



Corporate Services Select Committee

6 December 2017

Budget Planning Business Services & Orbis

Purpose of the report:

This report provides budget planning information for Business Services & Orbis.

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Background

1. The Committee requested a report to enable scrutiny of the budgets managed by Orbis on behalf of SCC and the SCC contribution to the Orbis budget, including efficiency savings and how these impact on service delivery.

Overview

2. Following the creation of Orbis in 2016, Business Services budgets are part of either the budgets managed by Orbis on behalf of SCC or the Orbis joint operating budget.
3. The majority of the budgets managed on behalf of SCC are non-staffing and provide for the council's building running and maintenance costs, insurance, IT systems and staff development. These are the budgets that are unique to each council in the Orbis partnership. These budgets are fully funded by SCC.
4. The Orbis budget includes mainly staff and any specific non-staffing Orbis running costs such as specific Orbis IT systems. The Orbis Joint committee is responsible for delivering the Orbis services from the joint operating budget. SCC and East Sussex County Council (ESCC) contribute to the joint operating Budget in proportion to their service delivery requirements, currently 70% and 30% respectively. This is prior to BHCC joining the partnership in April 2018, the latest estimate of SCC's contribution to the expanded partnership is 56%.
5. The Corporate Services Select Committee is responsible for scrutinising the budgets managed by Orbis on behalf of SCC and the services provided by Orbis. This report provides information on the current MTFP for the managed on behalf of budgets and the SCC contribution to the Orbis operating budget.

Current Year Budgets

6. The 2017/18 Budgets for the budgets managed on behalf of SCC and the Orbis joint operating budget are below.
7. The managed on behalf of budget includes efficiency savings of £2.2m and services are currently forecasting a -£1.3m over achievement of savings at year end. The majority of these additional savings are one-off and are due to favourable weather conditions, for example reactive building maintenance, and delays to schemes, such as leadership training where bespoke courses are being developed. Table 1 sets out the 2017/18 budgets managed on behalf of SCC by service.

Table 1: 2017/18 Budgets Managed on behalf of SCC

Managed on Behalf of SCC 2017/18 Budgets	Staffing £000s	Non- Staffing £000s	Income £000s	Net Budget £000s
Property				
Building Running Costs	582	21,110	-8,512	13,181
Repairs & Maintenance	0	8,188	0	8,188
Property Projects	27	193	0	220
Total Property	609	29,491	-8,512	21,588
IT & Digital				
Support & Delivery	992	3,446	-285	4,153
Network Contracts	0	3,637	-150	3,487
Design & Build	0	2,628	0	2,628
Project Office	0	2,245	0	2,245
Total IMT	992	11,956	-435	12,513
HR & Organisational Development				
Training	866	1,293	0	2,159
Recruitment	0	693	0	693
Organisational Development	793	615	-20	1,388
Total HR & OD	1,659	2,601	-20	4,240
Finance				
Audit Fee & Other Finance	0	148	0	148
Insurance	0	4,024	-1,378	2,646
Total Finance	0	4,173	-1,378	2,795
Business Operations				
Local Assistance Scheme	153	365	0	518
Contribution from Services	0	-281	0	-281
Other Business Operations	0	-300	0	-300
Total Shared Services	153	-216	0	-63
Procurement	868	0	0	868
Total Net Expenditure	4,281	48,005	-10,344	41,941

8. The majority of income is in Property, of this £5.7m is rent and service charge income for the council's buildings, a further £2.7m is income from schools for the building maintenance service. The Finance income is mainly from schools for insurance cover.
9. The Joint Orbis budget includes efficiency savings of £3.9m and services currently forecast an over achievement of savings of -£1.1m this year. This is mainly early delivery of 2018/19 savings, as services implement or prepare to

implement restructures. SCC currently contributes 70% to Orbis. Table 2 sets out the 2017/18 Orbis joint operating budget.

Table 2: Orbis Joint Operating Budget

2017/18 Orbis Joint Operating Budget	Staffing £000s	Non-Staffing £000s	Income £000s	Net Budget £000s
Services net budgets				
Business Operations	9,733	1,124	-5,590	5,267
Finance	10,161	391	-1,484	9,068
HR&OD	4,595	662	-582	4,675
IT&D	17,319	1,244	-1,608	16,955
Management	449	1,585	0	2,034
Procurement	3,063	309	-156	3,216
Property	9,861	1,240	-1,660	9,441
Total Net Expenditure	55,181	6,554	-11,080	50,655
Contributions				
ESCC				15,269
SCC				35,386
Total				50,655

10. SCC contributes to the net cost of Orbis, currently the share is 70%. The majority of the income is from services provided to schools in both East Sussex and Surrey, these services include payroll, finance support, building maintenance management and HR support. Orbis also receives income from both the ESCC & SCC pension funds and from other local authorities for pension administration and management services.

Current MTFP Savings Plans

11. The total SCC savings from the managed on behalf of budgets and contribution to Orbis, included in the current MTFP, are £4.9m in 2017/18 and £3m in 2018/19 which is an ongoing total saving of £7.9m. The savings are regularly reviewed and the latest 'RAG' for each of the 2017/18 savings are shown in tables 3 and 4. There are risks to these savings as there is increasing demand from other council services for the support of all Orbis services in delivering their own savings, for example planned transformation changes may require IT improvements or HR assistance with restructures.
12. Table 3 shows the existing MTFP savings for the services managed on behalf of SCC. The latest forecast is that all of these efficiencies will be achieved however there is a risk to the utilities saving if there are extreme changes to the weather.

Table 3: Managed on behalf of budgets savings (incremental)

	2017/18 £000	2017/18 RAG	2018/19 £000	Total £000
Finance				
Insurance self fund	750	B	0	750
2015/16 income 2 years only	-25	B	0	-25
Total	725		0	725
HR&OD				
Apprentices	216	B	0	216
Non-staffing incl training & recruitment	207	B	0	207
Total	423		0	423
IT&D				
Orbis Business Plan - SAP	76	B	76	152
Other	-30	B	30	0
Contracts	300	B	0	300
Total	346		106	452
Property				
Utilities	200	G	0	200
Building Running Costs	300	B	200	500
Income	140	B	0	140
Consultancy	100	B	0	100
Total	740		200	940
Total Managed Budget Savings	2,234		306	2,540
Achieved	B			
Progressing	G			
Some Issues	A			

13. The Orbis Operating Budget savings are as per the Orbis Business Plan reported to Cabinet on 27 October 2015 and further reviewed in October 2016. Table 4 shows the Orbis operating budget savings, the current MTFP is based on the SCC contribution of 70%. The latest estimate is that all these efficiencies will be achieved and a further £0.8m will be saved in 2017/18 mainly by delivering 2018/19 savings early.

Table 4: Orbis joint operating budget savings (incremental)

	2017/18 £000	2017/18 RAG	2018/19 £000	Total £000
Business Operations	420	G	125	545
Business Operations	80	A	0	80
Finance	525	B	994	1,519
HR&OD	400	B	625	1,025
IT&D	1,099	B	1,258	2,357
Management	100	B	0	100
Procurement	345	B	15	360
Property	906	G	834	1,740
Total Net Savings	3,875		3,851	7,726
SCC contribution (70%)	2,713		2,696	5,408
Achieved	B			
Progressing	G			
Some Issues	A			

14. The majority of these savings are from staffing budgets and the average reduction compared to 2015/16 net budgets is 17%. Although the 2017/18 savings are expected to be delivered there is a risk that not all of the 2018/19 savings will be achieved as Orbis is experiencing high demand for its services from the council, for example increased need for financial support to understand the implications of new ways of working.

15. Orbis aims to minimise the impact of the savings on other council services, by continually reviewing its service delivery and demands. However there is a risk that service provision will suffer as demand increases.

16. Orbis is revising its business plans as set out in a separate report to this committee. There is a possibility that further savings cannot be identified without impacting on the council. Any recommendations for future savings or service reductions will be reported to the select committee.

Conclusions

17. The report provides the committee with current year budget plans and existing savings for scrutiny.