Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
1	**Service Budgets** In addition to our audit testing, we met with seven budget holders across Orbis to ascertain their understanding of their budget and the budget position. These discussions were held throughout June and July 2018. It was found that there was confusion and a lack of clarity with regards to how their budget was formed. Managers expressed concern that while they knew what their budget total was for the current financial year, where they now have integrated budgets for three authorities, they are unaware of the detail of how these budgets have been formed and this is making it difficult for them to identify budget pressures in the service and to undertake effective budget monitoring. In addition, while budgets have been assigned at a strategic / partnership level, in some areas budget managers are being asked to provide detailed responses at an operational level where budgets have not	Where budget managers do not have clarity with regards to how their budgets are formed, this has potential to reduce the level of budgetary control, with managers unable to identify pressures within the budget therefore increasing the risk of potential over-spends. Where budgets are not assigned at an operational level, there is a risk that managers will not be able to effectively control their budgets as they would have no awareness of whether expenditure is in line with what is expected.	High	Communicate further guidance to Orbis budget managers, explaining the nature and workings of the Inter-Authority Agreement and the Orbis Joint Operating Budget and provide continued in-person finance support during the bedding in period following the recent addition of BHCC fully to the partnership. Many services are currently in the midst of restructures, once implemented this should help add further clarity for budget holders and their new roles and responsibilities. Roll-out of the budget monitoring tool to all budget holders and undertake a programme of learning and feedback to further refine as required. Ensure that budget managers are not holding on to old, now redundant processes.	Created a finance page on Orbis Home providing specific Orbis budget guidance, finance contacts, examples of forecasting tools in each authority and links to financial regulations and MTFP pages in each authority. Officially launched the page on 18 December to all budget managers and those directly involved with budgets. This page will now be maintained and new budget managers made aware of it. In addition a specific finance awareness session was delivered on 27 November in Brighton. It is important we continue to raise awareness of the importance of sound financial management and ensure understanding of the Orbis budgets, for example developing training for Orbis budget managers. The budget monitoring tool has been rolled out but will continue to be developed and refined, for example giving budget managers direct access to

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
	been apportioned. Managers have found it difficult to provide responses for forecasting in these circumstances, as while they may have sight of actual expenditure and income, they are not necessarily aware of whether these are in line with what is expected.				it and notifying them of need to update forecast – this involves a significant amount of work in terms of security. The other two points are continual and in the medium term always will be as Orbis undergoes further restructures and change.

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
2	**Budget Monitoring Reports** Since the integration of Brighton & Hove City Council into the Orbis budget, a new spreadsheet based budget monitoring tool has been designed and created by the Orbis Finance team. This tool combines all the transactional data from the three separate accounting systems and is able to produce budget monitoring reports for both operational and strategic levels. However, the monitoring reports provided to budget managers do not provide information in relation to commitments within the respective accounting systems. While this has been considered standard practice at Surrey County Council, this is not the case for East Sussex County Council and Brighton & Hove City Council, where commitments have historically, and continue to be included in non-Orbis budget monitoring, intended to better aid forecasting. In addition, budget managers do not have	Where the responsible budget managers are not able to approve items of expenditure, there is an increased risk of over-spends against budgets as those approving items may not have sufficient oversight of the budget position. Furthermore, while the level of committed non-staffing expenditure is low level compared to the overall Orbis joint budget, where monitoring reports fail to provide information with regards to commitments, this has potential to reduce the reliability of budget forecasts which increases the risk of unforeseen under or over-spends against Orbis budgets.	Medium	To continue providing commitments in managers' "MoBo" management accounts as now. The level of recorded commitments in the Orbis Operating Budget is relatively immaterial to the overall budget. With the use of the risk based approach to monitoring, including commitments may not have a material impact upon the reasonableness of monitoring and forecasts. The team will continue to explain and give further guidance on the nature of the expenditure in the Orbis Operating Budget. Ensure that approval processes are refined where required to ensure on-going budget accountability and assurance.	MoBo commitments provided. As with action 1 - the team continues to provide guidance on the nature of the expenditure in the Orbis Operating budget.

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
	access to each of the authorities' accounting systems, so it is possible that they would not be aware of all commitments against their budget. As a result, the approval of expenditure within accounting systems will not necessarily be sent for approval to the responsible budget manager, resulting in a reduced level of control both over expenditure approvals and budget management.				

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
3	**Changes in Budget Monitoring Process** Some budget managers expressed concerns over the change in budget monitoring process from that which they had experienced previously at their sovereign authorities. Managers explained that previous budget monitoring involved one spreadsheet with all the information they needed in one place and provided them with an opportunity to add comments. The new process now involves a number of different spreadsheets, which managers have felt are less detailed and is also making the process more resource intensive for both finance officers and budget managers.	With budgetary information no longer being in one place for budget managers, there is potential that information may be missed or not included in decisions which may increase the risk of budgetary control being less robust. Where the budget monitoring process is becoming more resource intensive, there is a risk that the Councils could be less efficient, with managers being required to spend more time on budget monitoring and less on achieving service objectives.	Medium	Providing services to three organisations rather than just one is inevitably leading to changes in budget manager's responsibilities and is more complex as the transactions are held on three different systems. Roll-out of the budget monitoring tool as per current plans to all budget holders. This tool holds both budgets and actuals in one place. Undertake a programme of communication & learning and seek feedback to further refine as required. The Orbis Finance team will continue working to make things easier for budget managers by explaining the new ways of managing Orbis budgets and addressing their concerns and overcoming cultural resistance where it exists.	As with action 1 - guidance has been provided and the finance team regularly meet budget managers which helps them understand their budgets. The tool continues to be used and a workshop was held to identify potential developments.

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
4	**Budget Guidance** Budget managers across Orbis receive guidance and support from dedicated finance officers through monthly budget monitoring meetings and any additional correspondence that may be required. Since the integrated budget monitoring exercise was introduced, no formal guidance has been issued to budget managers to explain the information that they are receiving or clarify whether responsibilities around budget monitoring have changed. Furthermore, the assumptions to form a budget have not been documented along with the differences in approach to budget monitoring. Given the change in approach to budget monitoring for some managers across Orbis, the introduction of guidance on the new reporting methodology and changes to the process would help to clarify expectations and responsibilities for budget managers.	With no formal guidance issued to budget managers on the new budget monitoring process, there is a risk that budget managers won't be able to manage their budgets effectively resulting in budgetary control for Orbis being adversely affected.	Low	At the time of the audit, some managers had only been involved in one month of Orbis monitoring, or were responsible for budgets including BHCC services for the first time, or budgets had changed significantly. A priority for the finance team has been to enable budget manager self-sufficiency and significant progress has been made on this with a new tool being used from Period 3 monitoring. As well as ongoing in-person support to budget managers the team will prepare formal written guidance in line with the recommendations.	As with action 1 – further guidance has been provided.

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
5	**Measuring Orbis Level of Service** In the 2016/17 audit of the Orbis Integrated Budget, an issue was raised regarding the lack of appropriate mechanisms to measure the level of service provided to each of the authorities within Orbis. No progress to rectify this issue has yet been made, nor has the issue been noted on the Orbis risk register. Without the ability to measure output, it becomes increasingly difficult to identify any changes in service levels being provided, which would need to be taken into account should one of the authorities make a decision to increase or decrease its use of Orbis services. Given the continued pressure to make savings across all authorities, by not being able to measure outputs, it makes it difficult to identify whether savings are sustainable or whether a reduction in costs would result in a lower standard of service being provided to authorities.	By not being able to measure outputs for Orbis there is potential risk that it would not be possible to identify whether one or two authorities is in receipt of more usage of services than the other, resulting in Orbis partners being disadvantaged from one another.	Medium	The three Chief Officers will continue to run Business Partner forums, within their own sovereign authorities, in order to monitor the performance of Orbis services received by each partner. This will then be discussed through the Joint Management Board to identify any potential need to react to pressures within one or more of the partner organisations. A performance dashboard will be developed for reporting to the Orbis Joint Committee.	The Performance and Change team in Orbis have been working with the ESCC Policy and Performance team to develop an Orbis Performance Dashboard. This is attached as **Appendix A.** The dashboard is being developed further by incorporating key service performance indicators from each of the 6 Orbis services. This finalised performance dashboard will be completed and a report will go through to the Orbis Joint Committee on 15th April 2019.

Ref	Finding	Potential Risk Implication	Priority	Agreed Action	Update
6	**Reviewing the Agreed Contribution Ratio (ACR)**	Without processes in place to be able to review and recalculate the ACR there is a potential risk that one or two partners may be subsidising the other, which would result in authorities becoming disadvantaged by the Orbis arrangement.	Medium	Clarification with regards to the occasions when the Agreed Contribution Ratio will be reviewed and adjusted will be documented and agreed by all partners. We expect this to form part of the annual business planning process, so it can be aligned with sovereign budget setting processes, and in the short term, the three partners need to agree a method of how the ACR will be calculated.	The contribution ratio is being recalculated following a formal review of the Partnership. This will be completed in April 2019.

Orbis Performance Highlights – Q2 2018/19 – Orbis People

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Full Time Equivalent (FTE) staff

There was an average of **1,838.3** FTE employed in Orbis in Q2, this is a reduction of 1.6% compared to Q1

Brighton & Hove had an average of **623.4** FTE

East Sussex **454.8**

And Surrey **760.2**

Percentage change compared to Q1

| | BHCC -3.11% | ESCC -1.17% | SCC -0.63% |

Sickness Absence

Sickness absence days per FTE

Percentage change compared to Q1

| | BHCC 2.42% | ESCC -3.98% | SCC -4.57% | Orbis -1.87% |
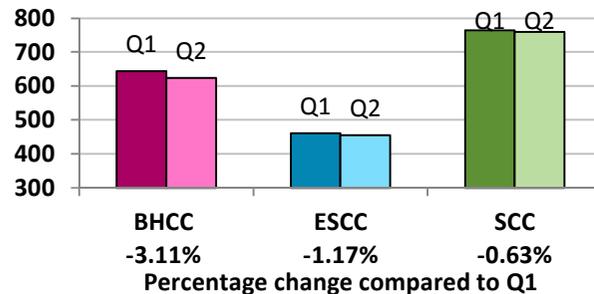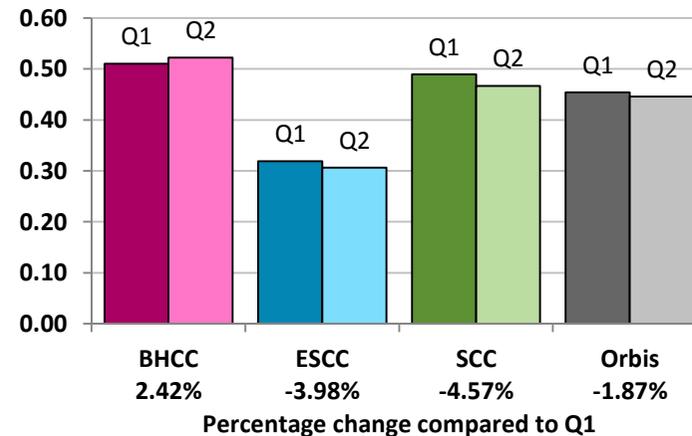
Projected 2018/19 sickness absence days per FTE

BHCC	6.18
ESCC	3.75
SCC	5.74

Return to work interviews

RTWI completed by deadline

Percentage change compared to Q1

| BHCC 1.01% | ESCC 1.57% |
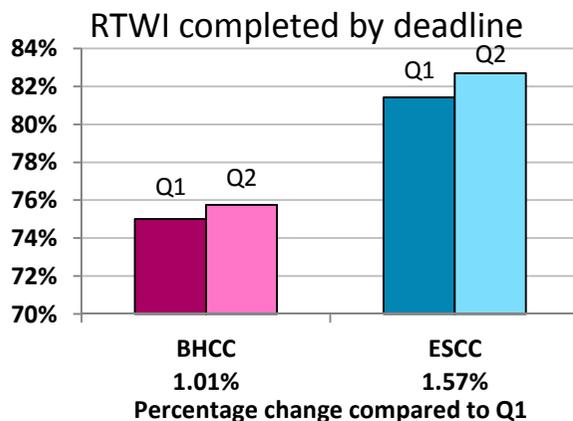
Surrey don't hold RTWI data

Length of service of leavers

26.3% of staff who left BHCC had less than **1 years'** service, 21.1% had **1 - 5 years'** service (BHCC figures include staff on temporary contracts)

In ESCC 6.7% of leavers had less than **1 years' service,** 26.7% had **1 - 5 years' service**

In SCC 11.8% of leavers had less than **1 years' service,** 48.6% had **1 - 5 years' service** (based on 12 month rolling average data)

| Length of service of leavers (years)									
	<1	1-5	6-10	11-15	16-20	21-25	26-30	31-35	>35
BHCC	26.3%	21.1%	31.6%	10.5%	5.3%	0.0%	5.3%	0.0%	0.0%
ESCC	6.7%	26.7%	6.7%	40.0%	6.7%	0.0%	0.0%	0.0%	13.3%
SCC	11.8%	48.6%	16.6%	7.8%	8.3%	1.5%	1.5%	0.0%	3.8%

Agency Spend

The amount spent on agency staff increased from 2.85% of total staff expenditure in Q1 to 3.03% in Q2. However there was a significant increase to **4.38%** in **September** (there were a high number of agency staff working on projects in BHCC IT&D in September)

| Q1 Average | Q2 Average 6.57% Increase on Q1 |
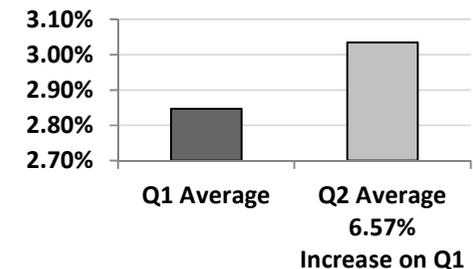
Orbis Performance Report – Q2 2018/19 – Orbis People

Headline measures	Orbis total	Brighton & Hove	East Sussex	Surrey
Average employee numbers FTE Q2	1838.33	623.36	454.77	760.20
Sickness absence, average days per FTE	0.45	0.52	0.31	0.47
Return to work interview, % complete	77.91% (ESCC and BHCC only)	75.76%	82.69%	N/A
Length of service of leavers	N/A	31.6% had 6 - 10 years' service	40.0% had 6 - 10 years' service	48.6% had 1 - 5 years' service
Average Agency staff spend	3.03%	N/A	N/A	N/A

Overview

- Data is for Q2 2018/19 - July, August and September 2018

- There is a notable difference in the percentage of staff employed in Business Ops in BHCC compared to ESCC and SCC, as a Unitary Authority BHCC provides extra services within Business Ops e.g. Council Tax and Housing Benefits

- The sickness absence rate increased slightly in BHCC in Q2, when compared to Q1, there were slight decreases in ESCC and SCC

- The Property team had the highest levels of average sickness absence across BHCC and ESCC. In SCC the highest rates were in Finance

- Spending on Agency staff has increased significantly in Q2, however there were a high number of agency staff working on projects in BHCC IT&D in September

Appendix A

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Employee numbers

Full Time Equivalent (FTE) members of staff by service						
	Average FTE Q2 2018/19					
	BHCC		ESCC		SCC	
	FTE	% of total	FTE	% of total	FTE	% of total
Business Ops	251.44	40.34%	67.01	14.74%	197.68	26.00%
Finance	56.85	9.12%	74.49	16.38%	91.64	12.05%
HR&OD	78.38	12.57%	43.70	9.61%	84.36	11.10%
IT&D	114.36	18.35%	163.76	36.01%	175.19	23.04%
Procurement	18.25	2.93%	27.68	6.09%	51.09	6.72%
Property	104.08	16.70%	78.13	17.18%	160.25	21.08%
Total FTE	623.36		454.77		760.20	

BHCC and ESCC 1 FTE = 37 contract hours per week, SCC 1 FTE = 36 contract hours per week
Figures include vacant posts and are not the budgeted FTE

Employee Numbers FTE

- There is a notable difference in the percentage of staff in Business Ops in BHCC compared to ESCC and SCC, as a Unitary Authority BHCC provide extra services within Business Ops e.g. Council Tax and Housing Benefits
- ESCC has fewer FTE in Orbis than BHCC or SCC
- There has been an increase in the amount of FTE in a number of teams in BHCC in Q2
- ESCC IT&D contain a number of partnership roles, which work across the Orbis authorities
- SCC have seen increases in the number of FTE in HR&OD, IT&D and Property, but falls in Business Ops and Finance

BHCC FTE by team
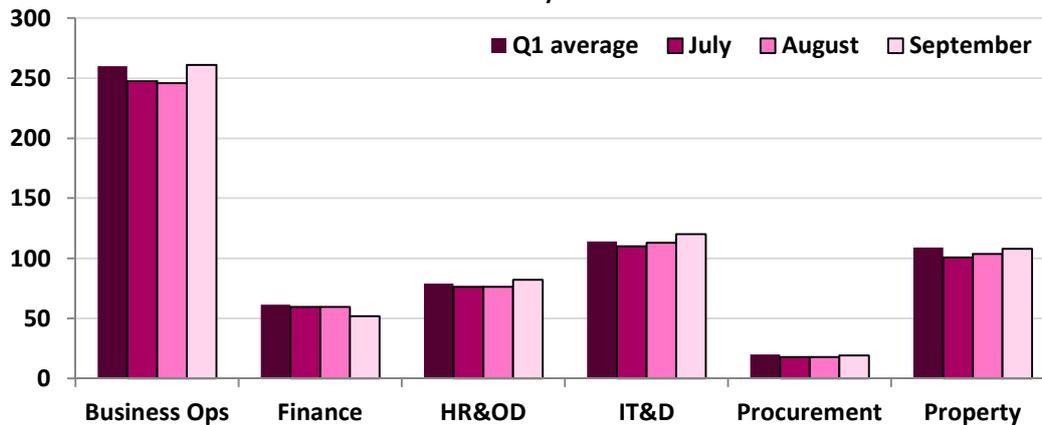
ESCC FTE by team
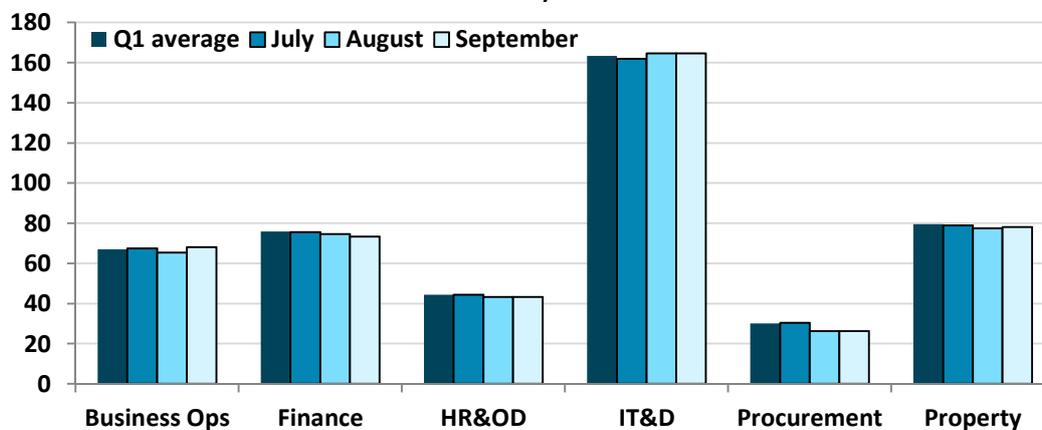


SCC FTE by team
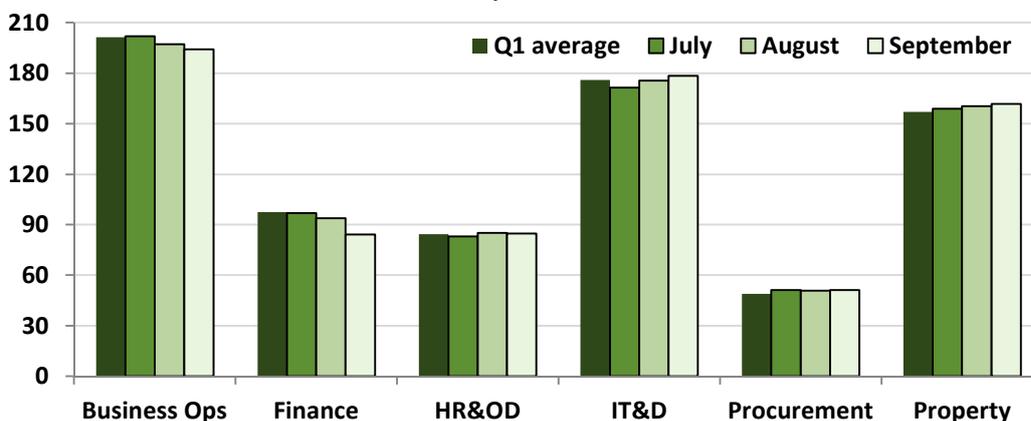
Sickness Absence

### Sickness absence days per month per FTE
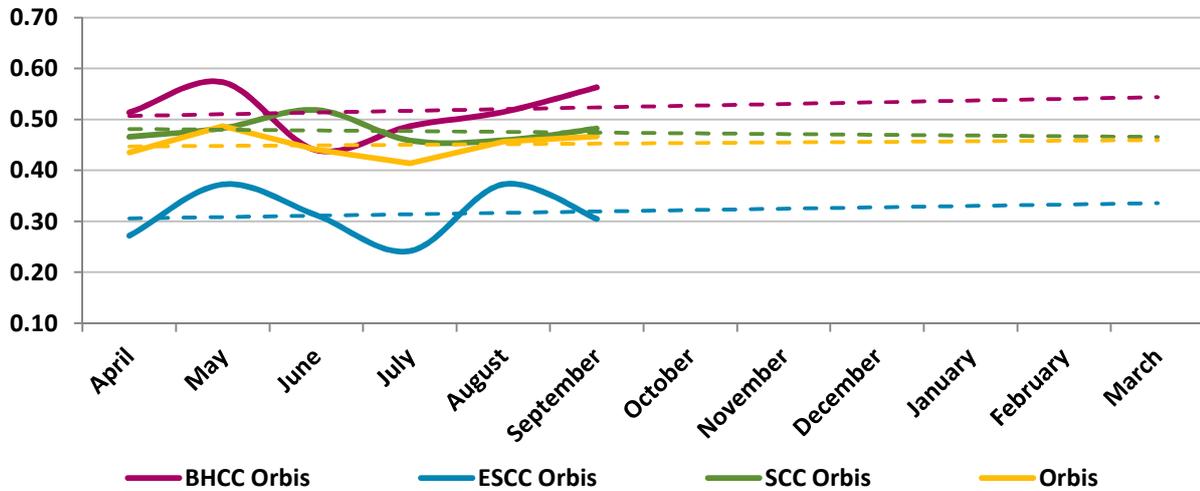
- ESCC has lower sickness rates than BHCC or SCC. BHCC has seen a steady increase in it's sickness rate in Q2

Sickness Absence Sovereign

BHCC - Sickness absence days per FTE by service
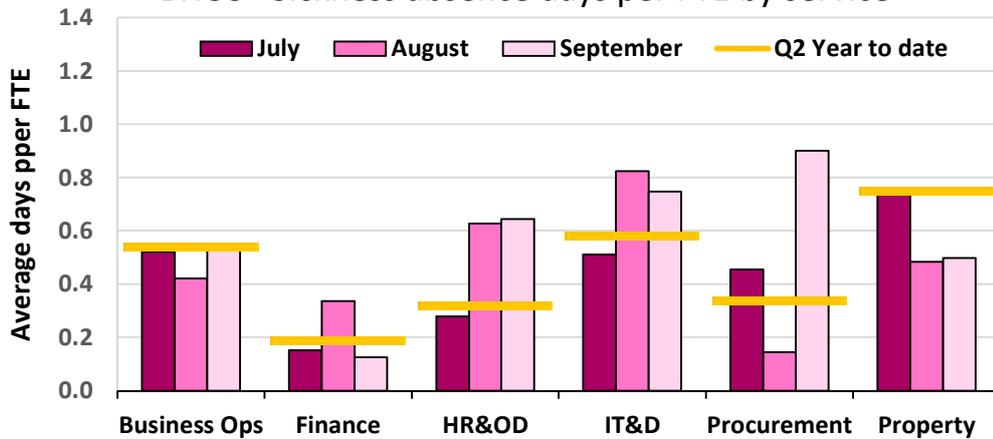
- Sickness levels have fluctuated across the teams in Q2

- There was a significant increase in sickness in Procurement in September, above the year to date rate

- HR&OD and IT&D have seen sustained increases in sickness absences during Q2, moving them above the year to date rates

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ESCC - Sickness absence days per FTE by service
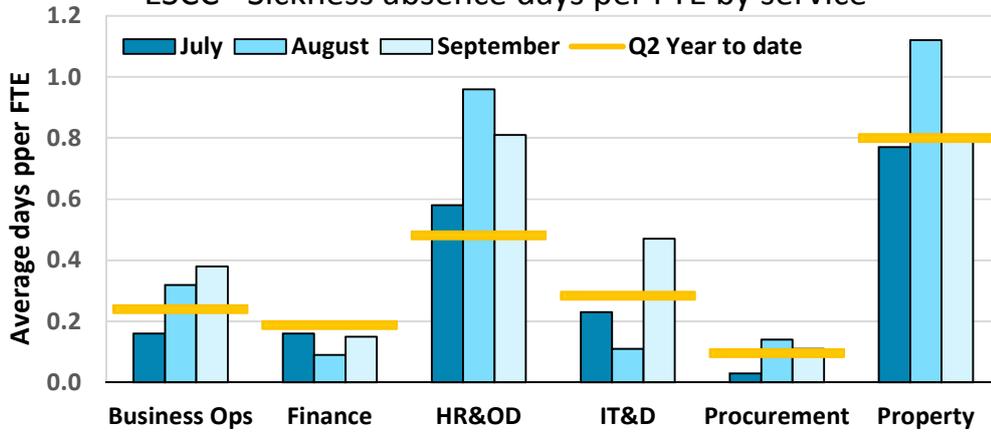
- The sickness rate in Finance, in all the months in Q2, was below the year to date rate
- Property and HR&OD had the highest rates of sickness absence in Q2

## SCC - Sickness absence days per FTE by service
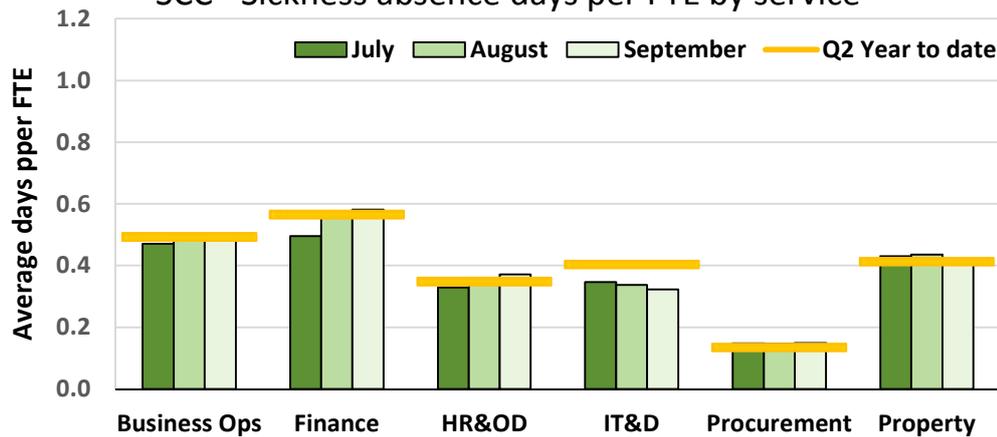
- The sickness absence rate in IT&D was below the year to date rate in all months in Q2
- For all other teams the monthly outturns were very similar to the year to date rate showing there haven't been any significant fluctuations in sickness absence when compared to Q1

Return to Work Interviews (RTWI)

Note: BHCC RTWI compliance is measured against a five working day deadline, ESCC is measured against seven calendar days.

BHCC RTWI completed by deadline
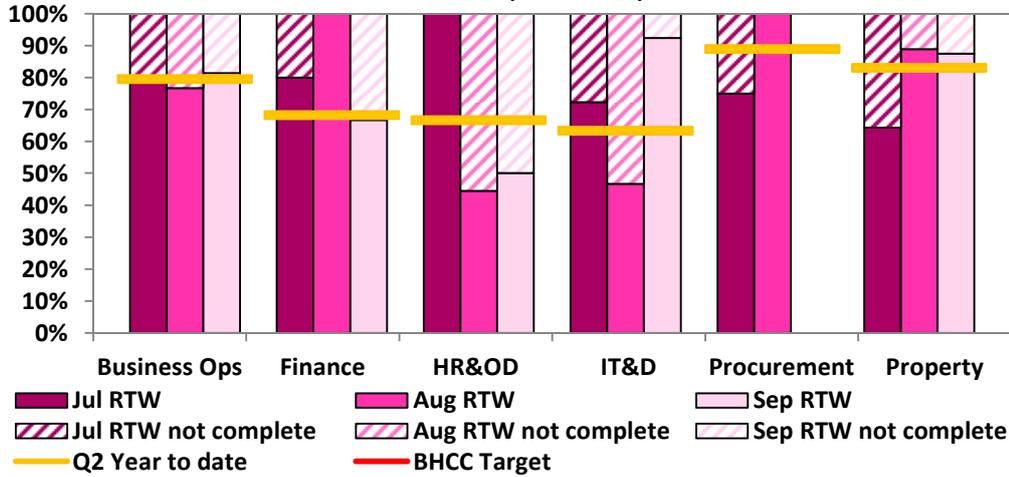
- Two spells of absence in Procurement started in September, however neither of these people had returned to work by the end of the month so there weren't any RTWI in this month

- RTWI compliance has fluctuated significantly in HR&OD during Q2, interestingly compliance has decreased as sickness has increased

ESCC RTWI completed by deadline
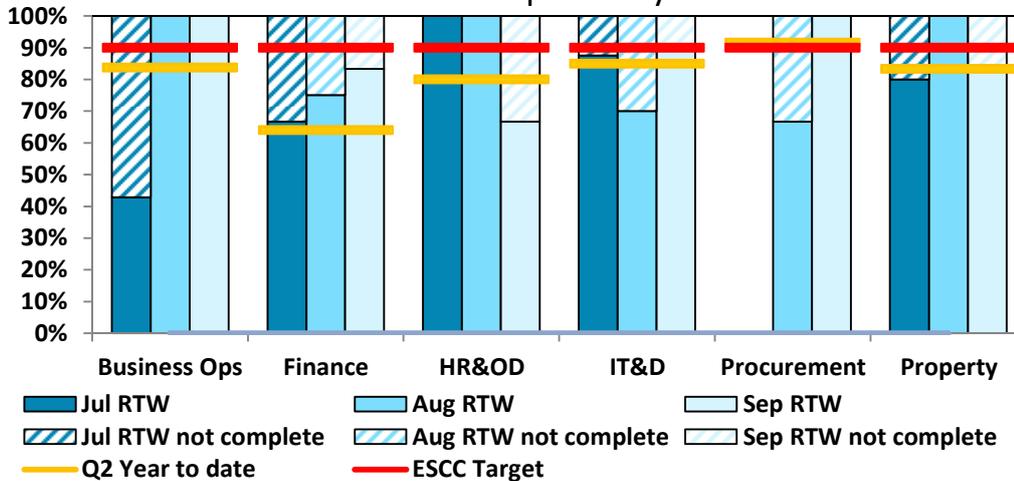
- Procurement had one days absence in July, but this fell on 31/07/2018 so the RTWI wasn't due until August, as such there is no RTWI data for Procurement in July

- RTWI compliance in Business Ops increased to 100% in August and September, from 43% in July

- Procurement are the only team during Q1 and Q2 who have exceeded ESCC's target for 90% of RTWIs to be completed by deadline

SCC don't hold RTWI data

Appendix A

Agency spend

Percentage of total staff expenditure spent on agency staff
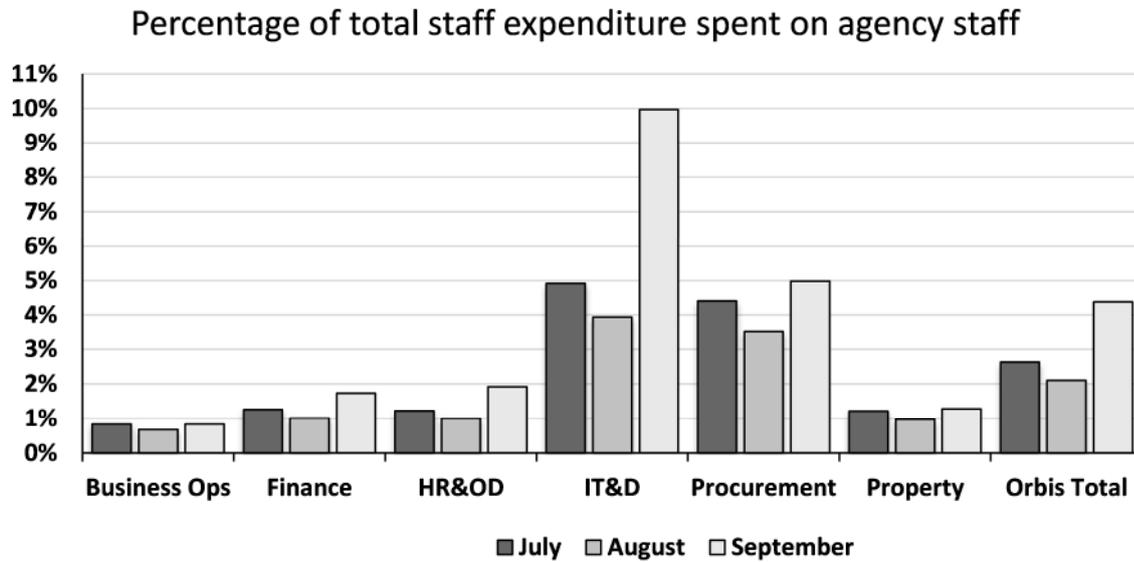
- There has been a significant increase in Agency spend in IT&D in September, a number of staff have been employed to work on a project in BHCC

- All teams saw a decrease between July and August, however there were subsequent higher increases in September in all teams