

**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: ORBIS OPERATING BUDGET 2017/18

PURPOSE OF REPORT:

To provide an update to the Orbis Joint Committee on the 2017/18 Orbis Operating budget, in order for the Joint Committee to recommend budget proposals to East Sussex County Council and Surrey County Council.

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.

East Sussex County Council (ESCC) and Surrey County Council (SCC) contribute to the Joint Operating Budget in proportion to their service delivery requirements. The amount each contributes is determined as part of the financial planning process.

The Joint Committee is responsible for reviewing and recommending any proposed Joint Operating Budget efficiencies and mitigation of budget pressures identified in order for Orbis to meet the needs of the sovereign authorities. The Joint Committee should advise both councils on the likely impact of any reductions on service delivery.

RECOMMENDATIONS:

The Joint Committee is asked to note the latest position of the 2017/18 Joint Operating budget and recommend the level of 2017/18 Orbis Joint Operating Budget savings to Cabinets.

REASON FOR RECOMMENDATIONS:

The Joint Committee is responsible for the effective management of the Orbis Joint Operating Budget.

DETAILS:

Existing Budget

1. In 2015 both East Sussex (ESCC) and Surrey County Council (SCC) Cabinets approved the business plan to establish a joint public-sector partnership 'Orbis', to deliver business and support services to each authority. The business plan delivers annual savings of £8.3m, on the Joint Operating Budget, by 2018/19 onwards and requires £7m investment.
2. ESCC and SCC contribute to the Orbis Joint Operating Budget and Investment in proportion to their service delivery requirements, currently 30% and 70% respectively. The 2016/17 Orbis Joint Operating Budget is £53.1m and the approved 2017/18 variations to this are as set out in the Orbis business plan. The contributions to the Joint Operating Budget are included in both authorities' financial plans.
3. The net business plan savings by service are shown in the following tables. The latest Red, Amber, Green rating for the 2016/17 savings are also included. The latest forecast is that in 2016/17 all of the savings will be achieved plus £0.5m of the 2017/18 savings.

Table 1: Net Savings as per the Orbis business plan

	2016/17 £000	2017/18 £000	2018/19 £000	Total £000	2016/17 RAG
Operating Budget					
Property	-56	-540	-1,200	-1,796	G
ICT	145	-879	-1,118	-1,852	G
HR	-85	-400	-625	-1,110	G
Finance	-121	-525	-994	-1,640	G
Business Operations	-581	-244	-125	-950	G
Procurement	10	-245	-15	-250	G
Total Net OB Growth & Savings	-688	-2,833	-4,077	-7,598	
Managed Budgets - IMT	-280	-110	-110	-500	G
Pension Fund	-182	0	0	-182	G
Total Business Plan Net Savings	-1,150	-2,943	-4,187	-8,280	

Budget Review

4. Following the financial challenge facing ESCC and SCC, both authorities require additional savings from Orbis and their Business Services. The Orbis Joint Committee is asked to consider and comment on how to deliver additional savings to both authorities on the Joint Operating Budget proposals.
5. SCC has reviewed its financial position and has identified a budget gap of £31m in 2017/18, increasing to £59m in 2018/19. The target reductions for Orbis and Business Services is a further 3% of the net budget. The Orbis Leadership Team (OLT) believe that the majority of the savings will be made from the budgets

managed on behalf of SCC. The Joint Committee is not responsible for scrutinising the sovereign budget savings.

6. ESCC has similar financial challenges and an expected target of £0.5m in 2017/18 will be applied to Business Services budgets in order to meet the financial gap. This will be delivered by a combination of additional Orbis operating savings and budgets managed on behalf of ESCC.

Budget Proposals

7. OLT recommends that any additional Joint Operating Budget savings should have a similar impact on each authority. This means that the savings would not alter the agreed contribution ratios.
8. OLT has identified revised areas of search to deliver additional savings. This will involve further reconfiguration of services and reduction in staffing for Procurement and Property. Across Orbis, additional savings are expected to be realised from the Procurement budget that will be part of the wider restructure being undertaken in Autumn/Winter 2016/17. Property propose bringing forward some of the 2018/19 business plan savings.
9. These would be in addition to the already challenging business plan savings and may impact on the support provided to services. There is a risk to these and the business plan savings if either council's financial planning decisions require increased support from Orbis.

<u>WHAT HAPPENS NEXT:</u>

10. A review of the partner contribution ratios is underway and recommendations will be reported to OLT.
11. The Joint Committee recommendations will be reported to the sovereign authorities as part of their financial planning.
12. The 2017/18 contributions to the Joint Orbis Operating Budget will be reported to the Joint Committee in January 2017.

Contact Officers:

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

Consulted:

Sheila Little, Integrated Director of Finance

Annexes:

None

Sources/background papers:

None