

DEVON AUDIT PARTNERSHIP BUDGET 2019/20

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 2019/20
2. Note the areas of uncertainty within the budgeted income figures

Budget 2019/20

Summary

The budget for 2019/20 includes the full year impact of the transfer of the Counter Fraud Team from Plymouth Council to the Partnership.

In setting the budget for 2019/20, the Partnership is aware of the agreed pay award (2%) for staff which will have a significant impact on our payroll related costs, of up to £25k. As a consequence, our day rate charge will need to increase in 19/20, for both DAP partners and external clients.

Torbay Council have further reduced their contribution by £16k over 2018/19 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 assurance services, including internal audit, counter fraud and risk management, for all our partners and clients.

Detailed notes

Employee costs – we employ staff to deliver the assurance services (internal audit, counter fraud and risk management) required by our Partners and external partners. As some of our income is of a short-term nature, we 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, but include additional costs due to the Counter Fraud Team transferring to the Partnership.

Supplies and Services – the budget for 2018/19 remains static

Support – remains static, but includes additional costs due to the Counter Fraud Team transferring to the Partnership.

Income levels are projected to be £280k higher than the 2018/19 budget. Increases are mainly due to transfer of the Counter Fraud Team to the Partnership, but also due to other notable changes in our expected income; these include:-

- Torbay Council (a further 10% saving target)
- Devon & Somerset Fire and Rescue Service – the Service have put their internal audit support out to a competitive tender process, the results of which will not be known until March 2019. As a result, no income has been assumed at this stage.
- Cornwall – our figures include projected one-off income from Cornwall to provide Data Protection related audit services to independent care homes.

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 are continuously submitting proposals to support further EU grant funded projects; we look forward to further supporting Health colleagues if we can; and aim to generate further work with our partner AuditWest; all of these will increase our income figure. However, it should be noted that gaining such additional work may require additional (temporary) staff to support delivery.

The table below analyses the projected budget for 2019/20. 2018/19, 2017/18 & 2016/17 budget figures are provided for comparison purposes.

Table 1 Projected Budget for 2019/20

	2019/20 Proposed Budget	2018/19 Base Budget	2017/18 Base Budget	2016/17 Base Budget
Employees *	1,413,900	1,161,900	1,059,800	1,045,000
Premises	38,000	38,000	38,000	38,000
Transport	28,200	28,200	28,200	28,200
Supplies & Services	63,500	63,500	63,500	95,500
Support **	46,600	21,600	21,600	21,600
Income	(1,594,580)	(1,313,200)	(1,211,100)	(1,228,700)
Total (Surplus) / Deficit	(4,380)	0	0	0

* For 2019/20, includes the staff costs of the Counter Fraud Team

** For 19/20 includes support costs related to the Counter Fraud Team.

Table 2. Analysis of Income from partners and clients

Partner	2019/20 Expected Income Level	2018/19 budgeted Income Level	2017/18 budgeted income level	2016/17 budgeted income level
Fire	0	14,000	8,300	15,300
Police	21,200	26,500	33,100	37,500
Pensions	24,820	23,800	23,800	21,700
Dartmoor	6,300	5,500	5,200	5,100
Exmoor	5,700	5,300	5,300	5,300
Mid Devon	87,200	75,950	0	0
Torrige	48,960	47,100	46,600	42,900
Teignbridge	14,000	13,750	11,300	11,300
South Hams & West Devon	23,400	23,400	20,600	25,100
Cornwall	37,800	0	0	0
Devon CC *	349,000	335,600	297,800	282,500
Plymouth CC **	575,000	318,800	318,800	312,600
Torbay CC	184,000	200,000	218,000	233,800
Schools	102,200	123,000	145,500	168,500
Schools Academies	30,000	50,000	52,000	52,000
EU Grants	40,000	30,000	9,000	0
Other smaller partners	45,000	20,500	15,800	15,100
Total	1,594,580	1,313,200	1,211,100	1,228,700

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

** Plymouth CC includes an amount for Counter Fraud Services.

Robert Hutchins Head of Partnership 19th February 2019

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