

**EAST SUSSEX COUNTY COUNCIL,
SURREY COUNTY COUNCIL AND
BRIGHTON & HOVE CITY COUNCIL**



ORBIS JOINT COMMITTEE

DATE: 12 APRIL 2018

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL), SHEILA LITTLE (DIRECTOR OF FINANCE, SURREY COUNTY COUNCIL) & DAVID KUENSSBERG (EXECUTIVE DIRECTOR FINANCE & RESOURCES, BRIGHTON & HOVE CITY COUNCIL)

SUBJECT: FEBRUARY BUDGET MONITORING

SUMMARY OF ISSUE:

To provide an update to the Joint Committee on the financial position of Orbis at the end of February 2018.

RECOMMENDATIONS:

The Joint Committee is asked to note:

1. Services forecast -£2.4m Orbis operating budget variance at year end.
2. Forecast £1.8m spend on Orbis investment and redundancies.
3. Services expect to achieve £5m efficiencies by year end.

The Joint Committee is asked to review:

4. The staffing and agency expenditure to 28 February, as requested by SCC's Corporate Services Select Committee.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

5. The 2017/18 Joint Operating Budget is £50.7m. The 2017/18 estimated spend on investment to achieve a successful partnership is £1.8m.

Orbis Joint Operating Budget

6. As at 28 February 2018 Orbis services forecast a year end variance of -£2.4m. Services expect to deliver £1.1m of early 2018/19 Joint Operating Budget efficiency savings, mainly from staffing; and £1.3m of one-off savings, largely where services are holding vacancies ahead of delivering a further £4.6m of savings in 2018/19.
7. The full year variance has changed by -£1.1m since the estimate at the end of November, reported to the committee in January. The staffing levels have been difficult to forecast due to relatively high staff turnover during this period of change.
8. Table 1 shows 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	4,864	4,230	-634	5,306	5,206	-100
Finance	8,312	7,782	-530	9,068	8,328	-740
HR&OD	4,285	3,985	-300	4,675	4,440	-235
IT&D	15,571	14,877	-694	16,987	16,347	-640
Management	1,810	1,589	-220	1,974	1,574	-400
Procurement	2,948	2,700	-247	3,216	2,986	-230
Property	8,668	8,638	-30	9,456	9,416	-40
Total Net Expenditure	46,458	43,803	-2,655	50,681	48,297	-2,385
Subjective Analysis						
Staffing	50,632	48,725	-1,907	55,235	53,267	-1,968
Non-Staffing	6,027	6,352	325	6,575	6,098	-477
Total Expenditure	56,659	55,077	-1,582	61,809	59,365	-2,445
Income	-10,201	-11,274	-1,073	-11,128	-11,068	60
Net Expenditure	46,458	43,803	-2,655	50,681	48,297	-2,385
Contributions						
ESCC	14,063	13,260	-804	15,342	14,620	-722
SCC	32,395	30,543	-1,851	35,340	33,677	-1,663
Total	46,458	43,803	-2,655	50,681	48,297	-2,385

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

Orbis Investment

9. The estimated amount of investment required to ensure the success of the partnership and deliver the efficiency savings is £4.9m, 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 Joint Committee quarterly.
10. The 2017/18 approved budgets for Orbis Investment totals £1m. This is primarily for the Orbis Programme Team, external advice and core IT, the current forecast spend on this is £0.6m. The variance to budget is mainly due to reduced spend on external advice and vacancies in the programme team. Further investment funding is subject to business case approval before proceeding.
11. Redundancies are approved by the employing authority subject to a robust business case. The redundancy levels are £0.8m higher than originally estimated, however these are partly delivering additional early savings. Table 2 shows the 2017/18 investment forecast.

Table 2: 2017/18 Orbis Investment

	Plan	Estimate	FY Var
	£000	£000	£000
Programme Level	160	125	-35
Enabling Programme Support	266	77	-189
Total Programme Expenditure	426	202	-224
External Advice	350	200	-150
Core IT	165	159	-6
Orbis IT	110	110	0
Contribution from BHCC	-67	-80	-13
Total Approved Investment	984	591	-393
Redundancy	400	1,249	849

Efficiencies

12. 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 £4.6m in 2018/19, as detailed in the Orbis Business Plan.
13. Services are on track to deliver £3.9m planned efficiencies and, as reported above, £1.1m of the 2018/19 Orbis Joint Operating budget savings are likely to be delivered early as reflected in table 3 below.

Table 3: 2017/18 Efficiencies

Efficiency Saving	Plan	Forecast
	2017/18	2017/18
	£000	£000
Business	-500	-600
Finance	-525	-755
HR&OD	-400	-635
IT&D	-1,099	-1,549
Management	-100	-100
Procurement	-345	-395
Property	-906	-946
	-3,875	-4,980

Staffing

14. 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.
15. Where services are holding staff vacancies to deliver future savings, there is a year to date underspend on staffing of -£1.9m, leading to the full year variance of -£2m. Table 4 provides a breakdown of the staffing year to date variance and forecast 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
	£000	£000	£000	£000	£000	£000
Business Operations	8,958	8,762	-196	9,772	9,672	-100
Finance	9,314	8,640	-674	10,161	9,657	-504
HR&OD	4,212	4,150	-63	4,595	4,448	-147
IT&D	15,875	15,373	-502	17,319	16,679	-640
Management	412	371	-41	449	349	-100
Procurement	2,808	2,651	-157	3,063	2,884	-180
Property	9,053	8,778	-275	9,876	9,578	-298
Total Net Expenditure	50,632	48,725	-1,907	55,235	53,267	-1,968

16. 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 4% of total staffing spend.
17. The use of agency staff is avoided where possible however there are a limited range of circumstances where it is appropriate, for example specific skills for a project or to cover business critical vacant posts in the short term. Table 5 shows the agency spend by service to 28 February 2018.

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

	Agency YTD £000s	Non Agency Staffing £000s	Total Staffing YTD £000s	Agency %
Business Operations	190	8,571	8,762	2%
Finance	200	8,440	8,640	2%
HR&OD	42	4,108	4,150	1%
IT&D	980	14,394	15,373	6%
Management	6	365	371	2%
Procurement	252	2,399	2,651	9%
Property	107	8,671	8,778	1%
Total Net Expenditure	1,777	46,948	48,725	4%

WHAT HAPPENS NEXT:

18. 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.

Contact Officers:

Louise Lawson – Senior Principal Accountant

Consulted:

Kevin Foster – Chief Operating Officer

Sheila Little – Director of Finance

David Kuenssberg - Executive Director of Finance & Resources

Adrian Stockbridge – Orbis Programme Manager

This page is intentionally left blank