

**EAST SUSSEX COUNTY COUNCIL AND  
SURREY COUNTY COUNCIL**

**ORBIS JOINT COMMITTEE**



**DATE: 21 OCTOBER 2016**

**LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER) AND JOHN STEBBINGS (CHIEF PROPERTY OFFICER)**

**SUBJECT: JULY BUDGET MONITORING**

**PURPOSE OF REPORT:**

To provide an update to the Joint Committee on the financial position of the Orbis Joint Operating Budget and the Orbis Investment Programme as at the end of July 2016.

**INTRODUCTION**

The 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) and Surrey County Council's (SCC) expectations and to ensure that benefits are tracked and realised.

**RECOMMENDATIONS:**

The Joint Committee is asked to note that:

1. services forecast -£0.5m budget variance at year end on the Joint Operating Budget and zero variance on the investment fund.
2. services are forecast to achieve £1.8m efficiencies by year end.

**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:**

1. The Joint Operating Budget is £53.1m. This includes £1.2m of efficiency savings. The 2016/17 budget for investment to achieve a successful partnership is £3.3m which includes £0.5m carried forward from 2015/16.
2. As at 31 July 2016 services are forecast to deliver £0.5m of 2017/18 efficiency savings within the Joint Operating Budget early.

## Orbis Joint Operating Budget

3. 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

	Budget £000s	Forecast £000s	Variance £000s		Budget £000s	Forecast £000s	Variance £000s
<b>Business Operations</b>				<b>Management</b> <sup>1</sup>			
Staffing	10,081	10,081	0	Staffing	498	383	-115
Non-Staffing	776	776	0	Non-Staffing	1,685	1,685	0
Income	-5,679	-5,679	0	Income	0	0	0
	<b>5,177</b>	<b>5,177</b>	<b>0</b>		<b>2,183</b>	<b>2,068</b>	<b>-115</b>
<b>Finance</b>				<b>Procurement &amp; Commissioning</b>			
Staffing	10,282	10,132	-150	Staffing	3,361	3,361	0
Non-Staffing	421	421	0	Non-Staffing	303	303	0
Income	-1,244	-1,244	0	Income	-154	-154	0
	<b>9,459</b>	<b>9,309</b>	<b>-150</b>		<b>3,510</b>	<b>3,510</b>	<b>0</b>
<b>Human Resources</b>				<b>Property</b>			
Staffing	4,926	4,926	0	Staffing	10,238	10,168	-70
Non-Staffing	733	733	0	Non-Staffing	1,274	1,274	0
Income	-566	-566	0	Income	-1,202	-1,202	0
	<b>5,094</b>	<b>5,094</b>	<b>0</b>		<b>10,310</b>	<b>10,240</b>	<b>-70</b>
<b>Information &amp; Technology</b>							
Staffing	17,322	17,122	-200				
Non-Staffing	1,637	1,637	0				
Income	-1,587	-1,587	0				
	<b>17,372</b>	<b>17,172</b>	<b>-200</b>				

<sup>1</sup> Management costs include an adjustment to ensure that the cost of pension contributions is similar in both SCC & ESCC.

Table 2: Total Joint Operating Budget and revenue contributions by ESCC and SCC

	Budget £000s	Forecast £000s	Variance £000s
Staffing	56,707	56,172	-535
Non-Staffing	6,829	6,829	0
Income	-10,431	-10,431	0
<b>Grand Total</b>	<b>53,105</b>	<b>52,570</b>	<b>-535</b>
<b>Revenue Contribution to Orbis</b>			
ESCC	15,916	15,756	-160
SCC	37,189	36,814	-375
<b>Total</b>	<b>53,105</b>	<b>52,570</b>	<b>-535</b>

4. In addition to the savings to be delivered this year, Orbis is expected to deliver further savings of £3.1m in 2017/18 as part of the Business Plan. Since the majority of Orbis' budget is spent on staffing, services are planning restructures and are likely to deliver some of the savings this year as these changes take place and vacancies are held. This is likely to lead to a year end underspend of -£0.5m.
5. The Business Operations' savings are £0.6m. Reorganisations have taken place to deliver these, however there are still income risks and possible delayed savings from implementing the new e-invoicing system. The service is planning to overcome the income pressure by reviewing the services it offers and the costs of delivering them. The e-invoicing system has been implemented and should realise full year savings from 2017/18.

## Staffing

6. 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 labour needed to deliver its services, including an estimated level of vacancies. It expresses this as budgeted full time equivalent (FTEs) staff and converts it to a cost for the budget. The budget provides for 1,299 FTE and there are currently 77 vacancies, including vacant positions being covered by agency staff. Recruitment to vacant positions will require Head of Service/Assistant Director approval for the relevant service and will be reported to Orbis Leadership Team, under a recently introduced procedure. Table 3 shows the vacant posts for each service.

Table 3: Vacant positions

<b>FTE</b>	<b>Budget</b>	<b>Filled</b>	<b>Vacant</b>
Business Operations	319	314	-5
Finance	196	179	-17
Human Resources	104	98	-6
Information Technology	374	352	-22
Management*	8	7	-1
Procurement	66	64	-2
Property	232	208	-24
<b>Total Orbis YTD Staffing</b>	<b>1,299</b>	<b>1,222</b>	<b>-77</b>

\*Management includes support for service assistant directors and business improvement for the whole of Orbis

7. As expected, where services are holding staff vacancies to deliver savings, there is a year to date underspend on staffing of -£0.8m. Some of this underspend will fund service reviews and some will offset income pressures. The remaining year to date variances are likely to lead to the full year variance of -£0.5m reported above. The following Table provides a breakdown of the staffing year to date variance for each service.

Table 4: Year to date staffing variance

Year to Date Staffing	Budget	Forecast	Variance
	£000s	£000s	£000s
Business Operations	3,360	3,273	-87
Finance	3,427	3,288	-139
Human Resources	1,642	1,545	-97
Information Technology	5,774	5,489	-285
Management	166	157	-9
Procurement	1,120	1,134	14
Property	3,413	3,228	-185
<b>Total Orbis YTD Staffing</b>	<b>18,902</b>	<b>18,113</b>	<b>-789</b>

## Efficiencies

- The Joint Operating Budget includes challenging efficiency savings and increased income targets of £1.2m. Services are putting plans in place to achieve a further £3.1m in 2017/18, as per the Orbis business plan to achieve annual savings of £8.3m by 2018/19.
- Business Operations has the largest 2016/17 efficiency target within the joint Orbis budget. At the start of the year there was some concern as to whether all of this would be fully achieved; this is reflected in the amber (Red, Amber, Green) rating for the joint budget. However, the service has successfully implemented changes to its delivery model and is now on track to fully achieve its savings target.
- As reported above, £0.5m of the 2017/18 Orbis Joint Operating Budget savings are likely to be delivered early as reflected in the table below.

Table 5: 2016/17 Efficiencies

Efficiency Saving	Plan 2016/17 £000	Forecast	
		Plan RAG	Forecast t RAG
Business Operations			
staffing	-310	G	-310 G
income	-100	G	-100 G
e-invoicing	-91	A	-91 G
income & staffing	-80	A	-80 G
Finance (staffing)	-265	G	-415 G
Human Resources (staffing)	-160	G	-160 G
Information Management (staffing)	-85	G	-285 G
Management	0	G	-115 G
Procurement (staffing)	-40	G	-40 G
Property (staffing)	-96	G	-166 G
	<b>-1,227</b>		<b>-1,762</b>

## Orbis Investment

11. The estimated amount of investment required to ensure the success of the partnership and deliver the efficiency savings is £7.6m, over five years from 2014/15. The partnership is responsible for ensuring this is effectively managed and, as a result, this will continually be monitored and reported to the Orbis Leadership Team monthly and the Joint Committee quarterly.
12. The amount earmarked in both authorities 2016/17 budgets for Orbis Investment totals £3.3m. Of this, the councils have given their approval to spend £0.75m. This is primarily for the Orbis Programme Team and redundancies. It is currently estimated that the remaining funding of £2.6m will be required and spent, subject to the appropriate approval.

Table 6: 2016/17 Orbis Investment

	Plan £000	YTD Actual £000	Estimate £000	Var £000
<b>Programme Level</b>				
Programme Manager	78	24	78	0
Programme Co-ordinator	40	4	25	-15
Business Analyst	40	0	40	0
	<b>158</b>	<b>28</b>	<b>143</b>	<b>-15</b>
<b>Driver Programmes</b>				
Service Design Procurement	32	0	32	0
	<b>32</b>	<b>0</b>	<b>32</b>	<b>0</b>
<b>Enabling Programme Support</b>				
People & change Programme Director	107	41	122	15
Head of Finance	0	1	-0	-0
Organisational Design Manager	54	14	14	-40
Senior Engagement Officer	48	15	44	-4
Internal IT Support	31	0	31	0
Other non-Staffing	0	8	25	25
	<b>240</b>	<b>79</b>	<b>237</b>	<b>-3</b>
<b>Total Programme Expenditure</b>	<b>430</b>	<b>108</b>	<b>411</b>	<b>-19</b>
<b>Joint Bandwidth &amp; Synch. email</b>	<b>67</b>	<b>0</b>	<b>67</b>	<b>0</b>
<b>Redundancy</b>	<b>256</b>	<b>18</b>	<b>256</b>	<b>0</b>
<b>Total Approved Expenditure</b>	<b>753</b>	<b>125</b>	<b>734</b>	<b>-19</b>
<b>Earmarked but not approved to proceed</b>				
<b>Core IT</b>	<b>1,005</b>	<b>0</b>	<b>1,005</b>	<b>0</b>
<b>Business Services IT</b>	<b>1,098</b>	<b>0</b>	<b>1,098</b>	<b>0</b>
<b>External Advice</b>	<b>250</b>	<b>0</b>	<b>269</b>	<b>19</b>
<b>Contingency</b>	<b>217</b>	<b>0</b>	<b>217</b>	<b>0</b>
	<b>2,569</b>	<b>0</b>	<b>2,588</b>	<b>19</b>
<b>Total Orbis Investment</b>	<b>3,322</b>	<b>125</b>	<b>3,322</b>	<b>0</b>

**WHAT HAPPENS NEXT:**

13. 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.
14. The Quarter 2 position will be reported to each member by the end of November. The Joint Committee will review the period Quarter 3 position in January 2017.

**Contact Officers:**

Kevin Foster – Chief Operating Officer  
John Stebbings – Chief Property Officer

**Consulted:**

Sheila Little, Integrated Director of Finance

**Appendices:**

None

**Sources/background papers:**

None