

**EAST SUSSEX COUNTY COUNCIL,
SURREY COUNTY COUNCIL AND
BRIGHTON & HOVE CITY COUNCIL**



ORBIS JOINT COMMITTEE

DATE: 19 JANUARY 2018

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL), SHEILA LITTLE (DIRECTOR OF FINANCE, SURREY COUNTY COUNCIL) & DAVID KUENSSBERG (EXECUTIVE DIRECTOR FINANCE & RESOURCES, BRIGHTON & HOVE CITY COUNCIL)

SUBJECT: NOVEMBER BUDGET MONITORING

SUMMARY OF ISSUE:

To provide an update to the Joint Committee on the financial position of Orbis at the end of November 2017.

RECOMMENDATIONS:

The Joint Committee is asked to note:

1. Services forecast -£1.3m budget variance (underspend) at year end on the Joint Operating Budget.
2. Orbis forecast £1.5m spend on Orbis investment, including redundancies.
3. Total Orbis investment over the implementation period, excluding redundancies, is likely to reduce from £6.6m to £4.9m.
4. Services expect to achieve £4.7m efficiencies by year end.
5. The staffing and agency expenditure to 30 November 2017, as requested by SCC's Corporate Services Select Committee, together with the absence days lost by employee YTD.

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:

6. The 2017/18 Joint Operating Budget is £50.7m. The 2017/18 estimated spend on investment to achieve a successful partnership is £1.5m.

Orbis Joint Operating Budget

7. At 30 November 2017 services forecast a year end underspend of -£1.3m. Services expect to deliver £0.8m of early 2018/19 Joint Operating Budget efficiency savings, mainly from staffing; and £0.5m of one-off savings, largely due to a contribution from BHCC for management costs, before budgets are integrated next year. The year to date variance is -£1.7m and -£1.5m of this is staffing where services are holding vacancies ahead of delivering a further £3.9m of savings in 2018/19. Some services plan to spend their year to date underspend later in the year on one-off change programmes, activities that deliver the target savings.
8. The following tables show the full year forecast position of the Orbis Joint Operating Budget by service and the revenue contribution for each authority.

Table 1 Joint Operating Budget by service

	Year to Date			Full Year		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Business Operations	3,511	3,340	-171	5,267	5,267	-0.1
Finance	6,045	5,924	-121	9,068	8,717	-350
HR&OD	3,117	2,897	-220	4,675	4,585	-90
IT&D	11,303	10,508	-795	16,955	16,505	-450
Management	1,356	1,151	-205	2,034	1,625	-410
Procurement	2,144	1,913	-231	3,216	3,216	-0
Property	6,294	6,301	7	9,441	9,441	0
Total Net Expenditure	33,770	32,035	-1,735	50,655	49,355	-1,300
Subjective Analysis						
Staffing	36,787	35,259	-1,529	55,181	54,256	-925
Non-Staffing	4,370	4,399	29	6,554	6,282	-272
Total Expenditure	41,157	39,658	-1,499	61,735	60,538	-1,197
Income	-7,387	-7,622	-236	-11,080	-11,183	-103
Net Expenditure	33,770	32,035	-1,735	50,655	49,355	-1,300
Contributions						
ESCC	10,179	9,656	-523	15,269	14,877	-392
SCC	23,591	22,379	-1,212	35,386	34,478	-908
Total	33,770	32,035	-1,735	50,655	49,355	-1,300

Management costs include an adjustment to ensure that the method of calculating pension contributions is similar in both ESCC & SCC.

Orbis Investment

9. The original business plan estimated the amount of investment required to ensure the success of the partnership and deliver the efficiency savings, this was £7.6m, over 5 years from 2014/15. To date £2.5m has been approved to primarily fund IT investment, a programme team and external support, with £3.5m subject to further business cases. The remainder is to cover the cost of any redundancies. 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 Joint Committee quarterly.
10. Following a recent review the estimated investment, excluding redundancies, is £1.7m less than originally anticipated in the business plan, reducing from £6.6m to £4.9m. This is the second year of the three year investment plan as set out in the Orbis business plan. The £1.7m reduction is due to the following reasons:
 - The core IT element, mainly for connectivity, will complete in early 2018/19. This has partly been funded from the Orbis IT&D budget and partly from investment; the investment is likely to be £1.4m less than originally estimated;
 - £0.4m was included for contingencies, however as the programme is in its second year and the contingency has not been needed it can be removed;
 - As the likely investment should not increase due to BHCC joining the partnership and BHCC will fund their share (-£0.5m), the contribution from ESCC and SCC is reduced by £0.5m.
11. The 2017/18 approved budgets for Orbis Investment, excluding redundancies, totals £1m. This is primarily for the Orbis Programme Team, external advice and core IT. The current forecast spend on this is £0.8m. The variance to budget is mainly due to additional contributions from BHCC to joint project costs and vacancies in the programme team.
12. Further funding is available for investment which is subject to business case approval before proceeding.
13. Redundancies are approved by the employing authority subject to a robust business case. The redundancy levels are £0.3m higher than originally estimated, however these are partly delivering the early savings.

14. Table 2: 2017/18 Orbis Investment

Approved Orbis Investment 2017/18	Plan £000	Estimate £000	FY Var £000
Programme Level	160	151	-9
Enabling Programme Support	266	185	-81
Total Programme Expenditure	426	337	-90
External Advice	350	350	0
Core IT	264	264	0
Contribution from BHCC	-67	-137	-70
Total Approved Investment	973	813	-160
Redundancy	400	686	286

Efficiencies

15. The Joint Operating Budget includes challenging efficiency savings and increased income targets of £3.9m in 2017/18. Services are putting plans in place to achieve a further £3.9m in 2018/19, as detailed in the Orbis Business Plan and 2017/18 Orbis budget report.
16. Services are on track to deliver the efficiencies and, as reported above, £0.8m of the 2018/19 Orbis Joint Operating Budget savings are likely to be delivered early as reflected in the table below.

Table 3: 2017/18 Efficiencies

Efficiency Saving	Plan 2017/18 £000	Forecast 2017/18 £000	Forecast RAG
Business	-500	-500	B
Finance	-525	-755	B
HR&OD	-400	-490	B
IT&D	-1,099	-1,549	B
Management	-100	-100	B
Procurement	-345	-345	B
Property	-906	-906	B
	-3,875	-4,645	

(B) Blue = already achieved)

Staffing

17. 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 establishment needed to deliver services, after deducting costs for an estimated level of vacancies.
18. As services are holding staff vacancies to deliver future savings, there is a year to date underspend on staffing of -£1.5m, leading to the full year variance of -£0.9m, some services plan to use the year to date variance to fund one-off change programmes. The following table

provides a breakdown of the staffing year to date variance for each service.

Table 4: Year to date and full year staffing variance

Staffing	Year to Date			Full Year		
	Budget £000	Actual £000	Variance £000	Budget £000	Forecast £000	Variance £000
Business Operations	6,489	6,432	-56	9,733	9,733	-0
Finance	6,774	6,324	-450	10,161	9,855	-306
HR&OD	3,063	3,028	-35	4,595	4,545	-50
IT&D	11,546	10,927	-619	17,319	16,869	-450
Management	299	230	-69	449	331	-118
Procurement	2,042	1,906	-136	3,063	3,063	-0
Property	6,574	6,411	-163	9,861	9,861	-0
Total Net Expenditur	36,787	35,259	-1,529	55,181	54,256	-925

19. As requested by SCC's Corporate Services Select Committee the Joint Committee is asked to review Orbis spend on Agency staff. The expenditure to date on agency staff is 3% of total staffing spend.

Table 5: Year to date agency non-agency staffing expenditure

Agency and non Agency spend	Agency	Non Agency	Total Staffing
	£000s	£000s	YTD £000s
Business Operations	158	6,274	6,432
Finance	214	6,110	6,324
HR&OD	24	3,004	3,028
IT&D	467	10,460	10,927
Management	3	228	230
Procurement	145	1,761	1,906
Property	88	6,323	6,411
Total Net Expenditur	1,098	34,160	35,259

20. Table 6 contains the Orbis wide workforce information related to Staff absence Levels for the first two quarters of this financial year (April to September 2017) as requested at the October Joint Committee meeting.

Table 6: Absence days per employee

PERIOD	WORKING DAYS LOST BY EMPLOYEE			
	Orbis	SCC	ESCC	BHCC
April-July 2017	1.38	1.27	0.74	2.02
Sept-Nov 2017	1.21	1.12	1.00	1.56
Full Year Projection	5-6 days	5 days	4 days	7 days

WHAT HAPPENS NEXT:

21. 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:

Louise Lawson – Senior Principle Accountant

Consulted:

Kevin Foster – Chief Operating Officer

Sheila Little – Director of Finance

David Kuenssberg - Executive Director of Finance & Resources

Adrian Stockbridge – Orbis Programme Manager

Annexes:

n/a

Sources/background papers: None
