

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

ORBIS JOINT COMMITTEE MEETING

DATE: 16<sup>TH</sup> OCTOBER 2020

LEAD OFFICER: NIGEL MANVELL (DEPUTY CHIEF FINANCE OFFICER BRIGHTON & HOVE CITY COUNCIL), KEVIN FOSTER (CHIEF OPERATING OFFICER EAST SUSSEX COUNTY COUNCIL), LEIGH WHITEHOUSE (EXECUTIVE DIRECTOR OF RESOURCES SURREY COUNTY COUNCIL)

**SUBJECT: Budget Monitoring**

**SUMMARY OF ISSUE:**

To provide an update to the Joint committee on the financial position of Orbis

**RECOMMENDATION:**

The Joint Committee is asked to note the report.

**REASONS 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:**

The Orbis operating model changed from 2020/21. Service areas are now categorised as either “Fully integrated”, “Partially integrated” or “Centres of Expertise”. Categorisation is determined by the nature of the service and the participation of sovereign authorities. This is therefore reflected within the tables below.

The Orbis joint operating budget of £39.3m for 20/21 includes efficiency targets of £1.6m (**Table 1**).

The forecast year-end outturn as at the end of Q1 is an overspend of £965k. The main contributor to this is within Business Operations, where a £750k savings target is now unlikely to be met in 2020/21. Detailed savings proposals were drawn up in 2018/19 for fully integrated services and the three-year target for Business Operations was £2.020m. Of these, the first-year savings of £0.770m were delivered in full, but the 2nd year savings of £0.750m have slipped and, combined with the next year’s savings of £0.500m, are at risk. The impact of COVID-19 has limited the ability to deliver any savings this year due to the difficulties in undertaking a consultation process under the current circumstances, as well as added pressure on transactional services (for example, additional payments made to social care providers). A significant component of the response to the above will be the utilisation of new technologies. These technologies will increase the opportunities for future efficiencies and savings. However, these are not due to be effective

until 2022/23 and onwards. There are also overspends within management and the centres of expertise, however these are being reviewed and addressed.

**Table 1 – Joint Operating Budget Q1 20/21**

Orbis Operating Budget		Year to Date (Q1)			Full Year		
		Budget	Actual	Variance	Budget	Forecast	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Fully Integrated</b>	Business Operations	1,273	2,449	1,176	5,094	5,844	750
	IT&D	4,943	4,872	-71	19,772	19,772	0
	Management	100	471	371	402	520	118
	Procurement	1,114	1,136	22	4,458	4,455	-3
	<b>TOTAL FULLY INTEGRATED</b>	<b>7,431</b>	<b>8,928</b>	<b>1,497</b>	<b>29,725</b>	<b>30,591</b>	<b>865</b>
<b>Partially integrated</b>	Finance	814	720	-94	3,255	3,305	50
	HR&OD	807	832	25	3,227	3,227	0
	Management	26	0	-26	103	103	0
	<b>TOTAL PARTIALLY INTEGRATED</b>	<b>1,646</b>	<b>1,552</b>	<b>-94</b>	<b>6,585</b>	<b>6,635</b>	<b>50</b>
<b>Centres of Expertise</b>	<b>TOTAL CoE</b>	<b>748</b>	<b>629</b>	<b>-119</b>	<b>2,993</b>	<b>3,043</b>	<b>50</b>
	<b>TOTAL ORBIS</b>	<b>9,826</b>	<b>11,109</b>	<b>1,283</b>	<b>39,304</b>	<b>40,269</b>	<b>965</b>

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.

The full year staffing forecast variance is £634k (**Table 2**).

**Table 2 – Subjective analysis Q1 20/21**

Orbis Operating Budget - Subjective	Year to Date			Full Year		
	Budget	Actual	Variance	Budget	Forecast	Variance
Staffing	12,352	12,913	561	49,409	50,043	634
Non-Staffing	1,052	1,312	260	4,208	4,275	66
Total Expenditure	13,404	14,225	821	53,618	54,318	700
Income	-3,579	-3,116	463	-14,314	-14,049	265
<b>Net Expenditure</b>	<b>9,826</b>	<b>11,109</b>	<b>1,283</b>	<b>39,304</b>	<b>40,269</b>	<b>965</b>

The Joint Committee is also asked to review Orbis spend on Agency staff. The expenditure to date on agency staff is 5% of total staffing spend (**Table 3**). The use of agency staff is avoided where possible however there are a limited range of circumstances where it is appropriate, for example specific skills for a project or to cover business critical vacant posts in the short term. Table 3 shows the 2020/21 Q1 agency spend by service.

Table 3

Orbis Operating Budget	Agency	Non Agency Staffing	Total Staffing	Agency Proportion
	£'000	£'000	£'000	%
Business Ops	67	2,932	2,999	2%
Finance - BHCC & ESCC	22	1,047	1,069	2%
Finance - Centres of Expertise	29	716	745	4%
HR&OD - BHCC & ESCC	-2	1,109	1,107	0%
IT&D	432	5,274	5,706	8%
Management	0	170	170	0%
Procurement	51	1,066	1,117	5%
<b>Total</b>	<b>599</b>	<b>12,314</b>	<b>12,913</b>	<b>5%</b>

Efficiencies

Table 4

	£000	Rating
Business Operations	750	Red
IT & Digital	500	Green
Procurement	305	Green

As per the narrative above, it is deemed unlikely that the efficiencies within Business Operations will be made in 20/21. Efficiencies within IT&D and Procurement are currently assessed as being achievable and to be met within the current budget allocations.

## Contributions

The partner contribution rates are set out in table 5 below. The contribution rates differ depending on the level of integration within the given service.

**Table 5 – Agreed Contribution Rates**

<b>Contributions - Fully integrated</b>	
BHCC	22.3%
ESCC	24.6%
SCC	53.1%
<b>Contributions - Partially integrated</b>	
BHCC	47.1%
ESCC	52.9%
<b>Contributions - Centres of Expertise</b>	
BHCC	25.6%
ESCC	27.8%
SCC	46.6%

These rates can then be applied to determine the net contribution per partner (**Table 6**).

**Table 6 – Partner net contributions**

	<b>Full Year</b>		
	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
	£'000	£'000	£'000
BHCC	10,481	10,710	229
ESCC	11,645	11,898	254
SCC	17,178	17,661	483

### Contact Officer:

Thomas Alty – Head of Finance (ESCC)

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