

**3<sup>rd</sup> February 2021**

## **BUDGET MONITORING 2020/21 – Month 9**

### **Report of Head of Partnership**

#### **Recommendations:**

That members:

1. Note the projected outturn
2. Note variances and reason

#### **Budget Monitoring Month 9**

The budget monitoring at month 9 indicates there is a risk of an overspend against the budget for the year (see table 1 below).

There is a level of uncertainty with regards activity due to the ongoing Covid pandemic, and this is especially so in our work with maintained schools. We provide an audit service to a large number of Devon schools, with an audit visit taking place to primary schools once every 3 years. We appreciate that school budgets are under ever increasing pressure, and so we look to spread the cost by charging one third of the charge each year. In this three-year payment cycle the school will receive one audit, and this may be in the first, second or third year. During Covid there have been a number of impacts on our delivery of school audits; in March 2020 we were informed that audit visits should not take place and so our work was suspended. We received messages in October 2020 that audit work should recommence and so we looked to schedule audits and to catch up on audits deferred. However, some schools were reluctant to receive our auditors, some wanted remote working and so a "full restart" was not possible. In November another lockdown was required, which effectively curtailed all our physical visits, and virtually all our work has been completed remotely where schools have been willing to work in this way.

The result of the above is that school work in 2020/21 will not be at the level expected. We will have invoiced schools (as part of the 3 year cycle) for one third of their charge, but we have not completed one third of the work. The team who work on school audits have concentrated efforts on updating the school audit programme to reflect remote working, completing Academy audits and carrying out additional work for DAP that has attracted additional income e.g. DAPH and DASH accounts and Teignbridge Council; their time has been 'productive' to the wider DAP partnership, but not to our school clients. As we come out of lockdown we will be able to recommence our school audit work, and we anticipate that 2021/22 will (all things being equal) be a "normal" year with one third of the school audits being completed.

This leaves us with a remaining problem of what to do about the audits planned for 2020/21 that have been paid for, should have been completed, but which have not been done. "Caching up" is a possibility, but the scale of the issue is significant. The level of income expected from school work in 2020/21 is as follows:

Devon	£73k
Plymouth	£7k
Torbay	<u>£2k</u>
TOTAL	£82k

Our intention is to recognise that the majority of this income should be “carried forward” into 2021/22 and beyond and to reflect the fact that resources will be required in 2021/22 and future years to deliver the work not completed in 2020/21. There will be a need for some “smoothing” here, as not all audits will be caught up in 2021/22, and, indeed, a three year catch up would sound the most sensible way forward.

The impact in 2020/21 will be a significant “loss” to DAP on our work for schools (around £80k), due to the Covid pandemic and inability of the team to deliver our work in school settings. However, the full effect of this loss may not be felt as the Partnership has achieved other income and savings in other areas (such as a reduction in travel costs) – hence the projected potential overspend of around £47k in 2020/21.

I should stress that the staff who normally do our school audits have been deployed on other DAP duties and have helped us to deliver our work in what has been an incredibly difficult year.

Other variances in our budget forecast are mainly due to an increase in income (10.50%) from extra work undertaken by the partnership, but this is offset by the increase in staff costs (7.32%) to complete the work.

Both transport and premises have underspends which are due to COVID restrictions that have been in place. Transport underspend (50.00%) was due to not needing to travel to meetings and premises underspend (2.53%) has occurred due to less venue hire. Devon Audit Partnership has made use of technology to undertake meetings virtually.

Supplies and services. There have been some small changes within detailed budget lines, for example a (15.54%) overspend has occurred due to IT licenses and maintenance, but this is offset by an underspend in printing and design.

Income has increased due to supply of extra audit services for local authorities, but also reflects the anticipated redirection of school income to future years.

Table 1 DAP Financial position and projection as at Mth 9 2020/21

	<b>2020/21 Base Budget</b>	<b>Mth 9 - year end projection</b>	<b>Over / Under spend</b>
Employees	1,449,650	1,550,468	100,818
Premises	38,000	38,500	500
Transport	28,200	14,000	(14,200)
Supplies & Services	64,800	64,800	0
Support	47,500	47,500	0
Income	(1,631,500)	(1,668,300)	(36,880)
<b>Total (Surplus) / Deficit</b>	<b>(3,350)</b>	<b>46,968</b>	<b>50,238</b>

#### **Variances (items over £1,000):**

Employees – Staff Costs £ 132,342;

Supplies and services – Printing & design £ (1,000), IT License and Maintenance £8,000;  
Income – £ (36,880) – Increase in audit work for local authorities. Less £82k projected  
income from schools to be carried forward.

**Robert Hutchins**

**Head of Partnership**

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LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985