



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

ORBIS PUBLIC LAW JOINT COMMITTEE

DATE: 15 APRIL 2019

LEAD OFFICERS: PHILIP BAKER (ASSISTANT CHIEF EXECUTIVE, ESCC),
ABRAHAM GHEBRE-GHIORGHIS (EXECUTIVE LEAD OFFICER
FOR STRATEGY, GOVERNANCE AND LAW, BHCC),
TONY KERSHAW (DIRECTOR OF LAW AND ASSURANCE, WSCC)
AND
GEOFF WILD (INTERIM DIRECTOR OF LAW AND GOVERNANCE,
SCC)

SUBJECT: ORBIS PUBLIC LAW OPERATING BUDGET 2019/20

SUMMARY OF ISSUE:

Following two years of a shadow operational budget it is recommended that the Orbis Public Law operating budget becomes a joint operating budget from 1 April 2019. A joint operating budget is effectively a pooled budget. The Joint Committee will be responsible for the effective financial management of the Joint Operating Budget. This report sets out the recommended 2019/20 budget and contributions from each partner.

RECOMMENDATIONS:

The Joint Committee is asked to:

1. Approve the introduction of a Joint Operating budget from 1 April 2019.
2. Recommend the draft 2019/20 Orbis Public Law Joint Operating Budget
3. Agree the basis for calculating the contributions to the Joint Operating Budget.

DETAILS:

4. The Operating budget for Orbis Public Law (OPL) is primarily the cost of staffing, associated team costs and all external income relating to these costs. Some costs are excluded from the operating budget since there is inconsistency of treatment across organisations and this would prevent the sharing of costs. External legal fees are outside of this budget as the accountability for them is not consistent across the partnership, in SCC and WSCC these costs are met from the Legal Services budget and in BHCC and ESCC these budgets are in other services. Other excluded costs include internally

allocated costs such as postage recharges where there may be little or no influence over the cost.

5. The OPL leadership team has agreed that the OPL budget should be pooled from April. This will enable OPL to operate effectively and efficiently from a Joint Operating Budget. It means that budgets can be pooled based on functions, such as Litigation. For example a manager employed by ESCC can be responsible for managing staff employed by each partner, allocating resources effectively from a joint operating budget, paid by for all four authorities. This allows true integration and collaborative working.
6. SCC is reviewing its position regarding OPL. If SCC decides to withdraw from OPL the financial principles in this report would remain unchanged. However, the scale of the budget would reduce by the SCC contribution.

2019/20 OPL Joint Operating Budget

7. The 2018/19 OPL shadow budget forms the basis of the 2019/20 budget and contributions from each partner, along with any pressures, such as pay inflation, and any agreed savings. As part of each partner's financial planning, savings are proposed and the Joint Committee must respond with a recommended budget.
8. Work is still underway to agree the final OPL 2018/19 base budget so the proposed 2019/20 budget may be subject to minor change but it gives an indication of the likely amount. A final budget will be provided at the next Joint Committee.
9. As set out in the period 11 budget monitoring report (annex 2) the shadow OPL 2018/19 budget is as shown in table 1.

Table 1: OPL 2018/19 Summary		Budget
		£000s
TOTAL		
Staff		10,982
Temporary Staff		242
Non-Staff		392
Income		-1,465
Net Expenditure		<u>10,151</u>
CONTRIBUTIONS		
BHCC	19.07%	1,936
ESCC	16.37%	1,662
SCC	30.52%	3,098
WSCC	34.04%	<u>3,455</u>
Total		<u>10,151</u>

10. All partners, apart for ESCC, expect savings from their Legal Services budgets. The expected level of savings are shown in the table 2 below:

Table 21: Legal Services 2019/20 Savings		BHCC	ESCC	SCC	WSCC	Total
		£000s	£000s	£000s	£000s	£000s
2019/20 Savings		-93		-339	-250	-682

11. These savings could be achieved from OPL or from the council's external legal fees budgets. The OPL concept is based on the idea that collectively the partnership can deliver legal services more cost effectively and efficiently than the separate councils can, as shown by the child care advocacy project. This should lead to increased capacity in OPL leading to savings in the more costly external fees. It also follows that where there are external fees it might be appropriate to increase the size of OPL in order to reduce external fees.
12. The external fees budgets are only part of the Legal services budget in SCC & WSCC. In BHCC and ESCC these budgets are held by services. However there is still an incentive to reduce the external fees for each council regardless of where the budgets are.
13. The BHCC savings have been made through efficiencies and an increase in projected income, therefore reducing its share in OPL but not the hours it will receive. SCC has decided to make its savings from its share in OPL partly in line with the level of vacancies it has in 2018/19. This means that until OPL efficiencies are achieved a reduced level of service will be delivered to SCC, compared to its 2018/19 budgeted amount. WSCC has decided to reduce its external fees budget in order to maintain their levels of service from OPL and therefore minimise the cost of external fees.
14. The proposed draft 2019/20 Joint Operating Budget is £9.9m and is shown in table 3. This includes savings of £0.4m, inflationary pressures of £0.2m on pay and a net reduction of £0.03m on non-staffing and income inflation.

Table 3: OPL 2019-20 Budget

	BHCC	ESCC	SCC	WSCC	Total
	£000s	£000s	£000s	£000s	£000s
2018/19 OPL Budget	1,936	1,662	3,098	3,455	10,151
Less savings	-93		-339		-432
Revised base budget	1,843	1,662	2,759	3,455	9,719
Pay inflation					216
General inflation					8
Income inflation					-29
					194
2019/20 OPL Budget					9,913
Contributions					
BHCC					1,880
ESCC					1,695
SCC					2,814
WSCC					3,524
					9,913

15. The Contributions are an estimate based on existing or budgeted service delivery requirements. If these change then the contribution would change. The budget will be shown by function once new structures are in place.
16. The budget for managing litigated and liability insurance claims for BHCC & SCC is currently part of Orbis (£0.3m), this will transfer to OPL in 2019/20. This will increase the OPL budget and will be included in the final budget presented to the next Joint Committee.

OPL Contributions

17. The OPL leadership team has reviewed the options for allocating the OPL joint operating costs and recommends that a weighted case hours method is used. This method allocates costs based on the case hours recorded for each partner and weights these hours to recognise the current hourly cost differences between partners. The weighted hours method for allocating costs is simple and transparent whilst being as fair as possible and allows for changes in service delivery. Annex 1 shows the paper that was used to review the options.
18. The OPL leadership team will be provided with monthly updates of the latest OPL expenditure and the calculated contributions. This will ensure that the allocation method reflects service delivery and will also flag any potential variations to budget. The Joint Committee will be provided with monitoring reports quarterly.

<u>WHAT HAPPENS NEXT:</u>

19. A final budget will be presented to the OPL Leadership Team and Joint Committee once the base position is agreed and the SCC review is complete.
20. The budget will be shown by function once structures are in place.
21. Budget monitoring will be reported to the OPL leadership team and Joint Committee monthly and quarterly respectively.

Contact Officers:

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Consulted:

Annexes: Annex 1: paper on options for allocating OPL joint operating costs
Annex 2 – P11 monitoring

Sources/background papers:
