

DEVON AUDIT PARTNERSHIP BUDGET 2022/23

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 2022/23
2. Note the areas of uncertainty within the budgeted income figures

Budget 2022/23

Summary

The budget for 2022/23 (please see table 1 below) reflects our projections for both income and expenditure in the coming year. At time of writing this report we are still affected by the Covid pandemic, and so there is, unfortunately, a level of uncertainty around our budget.

In setting the budget for 2022/23, the Partnership is aware of the Chancellor's statement on an increase in national insurance and we have projected for a small pay increase for staff. As a consequence, our day rate charge will need to increase in 2022/23, for both DAP partners and external clients.

Our Business Plan has recognised funding pressures on Partners, and acknowledges that income from other, external partners, will need to rise to compensate for any reduction. 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 – we have significantly reduced our budget as we continue to work from home due to the Covid pandemic. We do appreciate that 2022/23 is likely to see some return to office working but consider that this is unlikely to return to pre-pandemic levels.

Supplies and Services – Previously wage costs for temporary staff were included in this budget line. However, the tightening of tax rules require that temporary staff are paid via our payroll (rather than via invoice) and so it is right that these costs are "moved" to the staffing line. This has resulted in a reduction in this budget line, but the remaining costs are broadly static.

Support – in essence a stand-still budget, but increased slightly to reflect inflationary costs.

Income levels are projected to be £244k higher than the 2021/22 budget, with this increase mainly due to our income projection from North Devon being firmed up, projected income from Teignbridge Council and a price increase of 3% in our day rate to reflect increases in our costs (pay award of 2% and 1% NI uplift).

We undertake work for Torbay wholly owned companies (e.g. SWISCo) and this income has been moved from the "other smaller partners" line into the Torbay line.

Income from EU funds continues to be "high" for 2022/23, but this will significantly tail off as we head into 2023/24.

Income from Academy schools remains positive, but is always an area of risk, as academies renew contracts via competitive processed.

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 as we look forward to further support new and existing colleagues if we can. 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 2022/23 2021/22, 2020/21 &, 2019/20 budget figures are provided for comparison purposes.

Table 1 Projected Budget for 2022/23

	2022/23 Proposed Budget	2021/22	2020/21 Budget	2019/20 Budget
Employees	1,880,600	1,611,500	1,449,650	1,413,900
Premises	38,000	38,000	38,000	38,000
Transport	15,000	28,000	28,200	28,200
Supplies & Services	50,600	65,500	64,800	63,500
Support	49,000	48,000	47,500	* 46,600
Income	2,038,200	(1,794,000)	(1,631,500)	*(1,594,580)
Total (Surplus) / Deficit	(5,000)	(3,000)	(3,350)	(4,380)

Cntd.

Table 2. Analysis of Income from Partners and clients

Partner	2022/23 Budgeted Income Level	2021/22 Budgeted income level	2020/21 Budgeted income level	2019/20 Budgeted income level
Fire	36,100	18,090	18,090	0
Police	0	0	0	21,200
Pensions	27,000	25,585	25,330	24,820
Dartmoor	6,300	5,960	5,840	6,300
Exmoor	6,300	5,960	5,840	5,700
Mid Devon	95,400	91,244	88,900	87,200
North Devon	79,400	60,200	59,600	0
Torridge	53,100	50,400	49,860	48,960
Teignbridge	31,700	0	0	14,000
South Hams & West Devon	24,900	23,880	23,400	23,400
Cornwall	0	0	0	37,800
Devon County Council	548,200	500,300	356,700	349,000
Plymouth Council	553,400	556,300	572,300	575,000
Torbay (inc. related companies)	276,500	186,000	186,000	184,000
Schools	109,800	97,100	104,129	102,200
Schools Academies	45,300	30,000	30,000	30,000
EU Grants	109,000	83,000	83,000	40,000
Other smaller partners	35,800	60,180	44,011	45,000
Total	2,038,200	1,794,199	1,653,000	1,594,580

Robert Hutchins Head of Partnership 26th February 2022

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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Background Paper Nil

There are no equality issues associated with this report