

**ORBIS PUBLIC LAW JOINT COMMITTEE**

**DATE:** 20 JANUARY 2017

**LEAD OFFICERS:** ABRAHAM GHEBRE-GHIORGHIS (EXECUTIVE LEAD OFFICER FOR STRATEGY, GOVERNANCE AND LAW, BHCC),  
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:** ORBIS PUBLIC LAW 2017/18 BUDGET PAPER

**PURPOSE OF REPORT:** To provide details of the Orbis Public Law (OPL) Operating Budget for 2017/18, and to provide details on how the OPL partnership will operate a shadow year for 2017/18.

**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 partnership budget for OPL to share from April 2017.
2. This paper details the OPL operating budget for 2017/18 and outlines how the partnership will operate a shadow year, ahead of full budget integration from 2018/19.

**RECOMMENDATIONS:**

3. The Joint Committee is asked to:
  - Note the OPL 2017/18 operating budget;
  - Note the associated provisional contribution ratios (ACRs) that will be applicable for the shadow year ; and
  - Note the plans for operating a shadow year in 2017/18, ahead of full budget integration from 2018/19.

**REASON FOR RECOMMENDATIONS:**

4. The Joint Committee has responsibility for recommending a budget for the OPL partnership. The shadow year will be an opportunity to assess whether the proposed provisional financial arrangements support the achievement of the strategy for the partnership. Activity will be monitored against the proposed contribution ratios and will inform a baseline, which may be used to vary the ACRs from 2018/19, once the budgets are fully defined and integrated.

**DETAILS:**

5. It is important to recognise that OPL is on the journey to full integration by 2019. Whilst the integration of budgets is planned to be completed for 2018/19, there is the opportunity to operate a shadow year through 2017/18. The purpose for the shadow year is to provide the opportunity to align policies and procedures (both financial and operational) and establish the baseline of data against which the performance of the OPL can be monitored. The shadow year will also provide the opportunity to review decisions and make adjustments to the operating budget and financial principles accordingly.
6. The 2017/18 Orbis Public Law Operating Budget (£9.9m net) is set out below by authority, with each partners' share, or agreed contribution ratio (ACR). A more detailed split of the budget is included in Appendix 1.

Orbis Public Law Finance Baseline - 2017/18					
	BHCC	ESCC	SCC	WSCC	Total OPL OB
	£'000	£'000	£'000	£'000	£'000
Staffing	2,115	1,744	3,314	3,572	10,745
Non Staffing	74	77	138	97	386
<b>Gross Expenditure</b>	<b>2,189</b>	<b>1,821</b>	<b>3,452</b>	<b>3,669</b>	<b>11,131</b>
<b>Total Income</b>	<b>-270</b>	<b>-281</b>	<b>-400</b>	<b>-303</b>	<b>-1,254</b>
<b>Net Expenditure</b>	<b>1,919</b>	<b>1,540</b>	<b>3,052</b>	<b>3,366</b>	<b>9,877</b>
<b>ACR</b>	19%	16%	31%	34%	100%

7. The income included within the OPL Operating Budget, includes that generated by external sources. This includes services provided to local authority maintained schools and academies, the pension fund and other external clients. There is not currently a consistent approach to charging across the Partners and this will need to be reviewed during the shadow year; however this may demonstrate an opportunity for further income generation within OPL.
8. Anomalies across the four partners' existing financial management procedures also include the way that external legal fees and counsel fees are budgeted for, as shown in the table below. The different treatments have meant that it is not possible to include these budgets within OPL at this time. Whilst this is a large area of expenditure, it may be co-managed and efficiencies may be delivered without pooling the budgets at this time.

External Legal Fees and Counsel Fees - 2017/18					
£'000	BHCC	ESCC	SCC	WSCC	Total
Counsel - budgets held in legal	-	-	789	251	1,041
External Fees - held in legal	-	64	39	763	866
Budgets Held in Client Depts.	700	498	-	-	1,198
<b>Total External Legal Fees</b>	<b>700</b>	<b>562</b>	<b>828</b>	<b>1,015</b>	<b>3,105</b>

In addition to those figures above, there is further legal activity and associated expenditure, which is incurred across the Partnership but not yet captured. These issues will be further considered during the shadow year which may lead to proposals to alter the financial principles and arrangements to support the delivery of savings to each authority.

9. Differences such as this, and the way that the ongoing case management system costs are managed (in BHCC and ESCC the budgets are held within legal services, however in SCC and WSCC, the budgets are held by ICT) will be

reviewed and resolved through the shadow year. It is important to both identify and capture these costs as they could form the basis from which efficiency savings may be delivered.

10. Through the shadow year 2017/18, the OPL Operating Budgets will be co-managed in order to deliver efficiencies. The budgets are planned to be monitored as one budget and will be reported quarterly to the Board. More detail on the monitoring and reporting of the OPL budget will be presented to the Joint Committee in April 2017.
11. The share of the net expenditure budget is shown by the Agreed Contribution Ratio (ACR), which will be used to apportion the costs of OPL operations. Approval will be required from each authority if the apportionment of costs differs from the budget during the shadow year. Once fully integrated, OPL will monitor activity levels and reflect the impact of varying demand on the ACR; each authority will pay proportionate to the service they will receive.

## **CONCLUSION**

12. The ACRs demonstrate a fair and equitable split of the partnership expenditure, based on the net expenditure budgets. Activity will be monitored alongside this to form a baseline, which may be used to vary the ACRs from 2018/19, once the budgets are fully integrated.
13. Through the shadow year of 2017/18, the OPL Operating Budgets will be co-managed in order to deliver efficiencies. The budgets are planned to be monitored as one budget and will be reported quarterly to the Board.
14. The shadow year provides the opportunity to evaluate the proposed arrangements to ensure that they support the delivery of the strategy for the partnership.

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**Contact Officer:** Graham Friday – Interim OPL Finance Lead

### **Consulted With:**

#### OPL

Emma Nash – OPL Project Manager

Andrea Kilby – OPL Business Development Manager

#### OPL Lead Officers

Abraham Ghebre-Ghiorghis – BHCC Lead

Philip Baker – ESCC Lead

Ann Charlton – SCC Lead

Tony Kershaw – WSCC Lead

#### Finance Leads

Peter Francis – BHCC Finance

Andy Fowler – ESCC Finance

Claire Walker – SCC Finance

Stuart Elsdon – WSCC Finance

#### Section 151 Officers

David Kuenssberg – BHCC COO

Phil Hall – ESCC S151

Sheila Little – SCC S151

Katharine Eberhart – WSCC S151

**Appendices:**

Appendix 1 – Orbis Public Law Operating Budget 2017/18

**Sources/ background papers:**

None