

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

ORBIS JOINT COMMITTEE



DATE: 20 JANUARY 2017

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL) AND JOHN STEBBINGS (CHIEF PROPERTY OFFICER, SURREY COUNTY COUNCIL)

SUBJECT: NOVEMBER BUDGET MONITORING

PURPOSE OF REPORT:

To provide an update to the Orbis Joint Committee on the financial position of Orbis at the end of November 2016.

INTRODUCTION

The Orbis 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's (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:

1. Services forecast -£1.8m budget variance at year end on the joint operating budget and -£1.7m variance on the investment fund.
2. Services forecast to achieve £3m efficiencies by year end.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

3. 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.
4. As at 30 November 2016 services forecast to deliver early £1.8m of 2017/18 efficiency savings within the Joint Operating Budget

Orbis Joint Operating Budget

5. 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
Business Operations				Management ¹			
Staffing	10,098	10,098	0	Staffing	570	455	-115
Non-Staffing	781	781	0	Non-Staffing	1,685	1,685	0
Income	-5,679	-5,679	0	Income	0	0	0
	5,201	5,201	0		2,255	2,140	-115
Finance				Procurement			
Staffing	10,258	9,698	-560	Staffing	3,349	3,349	0
Non-Staffing	423	423	0	Non-Staffing	305	305	0
Income	-1,244	-1,244	0	Income	-154	-154	0
	9,437	8,877	-560		3,500	3,500	0
Human Resources				Property			
Staffing	4,897	4,577	-320	Staffing	10,226	9,911	-315
Non-Staffing	716	716	0	Non-Staffing	1,278	1,278	0
Income	-566	-566	0	Income	-1,202	-1,177	25
	5,047	4,727	-320		10,302	10,012	-290
Information & Technology				Total Orbis			
Staffing	17,310	16,810	-500		53,105	51,320	-1,785
Non-Staffing	1,641	1,641	0				
Income	-1,587	-1,587	0				
	17,364	16,864	-500				

1. 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 & SCC

	Budget £000s	Forecast £000s	Variance £000s		Budget £000s	Forecast £000s	Variance £000s
Subjective Analysis				Contribution to Orbis			
Income	-10,431	-10,406	25	ESCC	15,916	15,381	-535
				SCC	37,189	35,939	-1,250
Staffing	56,707	54,897	-1,810		37,189	35,939	-1,785
Non-staffing	6,829	6,829	0				
Total	63,536	61,726	-1,810				
Total Orbis	53,105	51,320	-1,785				

The contributions made by each authority and the size of the Orbis budget will change if the adjustments set out in the 2017/18 budget report to the Orbis Joint Committee on 20 January 2017 are agreed. This should not impact on the forecast variance.

6. 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. As set out in the 2017/18 budget report, Orbis is now planning to achieve a further £0.8m of

savings in 2017/18. Since the major budget expenditure is on staffing, services are planning restructures and are likely to deliver some of the savings this year. Services are holding vacancies and have recently agreed 22 voluntary severance cases, which is likely to lead to a year end underspend of -£1.8 m. Although this is 3% of the net budget, Orbis continues to deliver effective services.

Orbis Investment

7. The estimated amount of investment required to ensure the success of the partnership and deliver the efficiency savings is £7.6m 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 Orbis Joint Committee quarterly.
8. 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 £1m. This is primarily for the Orbis Programme Team and redundancies. Further elements need an approved business case before proceeding.
9. The recent voluntary severance scheme has helped deliver savings early, however this has meant that the budget for redundancies has been brought forward by £0.4m. In addition the major investment in Information Technology (IT) is now planned for later than anticipated leading to a full year variance of -£2.1m.

10. Table 3: 2016/17 Orbis Investment

Orbis Investment	Plan £000	Estimate £000	FY Var £000
Programme Management & Co-ordination	158	103	-55
Enabling Programme Support including people & change and organisational design	235	243	8
Service Design - Procurement	32	32	0
Total Programme Expenditure	425	377	-47
Joint Bandwidth & Synchronise email	67	67	0
External Advice	250	250	0
Redundancy	256	732	477
Total Approved Expenditure	997	1,427	430
Earmarked but not approved to proceed			
Core IT	1,005	100	-904
Business Services IT	1,098	110	-988
Contingency	217	22	-195
	2,319	232	-2,087
Total Orbis Investment	3,316	1,659	-1,658

The redundancies include the recently agreed VS cases. The total spend on redundancies since the start of Orbis is £827k, leaving only £173k for future redundancies.

Staffing

11. 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 1,298 FTE and there are currently 95 vacancies, including vacant positions being covered by agency staff. Table 4 shows the vacant posts for each service.

Table 4: Vacant positions

FTE	Budget	Filled	Vacant
Business Operations	310	294	-16
Finance	198	182	-16
Human Resources	104	97	-7
Information Technolog	378	347	-31
Management*	8	6	-2
Procurement	66	64	-2
Property	234	213	-21
Tota FTE	1,298	1,203	-95

* Management includes support for Assistant Directors & Business improvement for the whole of Orbis

12. As expected, where services are holding staff vacancies to deliver savings, there is a year to date underspend on staffing of -£1.1m, leading to the full year variance of -£1.8m. The following table provides a breakdown of the staffing year to date variance for each service.

Table 5: Year to date staffing variance

Year to Date Staffing	Budget £000s	Actual £000s	Variance £000s
Business Operations	6,732	6,633	-100
Finance	6,839	6,700	-139
Human Resources	3,264	3,005	-259
Information Technology	11,540	11,173	-367
Management	380	316	-64
Procurement	2,233	2,294	62
Property	6,817	6,561	-256
Total Orbis	37,805	36,682	-1,123

Efficiencies

13. 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 £3.9m in 2017/18, as detailed in the 2017/18 Orbis budget report.

14. 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 (RAG) 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.
15. As reported above £1.8m of the 2017/18 Orbis Joint Operating budget savings are likely to be delivered early as reflected in the table below.

Table 6: 2016/17 Efficiencies

Efficiency Saving	Plan 2016/17 £000	Plan RAG	Forecast 2016/17 £000	Forecast 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	-825	G
Human Resources (staffing)	-160	G	-480	G
Information Management (staffing)	-85	G	-585	G
Management	0	G	-115	G
Procurement (staffing)	-40	G	-40	G
Property (staffing)	-96	G	-386	G
	-1,227		-3,012	

WHAT HAPPENS NEXT:

16. 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:

Kevin Foster – Chief Operating Officer
Adrian Stockbridge – Orbis Programme Manager

Consulted:

John Stebbings – Chief Property Officer
Leatham Green – Orbis Programme Director

Appendices: None

Sources/ background papers: None