

EAST SUSSEX COUNTY COUNCIL,  
SURREY COUNTY COUNCIL AND  
BRIGHTON AND HOVE COUNTY COUNCIL

ORBIS JOINT COMMITTEE MEETING

DATE: 22 January 2021

LEAD OFFICER: NIGEL MANVELL (DEPUTY CHIEF FINANCE OFFICER BRIGHTON & HOVE CITY COUNCIL), KEVIN FOSTER (CHIEF OPERATING OFFICER EAST SUSSEX COUNTY COUNCIL), LEIGH WHITEHOUSE (EXECUTIVE DIRECTOR OF RESOURCES SURREY COUNTY COUNCIL)

**SUBJECT: BUDGET MONITORING**

**SUMMARY OF ISSUE:**

To provide an update to the Joint Committee on the financial position of Orbis

**RECOMMENDATION:**

The Joint Committee is asked to note the report.

**REASONS 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:**

1. The Orbis operating model changed from 2020/21. Service areas are now categorised as either “Fully integrated”, “Partially integrated” or “Centres of Expertise”. Categorisation is determined by the nature of the service and the participation of sovereign authorities. This is therefore reflected within the tables below.
2. The Orbis joint operating budget of £39.3m for 20/21 includes efficiency targets of £1.6m (**Table 1**).
3. The forecast year-end outturn as at the end of Q2 is an overspend of £769k. This is a reduction from £965k which was reported at Q1. The main contributor to this overspend is within Business Operations, where the 20/21 £750k savings target is now unlikely to be met. There are also small overspends within finance and HR, mainly due to staffing costs. However, there is a net underspend within the Centres of Expertise partially mitigating these overspends.
4. Of the net overspend, only £5k has directly been classified as relating to Covid. However, it is clear that operating in the current Covid environment has increased the difficulty of meeting efficiency targets within Business Operations as well as impacting the anticipated number of staff vacancies within Service areas.

**Table 1 – Joint Operating Budget Q2 20/21**

Orbis Operating Budget		Year to Date (Q2)			Full Year		
		Budget	Actual	Variance	Budget	Forecast	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Fully Integrated</b>	Business Operations	2,547	3,041	494	5,094	5,844	750
	IT&D	9,886	9,778	-108	19,772	19,772	0
	Management	201	221	20	402	434	32
	Procurement	2,229	2,189	-40	4,458	4,458	0
	<b>TOTAL FULLY INTEGRATED</b>	<b>14,863</b>	<b>15,229</b>	<b>366</b>	<b>29,726</b>	<b>30,508</b>	<b>782</b>
<b>Partially integrated</b>	Finance	1,628	1,631	3	3,256	3,281	25
	HR&OD	1,614	1,686	73	3,227	3,300	73
	Management	52	0	-52	103	76	-27
	<b>TOTAL PARTIALLY INTEGRATED</b>	<b>3,293</b>	<b>3,317</b>	<b>24</b>	<b>6,586</b>	<b>6,657</b>	<b>71</b>
<b>Centres of Expertise</b>	<b>TOTAL CoE</b>	<b>1,497</b>	<b>1,415</b>	<b>-82</b>	<b>2,994</b>	<b>2,910</b>	<b>-84</b>
	<b>TOTAL ORBIS</b>	<b>19,653</b>	<b>19,961</b>	<b>308</b>	<b>39,306</b>	<b>40,075</b>	<b>769</b>

5. 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.

The full year staffing forecast variance is £1,056k (**Table 2**).

**Table 2 – Subjective analysis Q2 20/21**

Orbis Operating Budget - Subjective	Year to Date			Full Year		
	Budget	Actual	Variance	Budget	Forecast	Variance
Staffing	24,757	25,375	618	49,514	50,570	1,056
Non-Staffing	2,112	1,791	-321	4,224	4,060	-164
Total Expenditure	26,869	27,166	297	53,738	54,630	892
Income	-7,216	-7,205	11	-14,432	-14,555	-123
<b>Net Expenditure</b>	<b>19,653</b>	<b>19,961</b>	<b>308</b>	<b>39,306</b>	<b>40,075</b>	<b>769</b>

6. The Joint Committee is also asked to review Orbis spend on Agency staff. The expenditure to date on agency staff is 3% of total staffing spend (**Table 3**). 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 3 shows the 2020/21 Q1 agency spend by service.

**Table 3**

Orbis Operating Budget	Agency	Non Agency Staffing	Total Staffing	Agency Proportion
	£'000	£'000	£'000	%
Business Ops	89	5,881	5,970	1%
Finance - BHCC & ESCC	73	2,162	2,235	3%
Finance - Centres of Expertise	23	1,601	1,624	1%
HR&OD - BHCC & ESCC	-2	2,276	2,274	0%
IT&D	514	10,243	10,757	5%
Management	45	198	243	19%
Procurement	74	2,198	2,272	3%
<b>Total</b>	<b>816</b>	<b>24,559</b>	<b>25,375</b>	<b>3%</b>

7. Note that the amounts going through Management are gross IT project management costs that are re-charged to ESCC Sovereign budgets and therefore have a net zero impact on Joint Orbis Budgets.

### Efficiencies

The table below shows the agreed efficiency targets relating to 2020/21:

**Table 4 – 20/21 Efficiency targets**

Service Area	£000s	Rating
Business Operations	750	Red
IT & Digital	500	Green
Procurement	305	Green

8. As per the narrative above, it is deemed unlikely that the efficiencies within Business Operations will be made in 20/21. Efficiencies within IT&D and Procurement are currently assessed as being achievable and to be met within the current budget allocations.

### Contributions

9. The partner contribution rates as at Q2 are set out in table 5 below. The contribution rates differ depending on the level of integration within the given service.

**Table 5 – Agreed Contribution Rates**

<b>Contributions - Fully integrated</b>	
BHCC	22.3%
ESCC	24.6%
SCC	53.1%
<b>Contributions - Partially integrated</b>	
BHCC	47.1%
ESCC	52.9%
<b>Contributions - Centres of Expertise</b>	
BHCC	25.6%
ESCC	27.8%
SCC	46.6%

These rates can then be applied to determine the net contribution per partner (**Table 6**).

**Table 6 – Partner net contributions**

	<b>Full Year</b>		
	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	£'000	£'000	£'000
BHCC	10,482	10,668	186
ESCC	11,646	11,852	207
SCC	17,178	17,554	376

**Contact Officer:**

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