

**EAST SUSSEX COUNTY COUNCIL AND
SURREY COUNTY COUNCIL**

ORBIS JOINT COMMITTEE



DATE: 18 JULY 2016

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL) AND JOHN STEBBINGS (CHIEF PROPERTY OFFICER, SURREY COUNTY COUNCIL)

SUBJECT: MAY BUDGET MONITORING

PURPOSE OF REPORT:

To provide an update to the Joint Committee on the financial position of the Orbis Joint Operating Budget and the Orbis Investment Programme as at the end of May 2016.

INTRODUCTION

The Joint Committee is responsible for delivering services from a joint operating budget and for ensuring successful implementation of the partnership from a joint investment fund.

The joint operating budget and investment fund need to be managed and monitored effectively to ensure good financial management in line with both East Sussex County Council (ESCC) and Surrey County Council's expectations as well as to ensure that benefits are tracked and realised.

RECOMMENDATIONS:

The Orbis Joint Committee is asked to:

1. note the forecast zero budget variance at year end on both the joint operating budget and investment fund; and
2. note that Orbis forecast to achieve £1.2m efficiencies by year end.

REASON FOR RECOMMENDATIONS:

The Orbis Joint Committee is responsible for ensuring sound financial management of the partnership, overseeing delivering the business plan and monitoring the investment.

DETAILS:

3. The Joint Operating Budget is £53.1m. This includes £1.2m of efficiency savings. The 2016/17 budget for investment to achieve a successful partnership is £3.3m, which includes £0.5m carried forward from 2015/16.
4. As at 31 May 2016, forecast spending across the services is in line with both the Joint Operating Budget and the Orbis Investment Budget., There are, however, some risks which are being closely monitored and may lead to year end variances.

Orbis Joint Operating Budget

5. Services are planning to spend to their budgets this year but there are some risks to achieving this.
6. In addition to the savings to be delivered this year, Orbis is expected to deliver further savings of £3.1m in 2017/18 as part of the Business Plan. Since the major budget is staffing, services in the partnership are planning restructures and may deliver some of the savings this year as these changes take place and vacancies are held. This may lead to an underspend in 2016/17.
7. The Business Operations savings are £0.6m, reorganisations have taken place to deliver these but there are still income risks and possible delayed savings from implementing the new e-invoicing system. The service is planning to surmount the income pressure by reviewing the services it offers and the costs of delivering them. The e-invoicing system has been implemented and should realise full year savings from 2017/18.

Table 1: 2016/17 Joint Operating Budget

Joint Operating Budget	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Full Year Budget £000s	Full Year Forecast £000s	Full Year Variance £000s
Business Operations	855	629	-226	5,130	5,130	0
Finance	1,571	1,745	174	9,426	9,426	0
Human Resources	853	429	-424	5,120	5,120	0
Information & Technology	2,884	2,768	-115	17,303	17,303	0
Management	393	136	-257	2,359	2,359	0
Procurement	583	549	-34	3,496	3,496	0
Property	1,712	1,585	-127	10,272	10,272	0
Orbis Net Expenditure	8,851	7,842	-1,009	53,105	53,105	0

Subjective Analysis	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Full Year Budget £000s	Full Year Forecast £000s	Full Year Variance £000s
Income	-1,704	-2,519	-816	-10,222	-10,222	0
Staffing	9,416	8,885	-531	56,497	56,497	0
Non-staffing	1,138	1,475	337	6,830	6,830	0
Total Expenditure	10,555	10,361	-194	63,327	63,327	0
Orbis Net Expenditure	8,851	7,842	-1,009	53,105	53,105	0

Revenue Contribution	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Full Year Budget £000s	Full Year Forecast £000s	Full Year Variance £000s
ESCC Contribution to Orbis	2,653	2,350	-302	15,916	15,916	0
SCC Contribution to Orbis	6,198	5,491	-707	37,189	37,189	0
	8,851	5,491	-707	37,189	37,189	0

Efficiencies

8. The Joint Operating budget includes challenging efficiency savings and increased income targets of £1.2m. Services plan to achieve all of these savings. However there are some risks to deliver some of the Business Operations Savings where the target is highest. The other services may be able to deliver some 2017/18 savings early to offset these timing pressures in Business Operations.

Business Operations has reorganised to achieve most of its savings, but there are some risks to delivering its income targets and implementing a new e-invoicing system. The service has reduced the risk since the start of the year estimate and is working to achieve these full year saving in 2017/18.

Table 2: 2016/17 Efficiencies

Efficiency Saving	Plan	Plan	Forecast	Forecast
	2016/17	RAG	2016/17	RAG
	£000		£000	
Business Operations				
staffing	-310	G	-310	G
e-invoicing	0		-41	G
income	-100	G	-100	G
Business Operations				
e-invoicing	-91	A	-50	A
income & staffing	-80	A	-80	A
Finance (staffing)	-265	G	-265	G
Human Resources (staffing)	-160	G	-160	G
Information Management (staffing)	-85	G	-85	G
Management	0	G	0	G
Procurement (staffing)	-40	G	-40	G
Property (staffing)	-96	G	-96	G
	-1,227		-1,227	

Orbis Investment

9. The estimated amount of investment required to ensure the success of the partnership and deliver the efficiency savings is £7.6m, over five years from 2014/15. The partnership is responsible for ensuring this is effectively managed and as a result this will continually be monitored and reported to the Orbis Leadership Team monthly and the Joint Committee quarterly.
10. The amount earmarked in both authorities' 2016/17 budgets for Orbis Investment totals £3.3m. Of this, the councils have given their approval to spend £0.75m. This is primarily for the Orbis Programme Team and redundancies. It is currently estimated that the remaining funding of £2.6m will be required and spent, subject to the appropriate approval.

Table 3: 2016/17 Orbis Investment

Orbis Investment	Plan £000	YTD Actual £000	Estimate £000	FY Var £000
Programme Level				
Programme Manager	78	12	78	0
Programme Co-ordinator	40	0	40	0
Business Analyst	40	0	40	0
	158	12	158	0
Driver Programmes				
Service Design Procurement	32	0	32	0
	32	0	32	0
Enabling Programme Support				
People & change Programme Director	107	20	107	0
Organisational Design Manager	54	10	54	0
Senior Engagement Officer	48	7	48	0
Internal IT Support	31	0	31	0
Other non-Staffing	0	5	0	0
	240	42	240	0
Total Programme Expenditure	430	54	430	0
Joint Bandwidth & Synchronise email	67	0	67	0
Redundancy	256	18	256	0
Total Approved Expenditure	753	71	753	0
Earmarked but not approved to proceed				
Core IT	1,005	0	1,005	0
Business Services IT	1,098	0	1,098	0
External Advice	250	0	250	0
Contingency	217	0	217	0
	2,569	0	2,569	0
Total Orbis Investment	3,322	71	3,322	0

WHAT HAPPENS NEXT:

11. 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 that the committee does not have a meeting.
12. The quarter 1 position will be reported to each member by the end of July. The Joint Committee will review the period 4 position on 21 October 2016.

Contact Officers:

Adrian Stockbridge, Orbis Programme Manager

Consulted:

Kevin Foster – Chief Operating Officer

John Stebbings – Chief Property Officer

Tom Alty – Finance Manager

Louise Lawson – Senior Principal Accountant

Susan Smyth – Strategic Finance Manager
Marie Nickalls – Head of Finance

Appendices:

None

Sources/background papers:

- Joint Budgets Report 22 April Joint Committee