

Corporate Services Select Committee

6 December 2017



Orbis Partnership

Purpose of report: Scrutiny of Services and Budgets – Committee to review Orbis achievements to date and progress in developing a revised business plan.

Executive Summary

Orbis is a partnership between Surrey, East Sussex and Brighton & Hove Councils in relation to back office services. Orbis is the largest local government shared service of its kind in the UK, with 2000 staff and an operating budget of £63m. Services included in the partnership are; Finance, IT & Digital, Property, Procurement, Human Resources and Business Operations.

Orbis has made significant progress against the original business plan targets agreed by the Cabinet in 2015. Orbis is on track to fully integrate services and will have delivered savings of approximately £9m to its partner councils by April 2019. This represents a 17% average reduction in costs compared to 2015/16 net budgets.

The leadership structure of each service has been remodelled to have a single lead with integrated management teams. To-date there has been a 25% reduction in senior management posts.

A structured approach has been developed in relation to service integration that establishes the journey from collaboration to integration. Each service has its own complexities and has been allowed to progress at its own pace towards the shared goal of achieving full integration by April 2019. As such, each service is at different stage on the journey to convergence.

Orbis is governed through a Joint Committee approach, this provides strategic oversight and robust challenge to ensure the partnership continues to provide value to the respective Councils. A Joint Management Board provides the officer leadership for Orbis and each Council has a nominated lead officer on this board.

Working in partnership has many benefits (financial and non-financial) but also creates a number of challenges. Staff in partnership roles are particularly affected where they have to operate successfully across multiple organisations in different cultures and political environments.

A revised business plan is being developed in recognition of the impact of Brighton becoming Orbis' third founding partner. The revised business plan is expected to be completed in January 2018 and will determine the approach for a 3 year period, to 2021.

As part of the business plan, work has been progressing on a revised baseline that will determine the contribution ratios of the three partners. The revised contribution ratios will be Surrey 56%, East Sussex 24% and Brighton and Hove 20%.

Orbis has developed a shared risk approach and risk register for the partnership. This identifies the shared strategic risks for the partnership which are regularly reviewed by the Orbis Leadership Team (OLT). In addition, a performance framework is being developed across Orbis that will identify and enable the monitoring of key indicators and customer insight.

Background

1. Orbis is a partnership between Surrey, East Sussex and Brighton & Hove Councils in relation to back office services. The partnership began with a shared Head of Procurement across Surrey & East Sussex in 2012 and has developed since then to become the largest local government shared service of its kind in the UK, with 2000 staff and an operating budget of £63m.
2. The partnership was formally launched via an Inter Authority Agreement between Surrey & East Sussex in April 2015, with operating budgets integrated from April 2016. The contribution ratios for the partnership were originally agreed at SCC 70% and ESCC 30%. These ratios dictate the level of investment and savings for each partner.
3. Services included in the partnership are; Finance, IT & Digital, Property, Procurement, Human Resources and Business Operations.
4. Brighton & Hove City Council formally joined the partnership in May 2017 and it was recognised that a refreshed business plan would be required to take into consideration the impact of an additional partner.

Achievements to date

5. The original Orbis business plan that was approved by the Cabinet in October 2015 covered a 3 year period commencing in April 2016. This was based around the formation of the partnership and the benefits achieved through integrating services, management layering and reduction in duplication.
6. The Original Orbis Business Plan detailed three year savings targets:

2016/17	2017/18	2018/19	Total
£1.1m	£3.8m	£3.9m	£8.8m

7. Table 1 details the additional in year savings that Orbis has delivered or is forecast to achieve in the first two years of the partnership:

Table 1 ESCC & SCC Orbis Benefits to March 2018 - Additional in Year Savings

	2016/17 £000	2017/18 £000	Total £000
Business Operations	34	-0	34
Finance	-594	-350	-944
HR & OD	-564	-115	-679
IT & Digital	-1,343	-250	-1,593
Management	-294	-340	-634
Procurement	-0	-30	-30
Property	-620	0	-620
Total	-3,381	-1,085	-4,466
ESCC	-1,016	-327	-1,343
SCC	-2,365	-758	-3,123
	-3,381	-1,085	-4,466

8. The additional savings in Table 1 have largely been achieved through early delivery of savings by holding vacancies and voluntary severance. This does have an impact on capacity though, with more pressure being placed on the remaining staff.
9. Technology is a key enabler and has seen the successful sharing of email / calendar systems together with the integrating Wi-Fi networks across several partner sites, this empowers staff to work effectively in multiple locations.
10. The partnership has also adopted a more commercial approach. Orbis trades business services with other local authorities, including 4 London Boroughs, 500+ schools and 100+ academies, as well as a number of blue light, healthcare and not-for-profit organisations. All net income is re-invested into our councils as contribution to overheads.
11. There are a number of non-financial benefits through working in partnership:
 - 11.1 Greater resilience across services
 - 11.2 Sharing of best practice and learning across the partners
 - 11.3 Opportunity for joint investment and business cases that wouldn't be possible as a single authority (e.g. electronic invoicing)
 - 11.4 Greater opportunity for staff development and career progression
 - 11.5 Joint Procurement activity
 - 11.6 Enhanced growth opportunities through economies of scale and lower unit costs
12. Each service now has a single head and integrated senior management teams, this has delivered a 25% reduction in senior management posts. Since the partnership formally launched in April 2015 Orbis has deleted 188 posts across all levels.
13. All services are in the process of integrating the lower management tiers and full integration of services is set to be achieved by April 2019

Service Overview

14. Table 2 provides an overview of each service with a breakdown of net operating budget and FTE numbers (including BHCC).

Table 2 – Service Budget and FTE overview

Service	Net Operating Budget £000	FTE
Procurement	3,906	97
IT & Digital	20,640	507
Property	11,792	361
Business Operations	7,270	380
HR & OD (inc. Revs & Bens)	6,377	378
Finance (inc. Internal Audit)	10,956	285
Management	2,464	
Total	63,405	2008

15. Each service has identified a number of Centres of Expertise (Table 3) and these are in the process of being developed and/or implemented.

Table 3 – Centres of Expertise (CoE) by Service

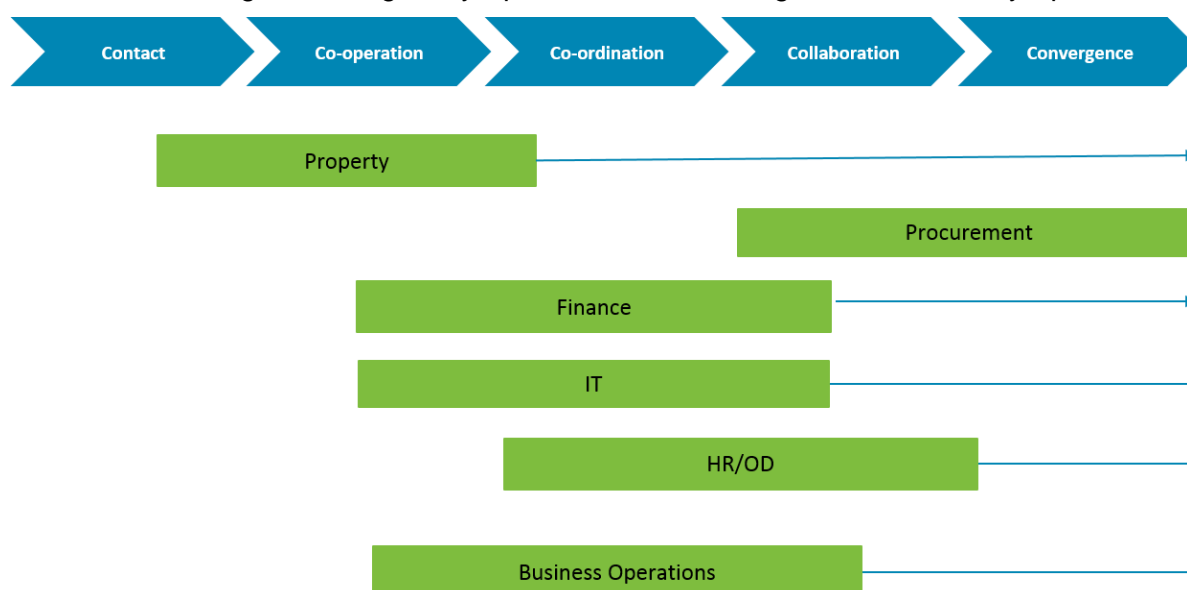
Service	Centres Identified	Status
Procurement	Category & Commercial Strategies Contract management Tendering	Live Live Live
IT & Digital	Analytics capability Digital Innovation & Adoption Architecture & Application development	Live Ongoing In development
Property	Estates Energy Facilities mgt Maintenance	All in development
Business Ops	Payroll Pensions Purchase to Pay	All in development
HR/OD	Pay & reward Health, Safety, Wellbeing & Inclusion Organisation & Learning Development Transformation & Advisory Services	Due to go live April 2018
Finance	Insurance Financial Planning Treasury Mgt Taxation Financial Systems Financial Accounting Risk Mgt	In development

16. A Centre of Expertise (also known as a competency centre or a capability centre) is a corporate group or team that leads other employees and the organisation as a whole in some particular area of focus such as a technology, skill or discipline.
17. The CoE's will consolidate relevant skills and experience to strengthen the offer and capability within the identified areas. Depending on the nature of the CoE it may be co-located where there is a viable case for doing so and this will be determined on a case by case basis.
18. Orbis has developed a model for integration which we call 'Collaborate to Integrate' (table 4), this details the 5 key steps of the journey to full convergence of services.

Table 4 – Collaborate to Integrate model

	Contact	Cooperation	Coordination	Collaboration	Convergence
Level of Integration	Experimental	Minimal	Selective	Selective	Full
Orbis Staff Commitment	<ul style="list-style-type: none"> Casual networking 	<ul style="list-style-type: none"> Trust building 	<ul style="list-style-type: none"> Shared goals with separate administrative framework 	<ul style="list-style-type: none"> Shared vision with changes to working practices and new cross-partner interdependencies 	<ul style="list-style-type: none"> Shared mission and service delivery Common standards and policies Performance Management Integrated structures
Typical activities and focus	<ul style="list-style-type: none"> Exploration of differences and commonalities 	<ul style="list-style-type: none"> Information sharing Identify opportunities 	<ul style="list-style-type: none"> Planning Joint Projects Process simplification 	<ul style="list-style-type: none"> Implementing joint projects leading to shared services Process standardisation 	<ul style="list-style-type: none"> Optimised common processes Common infrastructure Partner on-boarding

19. Each service is at a different stage in the integration journey. The diagram below summarises the status of each service along this journey but all services are working towards integrated budgets by April 2018 and full integration of teams by April 2019:



Governance

20. Orbis has clear governance arrangements in place for overseeing and managing the partnership. Orbis operates under a Joint Committee structure, the Committee meets on a quarterly basis and each Council is represented by two Members.
21. The terms of reference of the Joint Committee are to oversee and to improve delivery of the Services for the benefit of each participating Council, and in particular to:
- 21.1 Recommend proposals to meet the annual budget for Orbis, set by each of the Councils
 - 21.2 Approve the Orbis Business Plan and performance measures
 - 21.3 Monitor the Orbis Business Plan and performance of Orbis

- 21.4 Make recommendations to the constituent authorities regarding revisions to the Terms of Reference of the Orbis Joint Committee
22. In addition to Member governance, Orbis has clear officer leadership through a Joint Management Board with an appointed lead for each of the councils; Sheila Little (Director of Finance, Surrey), Kevin Foster (Chief Operating Officer, East Sussex) and Dave Kuenssberg (Director of Finance & Resources, Brighton & Hove).
23. Working closely with the Joint Management Board, the Orbis Leadership Team (OLT) includes Heads of Service and provides operational leadership for the partnership.
(Annex 1 details full governance arrangements for the partnership).

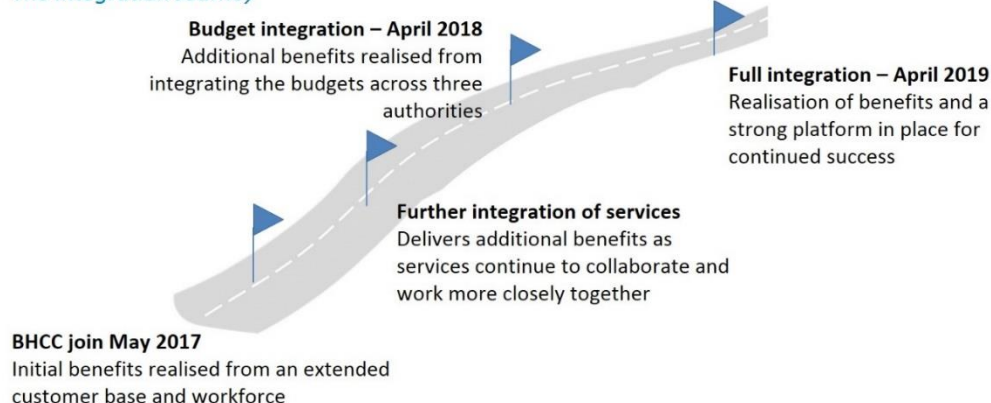
Key challenges / lessons learned

24. Although there are many benefits to working in partnership it also provides a number of challenges. Staff working in partnership roles are facing the additional challenges of working across multiple organisations that have different cultures and political environments with increased travel time between locations.
25. Working in partnership requires ongoing efforts to develop and maintain effective relationships. This can be time consuming, complex and can lead to an increase in timeframes to achieve outcomes, it also often requires separate approval in each of the three Councils.
26. Co-design of vision, strategy and plans is crucial to ensure that all partners have equal input and opportunity to influence decision making, this can also help to reduce the perception that one Council is taking over another.
27. The ongoing financial challenges in Local Government are making it more difficult to secure and release funding for investment in key technologies that will enable transformation of service delivery, this was a key component of the original business plan.
28. The ability to share and adopt best practice and learn from the different ways each organisation delivers services has been hugely beneficial and is leading to improved processes and ways of working.
29. It is important that all partners fully understand the implications of the partnership and are committed to the delivery of the Business Plan and associated outcomes.

Future plans

30. The chart below details the timeline to realise full integration of budgets and services by end of March 2019.

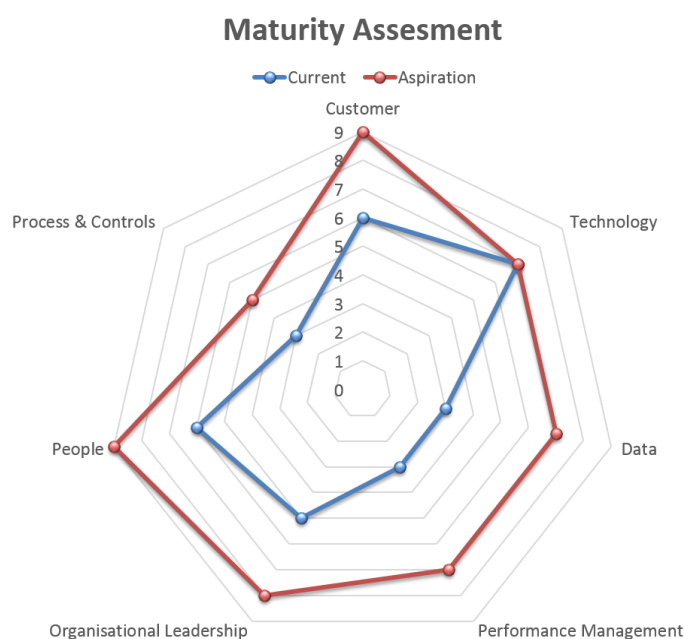
The Integration Journey



Business Plan 2021

31. Although only 18 months into the original 3 year business plan, the material change of an additional partner joining, coupled with ongoing changes within each of the sovereign partners, Orbis has taken an opportunity to refresh the business plan.
32. Orbis is developing a longer term vision focussed on more of a place based approach. The three Council Chief Executives recommended Orbis should concentrate efforts within the existing geography rather than actively seeking to attract another large external partner.
33. This means that Orbis needs to effectively enable and support transformation in front line services and be at the forefront of ensuring key strategic initiatives such as the Surrey Heartlands STP are a success.
34. An assessment undertaken in relation to the relative maturity of Orbis has highlighted a number of key areas of development for the future and these areas will be a primary focus for the partnership as it develops through the next few years.

Current assessment to date & 2021 aspiration



35. A range of progress indicators will be developed as part of a performance framework for the partnership that will enable progress in these areas to be tracked and reported against.

Financial Baseline & Benefits

36. As part of BHCC joining Orbis, work has been progressing on a revised baseline for the partnership that will determine the contribution ratios for the three partners:
37. The revised contribution ratios are likely to be as follows:
 - Surrey 56%
 - East Sussex 24%
 - Brighton & Hove 20%

38. Work will continue to refine the baseline numbers with a view to finalising the financial position for the Inter Authority Agreement (IAA) and integration of budgets in April 2018.
39. A number of areas of search have been developed that will shape discussions around where Orbis can achieve further benefits for financial years 2019/20 & 2020/21. These areas of search are themed around key elements such as; demand management, continuous improvement, transformation and growth.
40. To achieve further savings Orbis will need to consider whether certain services are reduced or even ceased. This will have an implication and any decision around the cessation of services will need to be considered and agreed by each of the Councils.
41. By March 2019 Orbis will have achieved a 17% average reduction compared to 2015/16 net budgets and is looking at opportunities to achieve further benefits in the region of 2-8% through 2019/20 and 2020/21 financial years.

Orbis Risk Register

42. When Orbis was officially launched in May 2015, both Surrey and East Sussex County Councils had separate business services risk registers. It was recognised at the time that creating an Orbis risk register would be beneficial to identify key risks for the partnership but this would need to link into each councils own risk procedures and forums.
43. The Orbis risk register takes partnership view on strategic risks with each service in Orbis maintaining a separate service based risk register.
44. The Orbis Leadership Team (OLT) regularly reviews and updates the strategic risk register to ensure that current risks are captured and are being managed effectively.

Performance Monitoring

45. Orbis is currently in the process of developing a performance framework for the partnership. It is recognised this is vital for the partner councils in order to have visibility of how Orbis is performing in a number of key areas.
46. One key challenge in delivering Orbis wide performance monitoring is the inconsistency and availability of data across the three councils. The partners use different systems and hold data in different formats, therefore a pragmatic approach will need to be taken in developing a partnership wide performance framework.
47. The performance framework will focus on three key elements:
 - Internal Orbis performance measures: financial management, risk management, people management
 - Progress against aspirations set out in the revised business plan
 - Value delivered to the respective councils (i.e. number of schools places delivered)
48. It is envisaged that a performance dashboard will be developed to enable performance measures to be analysed and made visible. Work is underway with colleagues in IT & Digital to understand the most appropriate way to achieve this.
49. The Orbis Joint Committee has requested for an update in relation to performance monitoring at the next Committee meeting in January 2018.

Conclusions:

50. Orbis has made significant progress in relation to the original business plan agreed by the Cabinet in 2015. Savings have exceed targets with no impact on service provision or quality thus far.
51. There is a structured and organised approach to integration to help minimise disruption to staff and customers.
52. The revised business plan is still in development and is expected to be completed in January 2018. The finished version will be not include all of the content provided as part of this report, some of this is for background information only.
53. The financial aspects of the business plan need to be aligned to the MTFP process to ensure clear articulation and understanding of the savings Orbis will deliver during the next 3 years.

Recommendations:

It is recommended that the Committee:

- Reviews the progress of the partnership to date and the development of a revised business plan.
- Reviews the approach being taken in relation to risk management and a performance framework for Orbis.

Next steps:

54. Work will continue to develop, refine and complete the business plan with an expected completion date early in the New Year. As part of this process a number of communication and engagement activities will take place with staff, unions and stakeholders.
55. A report detailing progress on the revised business plan will be taken to the Orbis Joint Committee in January 2018
56. The revised business plan will be implemented from April 2018 alongside a full Inter Authority Agreement and integration of operating budgets.
57. Work will continue to develop a performance monitoring approach for Orbis and an update will be provided to the Orbis Joint Committee in January 2018

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Annex 1- Orbis governance structure

Annex 2- Orbis risk register

Governance of the Partnership

Forum	Membership	Purpose
Strategic Direction & Decision Making		
Joint Committee	ESCC/SCC/BHCC Members Executive Directors/ Section 151 / Monitoring Officers	Provides strategic direction and decision making
Orbis Joint Management Board	ESCC/SCC/BHCC Executive Directors	Set programme direction and holds accountability for overall delivery
Orbis Programme Board	ESCC/SCC/BHCC Executive Directors/Section 151/Monitoring Officers/Senior Customers/Orbis Programme Manager	Ongoing monitoring of progress, resolve any escalated issues
Orbis Leadership Team (OLT)	Executive Directors/Orbis Strategic Leadership/ Orbis Programme Manager	Day to day operational management, monitoring and reporting of performance, driving performance improvement
Oversight & Reporting		
Programme Management Office (PMO)	Orbis Programme Team	Accountable for the delivery to time and cost of partnership projects
Service Design Group	Orbis Programme Manager/Service representatives	Provide operational input into service design

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