

**EAST SUSSEX COUNTY COUNCIL,
SURREY COUNTY COUNCIL
BRIGHTON & HOVE CITY COUNCIL
ORBIS JOINT COMMITTEE**



DATE: 16 OCTOBER 2017

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL) AND JOHN STEBBINGS (CHIEF PROPERTY OFFICER, SURREY COUNTY COUNCIL) AND DAVID KUENSSBERG (EXECUTIVE DIRECTOR FINANCE AND RESOURCES, BRIGHTON AND HOVE CITY COUNCIL)

SUBJECT: AUGUST BUDGET MONITORING

PURPOSE OF REPORT:

To provide an update to the Joint Committee on the financial position of Orbis at the end of August 2017.

INTRODUCTION

The Orbis Joint Committee is responsible for delivering services from a joint operating budget and ensuring successful implementation of the partnership from a joint investment fund.

The joint operating budget and investment fund need to be managed and monitored effectively to ensure good financial management in line with both East Sussex County Council (ESCC), Surrey County Council (SCC's) and Brighton & Hove City Council's (BHCC) expectations and to ensure that benefits are tracked and realised.

RECOMMENDATIONS:

The Orbis Joint Committee is asked to note:

1. Services forecast -£0.8m budget variance at year end on the joint operating budget.
2. Orbis forecast £0.9m spend on Orbis investment.
3. Services expect to achieve £4.4m efficiencies by year end.

The Joint Committee is asked to review:

4. The staffing and agency expenditure to 31 August 2017, as requested by SCC's Corporate Services Select Committee.

REASON FOR RECOMMENDATIONS:

The Orbis Joint Committee is responsible for ensuring the sound financial management of the partnership, delivering the business plan and monitoring the investment.

DETAILS:

5. The Joint Operating Budget is £50.7m. The 2017/18 budget for investment to achieve a successful partnership is £1.1m which includes £0.3m carried forward from 2017/18.

Orbis Joint Operating Budget

6. As at 31 August 2017 services expect to deliver £0.6m of early 2018/19 Joint Operating Budget efficiency savings, mainly from staffing; and £0.2m of one-off savings, largely Human Resources consultancy spend and a contribution from Brighton & Hove City Council (BHCC) before budgets are integrated next year. The year to date variance is -£1.2m and £1m of this is staffing where services are holding vacancies ahead of delivering a further £3.9m in 2018/19. Some services plan to spend their year to date underspend later in the year on one-off change programmes, which are activities that deliver the target savings.
7. The following tables show the full year forecast position of the Joint Orbis Budget by service and the revenue contribution for each authority.

Table 1 Joint Operating Budget by service

	Year to Date			Full Year		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Business Operations	2,195	1,989	-205	5,267	5,267	0
Finance	3,778	3,756	-23	9,068	8,768	-300
HR&OD	1,948	1,797	-151	4,675	4,485	-190
IT&D	7,064	6,472	-593	16,955	16,955	0
Management	848	710	-137	2,034	1,739	-295
Procurement	1,340	1,283	-57	3,216	3,216	0
Property	3,934	3,946	13	9,441	9,441	0
Total Net Expenditure	21,106	19,953	-1,153	50,655	49,871	-785
Subjective Analysis						
Staffing	23,014	22,034	-980	55,233	54,751	-482
Non-Staffing	2,709	2,731	22	6,502	6,421	-81
Total Expenditure	25,723	24,765	-958	61,735	61,172	-564
Income	-4,617	-4,811	-195	-11,080	-11,301	-221
Net Expenditure	21,106	19,953	-1,153	50,655	49,871	-785
Contributions						
ESCC				15,269	15,033	-236
SCC				35,386	34,838	-548
Total				50,655	49,871	-785

Management costs include an adjustment to ensure that the method of calculating pension contributions is similar in both ESCC & SCC.

Orbis Investment

8. The estimated amount of investment required to ensure the success of the partnership and deliver the efficiency savings is £7.6m, over 5 years from 2014/15. The partnership is responsible for ensuring this is effectively managed and as a result it will be continually monitored and reported to the Orbis Leadership Team monthly and the Orbis Joint Committee quarterly.
9. The amount earmarked in both authorities' 2017/18 budgets for Orbis Investment totals £3.9m. Of this, the councils have given their approval to spend £1.1m. This is primarily for the Orbis Programme Team and redundancies and the current forecast spend on this is £0.9m. The variance to budget is mainly due to additional contributions from BHCC to joint project costs and vacancies in the programme team. Further elements need an approved business case before proceeding.
10. Table 2: 2016/17 Orbis Investment

Orbis Investment	FY Plan	YTD	FY	
	£000	Actual	Estimate	FY Var
	£000	£000	£000	£000
Programme Management	160	49	152	-8
Enabling Programme Support	263	71	173	-90
Total Programme Expenditure	423	121	325	-98
External Advice	350	124	350	0
Redundancy	400	323	400	0
Contribution from BHCC	-67	0	-149	-82
Total Approved Expenditure	1,106	568	925	-180
Earmarked but not approved to proceed				
Core IT	1,067			
Business Services IT	1,367			
IT Contingency	343			
	2,776			
Total Orbis Investment	3,882	568	925	-180

Efficiencies

11. The Joint Operating budget includes challenging efficiency savings and increased income targets of £3.9m in 2017/18. Services are putting plans in place to achieve a further £3.9m in 2018/19, as detailed in the Orbis Business Plan and 2017/18 Orbis budget report.
12. Services are on track to deliver the efficiencies, although there is some uncertainty over the increased income target in Business Operations, mainly in relation to revenue from schools. In addition and as reported above £0.6m of the

2018/19 Orbis Joint Operating budget savings are likely to be delivered early as reflected in the table below.

Table 3: 2017/18 Efficiencies

Efficiency Saving	Plan	Plan	Forecast	Forecast
	2017/18	RAG	2017/18	RAG
	£000		£000	
Business Operations	-420	G	-420	G
Business Operations	-80	A	-80	A
Finance	-525	G	-825	B
HR&OD	-400	G	-550	B
IT&D	-1,099	G	-1,099	B
Management	-100	G	-220	B
Procurement	-345	G	-345	G
Property	-906	G	-906	G
	-3,875		-4,445	

Staffing

- The Orbis Joint Committee is responsible for managing all aspects of the Joint Operating Budget, including staffing. The staffing budget is set on the estimated establishment needed to deliver services, after deducting costs for an estimated level of vacancies.
- As expected, where services are holding staff vacancies to deliver savings, there is a year to date underspend on staffing of -£1m, leading to the full year variance of -£0.5m, some services plan to use the year to date variance to fund on-off change programmes. The following table provides a breakdown of the staffing year to date variance for each service.

Table 4: Year to date and full year staffing variance

Staffing	Year to Date			Full Year		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Business Operations	4,055	4,047	-8	9,733	9,733	0
Finance	4,256	3,909	-346	10,213	9,911	-302
HR&OD	1,915	1,885	-30	4,595	4,490	-105
IT&D	7,216	6,842	-374	17,319	17,319	0
Management	187	95	-92	449	374	-75
Procurement	1,276	1,233	-43	3,063	3,063	0
Property	4,109	4,022	-87	9,861	9,861	0
Total Net Expenditure	23,014	22,034	-980	55,233	54,751	-482

- As requested by SCC's Corporate Services Select Committee the Joint Committee is asked to review Orbis spend on Agency staff. The expenditure to date on agency staff is 3% of total staffing spend.

Table 5: Year to date agency non-agency staffing expenditure

Agency and non-Agency spend	Agency	Non Agency Staffing	Total Staffing
	£000s	£000s	£000s
Business Operations	116	3,931	4,047
Finance	126	3,783	3,909
HR&OD	14	1,871	1,885
IT&D	310	6,532	6,842
Management		95	95
Procurement	116	1,118	1,233
Property	77	3,945	4,022
Total Net Expenditure	758	21,276	22,034

WHAT HAPPENS NEXT:

16. The Orbis Leadership Team will review the position each month and report this to the Joint Committee, it will brief both members in the months the Committee does not have a meeting.

This page is intentionally left blank