

DEVON AUDIT PARTNERSHIP BUDGET 2015/16

Report of Head of Partnership

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

Recommendations:

That members:

1. Agree the proposed budget for 2015/16
2. Note the areas of uncertainty within the budgeted income figures

Budget 2015/16

Summary

In setting the budget for 2015/16, the Partnership have been required to make a saving of 10% on the expected level of income expected from Devon, Plymouth and Torbay councils.

The Business Plan (presented to and agreed by the Management Board in October 2013) recognised this reduction in income, and predicts that income from other, external partners, will need rise to compensate for this loss. In the current economic climate this is a difficult task to achieve (the Partnership focuses on public sector organisations that all are facing budget pressure) however successful generation of new business and clients will enable the excellent staff base to be retained providing for a high quality, cost effective internal audit service for all our clients.

Detailed notes

Employee costs – we employ staff to deliver the audits required by our Partners and external partners. As some of our income is of a short term nature, we employ a number of people on short term contract arrangements. By using this approach we can “turn up” or “turn down” our resources in a reasonably short period to accommodate for income changes. We very much value the flexibility of staff who work in such arrangements.

Premises - costs are projected to be slightly more in 15/16 than in 14/15. This is mainly due to inflationary pressures.

Transport costs – the budget has been slightly increased to reflect the requirement for extra visits to external partners. These costs have been covered by charges to external partners.

Supplies and Services – the budget for 2015/16 is significantly lower than in 2014/15; this reflects that expected reduced need of agency staff.

Income levels are lower than in previous years, and this is due to the 10% budget reduction requested by the partners. This reduction in income gives challenges to the service in providing the required level of annual assurance opinion and in retaining the excellent staff base we have.

However, this reduction is partly compensated by income from our external partners which has grown due to the supply of extra audit services to, amongst others, South Hams and West Devon councils and Plymouth University. When preparing the budget we have to make various assumptions around the expected level of services that external partners require; sometime this can be firmed up via a service level agreement, but in instances buy back will depend upon variable factors. This gives rise to some uncertainty, but is balanced by managing our employee costs through the use of temporary contracts.

A small, but healthy, budget surplus is predicted for the year. This is due to the increased income expected to be generated from work with external partners. It is hoped that such surpluses can be reinvested into the Partnership to aid future development of the business.

The table below analyses the projected budget for 2015/16. 2014/15 Budget and projected outrun figures (as at month 10, 2014/15) are provided for comparison purposes.

	2015/16 Proposed Budget	2014 /15 Base Budget	2014/15 Projected Outturn @ Mth 10
	£	£	£
Employees	1,116,400	1,142,900	1,202,700
Premises	41, 500	38,100	40,500
Transport	28,200	27,800	29,800
Supplies & Services	94,000	135,200	116,500
Support	22,500	22,000	22,000
Income	(1,307,600)	(1,366,000)	(1,416,100)
Total (Surplus) / Deficit	(5,000)	0	(4,600)

Income is expected from partners as shown over:-

Partner	2015/16 Expected income level	2014/15 budgeted income level	Percentage change
Fire	£22,100	16250	36%
Police	£42,500	42875	-1%
Pensions	£23,000	24500	-6%
Dartmoor	£4,800	5000	-4%
Exmoor	£5,300	5200	2%
Torrige	£45,000	55200	-18%
Teignbridge	£12,500	13800	-9%
Devon CC	£291,200	314600	-7%
Plymouth CC	£336,100	362900	-7%
Torbay CC	£250,500	270500	-7%
Schools	£162,800	180342	-10%
Schools Academies	£52,000	48690	7%
University of Plymouth	£22,000	20000	10%
Cornwall Unitary	£2,200	0	
Other smaller partners	£13,600	6143	121%
South Hams & West Devon	£22,000	0	
Total	1,307,600	1,366,000	-4%

Robert Hutchins

Head of Partnership

18th March 2015

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985