

## Appendix 1 – Brighton and Hove City Council Due Diligence Tests

The P & R paper from 28 April set a number of tests, and these provide a logical underpinning to the due diligence. The table below contains proposals for how we can reach a conclusion on each one. More detail is required, in particular for parts 1 and 3.

Test	Work required	Progress
1. Finance and BHCC's ability to meet our savings targets.	<p>Continue work to cost existing services and ensure consistency with East Sussex and Surrey, i.e. 'apples with apples'.</p> <p>Calculate the 'break-even' point with regard to BHCC being able to achieve required savings.</p> <p>Identify 'managed on behalf of' (MOBO) budgets.</p> <p>Where trajectory and scale of savings required by Orbis and BHCC does not align, negotiate on possible solutions.</p>	<p>Financial analysis is close to completion, including the treatment of MOBO budgets.</p> <p>BHCC need 30% savings by 2020, and will need to deliver a proportion of this through the MOBO route.</p> <p>Principle of negotiation agreed with Orbis if required, however BHCC financials need to be appropriate for Orbis as well as the other way around.</p>
2. The level of investment that could be required in ICT infrastructure	<p>Establish best-estimate range of investment required to:</p> <ul style="list-style-type: none"> <li>a) Support existing BHCC systems up to a 'natural' point for integration; and</li> <li>b) Integrate BHCC and partner core systems.</li> </ul>	<p>This work is well under way. The timing of when business critical systems need to be replaced broadly aligns across the three councils.</p> <p>More work will be required to identify the costs of change, and system integration will not take place for at least three years.</p>
3. Service Level assessment, i.e. will the services be fit for purpose?	<p>Consider using template approach to identify all services and then how BHCC compares to partners.</p> <p>Identify level of efficiency versus partners using high level benchmarks.</p> <p>Identify services that BHCC uniquely provide and work with customers to understand need. Recommend to P, R &amp; G which services we want to continue, but that we do not wish to place in Orbis.</p> <p>Identify quick wins (services that could be traded irrespective</p>	<p>Good progress has been made on Legal Services and Internal Audit. There is significant alignment in terms of how partners work.</p> <p>Some progress has been made on ICT, Procurement, and Human Resources &amp; Organisational Development with more work required in Finance, Property, and Business Operations.</p> <p>Revenue &amp; Benefits needs to be treated differently, as this is common to BHCC only – however there is potentially strong alignment with Business Operations.</p> <p>BHCC are assessing the work that could be placed in Business Operations by process mapping across a number of services.</p>

	of Orbis).	
4. Legal form and governance.	<p>David Kuenssberg to integrate into Orbis Leadership Team (OLT) as soon as possible.</p> <p>BHCC governance to be agile through due diligence phase.</p>	<p>David has started attending OLT meetings.</p> <p>Orbis is a standing agenda item at weekly BHCC team meetings for Finance &amp; Resources. The programme management resource has increased.</p> <p>Cllr Les Hamilton represents BHCC on the Orbis Joint Committee.</p>