

ORBIS PUBLIC LAW JOINT COMMITTEE

DATE: 31 OCTOBER 2016

LEAD OFFICERS: ABRAHAM GHEBRE-GHIORGHIS (EXECUTIVE LEAD OFFICER FOR STRATEGY, GOVERNANCE AND LAW), ANN CHARLTON (DIRECTOR OF LEGAL, DEMOCRATIC AND CULTURAL SERVICES SCC), PHILIP BAKER (ASSISTANT CHIEF EXECUTIVE ESCC); AND TONY KERSHAW (DIRECTOR OF LAW, ASSURANCE AND STRATEGY WSCC).

SUBJECT: FINANCE UPDATE

PURPOSE OF REPORT: To provide an update on the finance workstream, the financial principles to be used for the partnership and set out the next steps for setting the Orbis Public Law shared budget.

INTRODUCTION

1. Orbis Public Law (OPL) depends upon true partnership working including the sharing of budgets, savings and resourcing. There are financial considerations to be included within the Inter Authority Agreement (IAA) in order to set a joint budget for OPL to share from April 2017.
2. This paper details the key financial principles that OPL will depend upon, and sets out the next steps for setting a joint partnership budget.

RECOMMENDATIONS:

The Joint Committee is asked to:

- i. Note the report and key financial principles to be used for Orbis Public Law; and
- ii. Await a paper on 20 January 2017 to set out the joint Orbis Public Law budget which will be recommended for approval.

REASON FOR RECOMMENDATIONS:

The Joint Committee has responsibility for recommending the approval of the OPL budget. Therefore, the Joint Committee is asked to review the financial principles on which the budget will be set.

DETAILS:

3. It is necessary to ensure that a consistent approach to budgeting for OPL is undertaken. Each authority budgets for legal services differently, so they will each split into those elements included within the OPL Operating Budget, and those which will remain with the sovereign authority. Only the budget for common expenditure where OPL will have ultimate control will be shared (such as staffing). All externally generated income is to be shared within the OPL Operating Budget.
4. The Agreed Contribution Ratio (ACR) is the percentage split of the OPL operating net expenditure budget between the four authorities and is the key principle that underlies the shared budget. The ACR will form the way in which the OPL expenditure, income and therefore savings will be apportioned. The ACR will be set on the basis of the current level of activity but will flex in response to material movements in demand from an authority. This enables the contributions to flex according to activity levels.
5. The Business Plan set out an ambition of 10% savings over the three years 2016/17 to 2018/19. This equated to £1m savings of a total expenditure of £10m. Current planned savings across the four authorities demonstrate that this target will be achieved. To meet the financial pressures across the authorities, legal services have needed to establish additional savings commencing in 2017/18. There are disproportionate savings targets across the authorities. The 2017/18 savings will be delivered by the four authorities and this will be recognised in the ACR before the budgets are shared. Work is ongoing to understand how the 2018/19 savings will be delivered across the partnership. There are a variety of ways to deliver savings, such as:
 - i. Efficiencies and additional income generated by OPL;
 - ii. Reduction in the work undertaken for an authority, flexing the ACR; and
 - iii. Savings to be made on budgets held within sovereign authorities.
6. The budget setting period is commencing, with the proposed 2017/18 OPL Operating Budget due to be presented to the next Joint Committee on 20 January 2017. This proposed budget will be net of 2017/18 savings and any budgetary adjustments, such as additional funding for pressures. The 2017/18 budget will reset the ACR which will be included within the IAA and monitored against, alongside activity levels. It has been agreed that there will be one responsible budget manager, who will oversee all four strands of the OPL budget monitoring. The full OPL budget monitoring and activity monitoring will be presented at least quarterly to the Board to enable effective management.

CONCLUSION

7. There has been good progress on agreeing the financial principles for OPL to operate within. The overall partnership expenditure and income will be shared on the basis of the ACR, which will also flex according to activity levels. Opportunities are available for each authority to deliver differing levels of savings.

8. The proposed 2017/18 OPL Operating Budget will be presented to the Joint Committee on 20 January 2017.

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