site, the public information service to members of the public who are not at the stage of appealing to the tribunal and support to the Joint Committees. An additional finance assistant post has been introduced to provide a division between the handling of income and expenditure and to provide more management assurance in terms of financial procedures, recording and reporting.

The Head of Service is working with the Lead Authority's Personnel Department to implement these changes.

c) Premises

The increase in premises costs results from a rent review of the office accommodation at Barlow House effective from October 2006. The amount of office space at Barlow House was reduced in 2008 to a single floor with use of a more cost effective external archiving service. This has proved satisfactory both operationally and financially, particularly in the light of the rent increase.

d) Transport

Savings are being projected by more efficient transport planning.

f) Supplies and Services

Where possible, expenditure has been capped at 2008/09 levels however account has been taken of the increasing number of appeals.

e) ICT Budget

The 2009/10 budget has been established with a view to consolidating the developments introduced in 2008/09 including changes to the tribunal and PATROL web site utilising the new content management system, in-house skills and facilitating access to electronic transfer of evidence using existing technology.

The IT budget has been established to continue to provide a robust infrastructure for remote working for the adjudicators as well as electronic transfer of evidence for councils. Additional development items have been identified (but not included in the budget) should the 2009/10 income position allow for their introduction, otherwise they will be deferred to 2010/11.

f) Service Management and Support

This relates to the services provided to the Joint Committee by the Lead Authority.

g) Audit

For 2009/10 fees for both internal and external audit have been included in this figure.

h) Contingency

A contingency figure of £50,000 has been included from reserves in the light of uncertainties in income forecasting for 2009/10.

i) Efficiency Savings

In 2009/2010, councils will be actively encouraged to offer two facilities (appeal on line and electronic transfer of evidence) which will bring about efficiency and resource savings for both councils and the tribunal as well as improved customer service.

A supplier review will be undertaken to ensure that the tribunal continues to obtain value for money in all areas of expenditure.

TABLE 2: RECOMMENDED REVENUE ACCOUNT ESTIMATE for 2009/10

Analysis	Budget 2007/8 £	Budget 2008/09 £	Budget 2009/10 £
Expenditure:			
Adjudicators	850,636	831,129	868,632
Staff	668,203	740,528	742,657
Premises / Accommodation	120,096	150,716	173,106
Transport	48,659	45,000	38,150
Supplies and services	327,570	269,720	286,958
ICT	278,862	413,940	328,440
Service Management and Support	50,000	51,500	53,045
Audit Fee	8,250	12,000	12,500
Contingency	100,000	0	50,000
Total Expenditure	2,452,276	2,514,533	2,553,488
Income:			
Annual contribution	0	0	0
Penalty Charge Notices	2,428,502	2,439,499	2,441,432
Adjudication case charge	0	0	0
Contribution from Reserves	0	0	50,000
Recharge for Bus Lane Adjudication Costs	23,774	75,034	62,056
Total Income	2,452,276	2,514,533	2,553,488
Net (Surplus)/Deficit	0	0	0