

DEVON AUDIT PARTNERSHIP BUDGET 2018/19

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 2018/19
2. Note the areas of uncertainty within the budgeted income figures

Budget 2018/19

Summary

In setting the budget for 2018/19, the Partnership is mindful of a pending pay award (circa 2%) which will have a significant impact on our payroll related costs, of up to £20k. As a consequence our day rate charge will need to increase in 18/19; this will result in greater cost recovery from external clients, but will not recover all of the projected increase. Partner contributions will increase to reflect the pay award. As the pay award value has not yet been agreed, the figures attached are based on 17/18 prices – therefore both expenditure and income will increase once the pay award value is known.

Torbay Council have further reduced their contribution by £20k over 2017/18 contributions; the internal audit days that we provide to Torbay will therefore need to reduce.

Our Business Plan has recognised funding pressures on Partners, and acknowledges that income from other, external partners will need to rise to compensate for losses. In the current economic climate this is a difficult task to achieve (the Partnership focuses on public sector organisations that all are facing budget pressures) however the 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 partners and 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 retain one person on short term contract and have a small pool of people available through "Temp Solutions" to help with service delivery. Using temporary contracts provides the opportunity to "turn up" or "turn down" our resources in a reasonably short period to accommodate for income changes.

Premises cost – remains static.

Supplies and Services – the budget for 2017/18 remains static

Support – remains static

Income levels are projected to be over £100k higher than the 2017/18 budget.

Increases are due to new work with Mid Devon becoming a Partner of DAP, the purchase of a Risk Management service by Devon CC, and expected higher levels of work through EU grant audit work.

However, there have been some notable reductions in income and these include :-

- Torbay Council (a further 10% saving target)
- Schools – reflecting the continuing academisation programme and
- Police – where we have take a prudent approach to income due to changes as part of the strategic alliance work between Devon and Cornwall and Dorset forces.

As in previous years, Income expected from other customers and partners has been set at a prudent level. The income generated in the coming year may exceed our budgeted figure – for example we have been asked to submit proposals to support further EU grant funded projects, Health colleagues and further work with our partner AuditWest; if successful, this will increase our income figure. However, it should be noted that gaining such additional work may require temporary staff to support delivery.

The table below analyses the projected budget for 2018/19.

2017/18 & 2016/17 budget figures are provided for comparison purposes.

Table 1 Projected Budget for 2018/19

	2018/19 Proposed Budget	2017/18 Base Budget	2016/17 Base Budget
Employees	1,161,900	1,059,800	1,045,000
Premises	38,000	38,000	38,000
Transport	28,200	28,200	28,200
Supplies & Services	63,500	63,500	95,500
Support	21,600	21,600	21,600
Income	(1,313,200)	(1,211,100)	(1,228,700)
Total (Surplus) / Deficit	0	0	0

Table 2. Analysis of Income from partners and clients

Partner	2018/19 Expected Income Level	2017/18 budgeted income level	2016/17 budgeted income level	2015/16 Budgeted income level
Fire	14,000	8,300	15,300	22,100
Police	26,500	33,100	37,500	42,500
Pensions	23,800	23,800	21,700	23,000
Dartmoor	5,500	5,200	5,100	4,800
Exmoor	5,300	5,300	5,300	5,300
Mid Devon	75,950	0	0	0
Torridge	47,100	46,600	42,900	45,000
Teignbridge	13,750	11,300	11,300	12,500
South Hams & West Devon	23,400	20,600	25,100	22,000
Devon CC *	335,600	297,800	282,500	291,200
Plymouth CC	318,800	318,800	312,600	336,100
Torbay CC	200,000	218,000	233,800	250,500
Schools	123,000	145,500	168,500	162,800
Schools Academies	50,000	52,000	52,000	52,000
University of Plymouth	0	0	0	22,000
Cornwall Unitary	0	0	0	2,200
EU Grants	30,000	9,000	0	0
Other smaller partners	20,500	15,800	15,100	13,600
Total	1,313,200	1,211,100	1,228,700	1,307,600

* Devon County Council includes an amount for Risk Management services.

Robert Hutchins Head of Partnership 23rd February 2017

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Contact for Enquiries: Robert Hutchins Tel No: (01392) 382437

Larkbeare House

Background Paper Nil

There are no equality issues associated with this report