

## DEVON AUDIT PARTNERSHIP BUDGET 2021/22

### 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 2021/22
2. Note the areas of uncertainty within the budgeted income figures

#### Budget 2021/22

##### *Summary*

The budget for 2021/22 (please see table 1 below) reflects changes to the Partnership base in 2020/21, including the North Devon Council, who joined the Partnership in April 2020. At time of writing this report we are still in the grip of the Covid pandemic, and so there is, unfortunately, a level of uncertainty around our budget.

In setting the budget for 2021/22, the Partnership is aware of the Chancellor's statement on public sector pay and we have projected for a small pay increase for lower paid staff. As a consequence, our day rate charge will need to increase in 2021/22, for both DAP partners and external clients.

Devon County Council have requested greater support for all assurance services provided by DAP, i.e. Internal audit, Risk Management and Counter Fraud. Part of this strengthening will include the creation of separate, dedicated Risk Manager and Internal Audit Manager roles.

Plymouth Council have required the Partnership to make a 5% saving in 2021/22 in relation to our internal audit service; the internal audit days that we provide to Plymouth 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.

We continue to explore opportunities to expand into other not-for-profit sectors, including the charities sector, and are hopeful that this will generate further income.

##### *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 are always under review to maximise efficiencies.

**Transport** – remains static, but may be less than expected if we are required to continue to work from home due to the Covid pandemic. Likewise, costs may vary if additional work is sourced at clients in other locations

**Supplies and Services** – the budget for 2021/22 has been increased by 1% to reflect general price increases.

**Support** – in essence a stand-still budget, but increased by 1% to reflect inflationary costs.

**Income** levels are projected to be £162,500 higher than the 2020/21 budget, with this increase mainly due the increased contribution from Devon and a price increase of 1% in our day rate to reflect increases in our costs.

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 continue to support further EU grant funded projects although this work will change as the UK has now left the European Union; 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. Further information about our income can be found at table 2 below.

Table 1 below analyses the projected budget for 2021/22. 2020/21, 2019/20 & 2018/19 budget figures are provided for comparison purposes.

Table 1 Projected Budget for 2021/22

	<b>2021/22 Proposed Budget</b>	2020/21 Budget	2019/20 Budget	2018/19 Budget
Employees	1,611,500	1,449,650	* 1,413,900	1,161,900
Premises	38,000	38,000	38,000	38,000
Transport	28,000	28,200	28,200	28,200
Supplies & Services	65,500	64,800	63,500	63,500
Support	48,000	47,500	* 46,600	21,600
Income	(1,794,000)	(1,631,500)	*(1,594,580)	(1,313,200)
<b>Total (Surplus) / Deficit</b>	<b>3,000</b>	3,350	4,380	0

\* For 19/20 includes employee and support costs, and related income following the TUPE transfer of the Counter Fraud Team to DAP.

Table 2. Analysis of Income from Partners and clients

<b>Partner</b>	<b>2021/22 Budgeted income level</b>	<b>2020/21 Budgeted income level</b>	<b>2019/20 Budgeted income level</b>	<b>2018/19 Budgeted income level</b>
Fire	18,090	18,090	0	14,000
Police	0	0	21,200	26,500
Pensions	25,585	25,330	24,820	23,800
Dartmoor	5,960	5,840	6,300	5,500
Exmoor	5,960	5,840	5,700	5,300
Mid Devon	91,244	88,900	87,200	75,950
North Devon	60,200	59,600	0	0
Torridge	50,400	49,860	48,960	47,100
Teignbridge	0	0	14,000	13,750
South Hams & West Devon	23,880	23,400	23,400	23,400
Cornwall	0	0	37,800	0
Devon CC *	500,300	356,700	349,000	335,600
Plymouth CC **	556,300	572,300	575,000	318,800
Torbay CC	186,000	186,000	184,000	200,000
Schools	97,100	104,129	102,200	123,000
Schools Academies	30,000	30,000	30,000	50,000
EU Grants	83,000	83,000	40,000	30,000
Other smaller partners	60,180	44,011	45,000	20,500
<b>Total</b>	<b>1,794,199</b>	<b>1,653,000</b>	<b>1,594,580</b>	<b>1,313,200</b>

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

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

**Robert Hutchins Head of Partnership** 26th February 2021

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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Background Paper Nil

There are no equality issues associated with this report