

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



ORBIS JOINT COMMITTEE

DATE: 19 JANUARY 2018

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL), SHEILA LITTLE (DIRECTOR OF FINANCE, SURREY COUNTY COUNCIL) & DAVID KUENSSBERG (EXECUTIVE DIRECTOR FINANCE & RESOURCES, BRIGHTON & HOVE CITY COUNCIL)

SUBJECT: BUSINESS PLAN

SUMMARY OF ISSUE:

A three year business plan for Orbis is now complete following a review of work in progress by the Joint Committee in October 2017.

RECOMMENDATIONS:

It is recommended that:

1. The Joint Committee reviews and approves the three year (2018/19-2020/21) business plan.

REASON FOR RECOMMENDATIONS:

To ensure the Joint Committee is fully briefed on progress within the partnership and has the opportunity to challenge, question and influence the future strategic direction of Orbis.

Approval of the business plan is necessary, in order for the partnership to continue integration of services to deliver the benefits specified.

DETAILS:

Background

1. The original Orbis business plan that was approved by the Cabinet(s) of East Sussex (ESCC) and Surrey (SCC) Councils 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.
2. Orbis has made significant progress against the original business plan targets agreed by ESCC and SCC Cabinets 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

3. A revised business plan is being developed in recognition of the impact of Brighton & Hove City Council (BHCC) becoming Orbis' third founding partner. The revised business plan will cover a 3 year period commencing in April 2018 to March 2021.

Business Plan

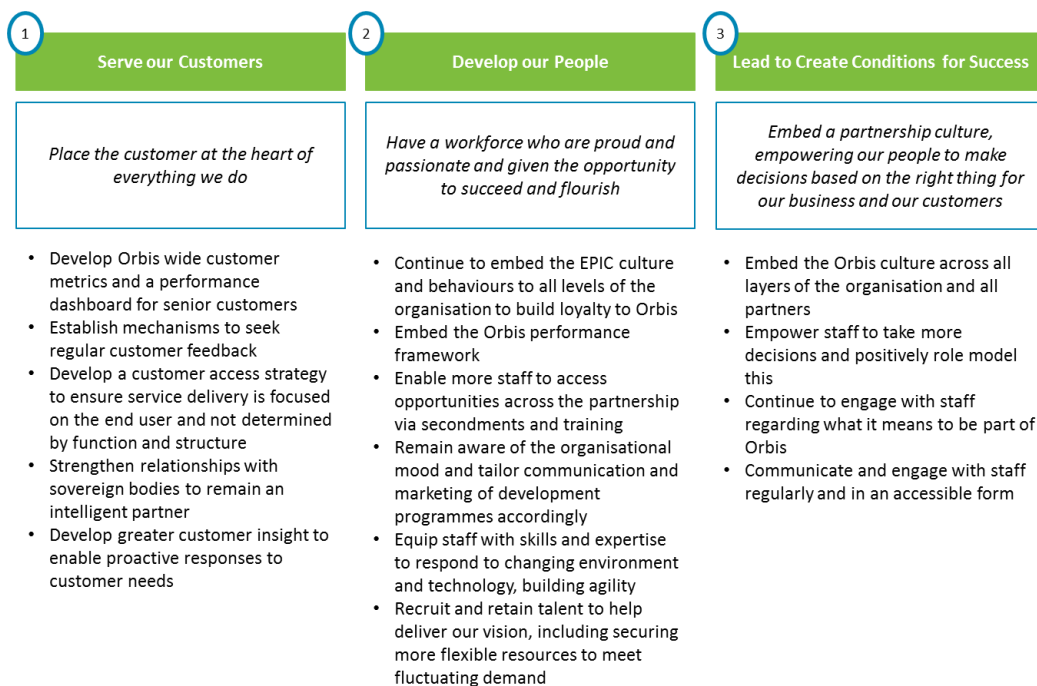
4. The Joint Committee reviewed a number of component parts of the business plan in October 2017 and the version being presented as part of this report is effectively complete.
5. Together with the full version of the business plan (Annex 1) is a number of distilled one page overview cards that contain the key information. These cards have been designed with Orbis staff in mind to enable a simple, easy to understand approach when sharing information around the business plan. Annex 2 provides a copy of the cards
6. A full communications and engagement strategy is being developed that will utilise a number of different mechanisms to share and disseminate the business plan to staff. These will include videos, interactive social media channels together with face to face briefings from managers.

Vision

7. The vision for Orbis is to continue to be customer focused, flexible and responsive. Orbis also needs to continue to provide good value for money for the three partners and be sustainable for the future.
8. The developments of the vision considered feedback from the Chief Executives of the three Councils which recommended the focus for Orbis should be a deeper dive within the existing geography, looking at the opportunities that exist in areas such as Health/Social Care integration rather than actively seeking to attract another large external partner.
9. Orbis has developed a growth strategy and has taken an opportunistic approach to commercial opportunities to date. It is expected this approach will continue and any opportunities to develop and grow the partnership will be appropriately considered.
10. People and culture have been a key focus for Orbis and this will continue in order to build a workforce equipped with the skills and capabilities required to deliver our aspirations.

Key Priorities

11. The key priorities for Orbis during the next 3 years are detailed in the table below:



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Benefits/investment

12. Orbis has already delivered significant savings to the Councils. The savings for 2018/19 are determined through the original business plan with BHCC savings also included.
13. Work has been progressing to develop a revised baseline for the partnership. This will determine the contribution ratios for each of the three partners and the contribution ratios are currently projected to be;
 - a. Surrey 55%
 - b. East Sussex 24%
 - c. Brighton & Hove 21%

The contribution ratios dictate the level of investment each partner will contribute to Orbis together with the benefits each partner will receive.

14. The savings we need to deliver in 2018/19 have been confirmed by our sovereign partners and each Orbis service has plans in place to deliver these. The savings we are delivering in 2018/19 formed part of the original Orbis business plan, so the figure below is the total figure and is not additive. Local Government financing is facing particular uncertainty and change and therefore the 3 Sovereign Partners continue to review their service and financial strategies and plans for 2019/20 – 2020/21 and have not defined detailed savings targets at this stage. This is to ensure the target setting is done with the best insight and information available to inform what would need to be detailed planning; consultation and management.
15. We have therefore modelled what further savings targets would translate into within the range of 2-8%. Modelled below is the target at 5% over 19/20 – 2020/21. We recognise that this will need to remain

under review as the sovereign partners develop their medium term financial plans during 2018/19 for the period 2019/20 onwards.

Table 1: Savings and investment for the next three years

	18/19	19/20	20/21	Total
	£000	£000	£000	
Savings	4,500	1,800	1,100	7,400
Investment	1,547	500	500	2,547
Total Net Benefits	2,953	1,300	600	4,853

16. The investment required is predominately for technology, to enable a digital approach and ultimately integrate systems and processes, the IT portion accounts for £2m. The remainder is for a small programme team to oversee and manage the Orbis wide plan of integration and ensure that a coordinated approach is taken across all services.
17. It is recognised that the benefits of integration will have been realised by April 2019 and therefore any additional savings will start to have an impact on the quality and level of service provision.
18. Workshops have been held with each service in Orbis to identify “areas of search”. These are potential areas to focus on to deliver savings in the financial years 2019/20 and 2020/21
19. In addition to the financial benefits expected from the partnership, there are non-financial benefits that Orbis will aim to achieve over the next 3 years, these include:
 - a) Improved client management and customer experience through process reengineering, better use of technologies and excellent people management;
 - b) Better insight for decision making and investment due to improved systems and information management;
 - c) Increased staff motivation and attraction of top talent through Orbis-wide people engagement and development work;
 - d) Incremental growth by attracting additional partners and customers and adding additional services to the Orbis offering.

Performance Framework (dashboards)

20. A performance framework has been developed for Orbis as it is recognised it is vital for the partner councils and the Orbis Leadership Team to have visibility of how Orbis is performing.
21. The performance framework focuses 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)

An overview of the this framework can be found in Annex 3

22. 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 is being taken in developing a partnership wide performance framework.
23. A performance dashboard is currently being developed to enable performance measures to be analysed and made visible.

CONSULTATION:

24. The approach taken to develop the revised business plan has been collaborative; co-designed with the Orbis Leadership Team with input from the Orbis leadership community.
25. Consultation has included:-
- a. Trade unions;
 - b. Orbis Joint Committee and individually with Lead members;
 - c. Orbis Leadership community;
 - d. Chief Executives;
 - e. Scrutiny committees of ESCC and SCC.
26. Trade Unions continue to be supportive of the approach being taken by Orbis and understand the alternative options (i.e. outsourcing) would have a greater impact on staff.

RISK MANAGEMENT AND IMPLICATIONS:

27. A number of risks have been identified and can be found in section 3, page 29 of the business plan.

Financial and Value for Money Implications

28. The original business plan approved by Cabinets in ESCC and SCC in October set out savings targets of £8.8m by March 2019. Orbis has been successful in not only achieving the targets to date but exceeding them.
29. One-off investment requirement of £2m (excluding redundancy) is also included in the business plan. Each organisation will determine separately how to fund this investment and whether payback is required ahead of showing efficiencies in their budgets.
30. There is an expectation that redundancy costs will also be incurred (whether through a voluntary severance route or as an outcome of restructuring activity).

31. A recent benchmarking exercise undertaken through the Society Of County Treasurers (SCT) had responses from seven other Councils, one of the areas that we looked at was the proportion of spend on back office services against the total Gross Revenue budget see table 2 for details.

Table 2: proportion of spend on back office services:

Expenditure vs total Gross Budget, excluding Revenue & Benefits.
No Total Gross Budget available for Council H.

Anon title	Gross Revenue Budget	Total Net Direct Expenditure (excl. Revenue & Benefits)	% of Gross Revenue Budget Spent
Orbis	£3,211,000,000.00	£61,287,000.00	1.9 %
Council A	£381,500,000.00	£18,188,000.00	4.8 %
Council B	£683,000,000.00	£17,190,101.06	2.5 %
Council C	£1,853,760,000.00	£44,440,785.34	2.4 %
Council D	£799,764,143.00	£18,892,624.00	2.4 %
Council E	£367,000,000.00	£10,862,000.00	3.0 %
Council F	£904,131,000.00	£24,426,182.00	2.7 %
Council G	£922,561,000.00	£30,769,620.00	3.3 %

Net Direct Expenditure on Back Office Services as a Percentage of Gross Revenue Budget



32. In percentage terms, Orbis has the lowest net direct expenditure on back office services as a proportion of gross revenue budget against the comparator group; 1.9% against an average of 2.9%.
33. It is important to note that each organisation has a slightly different setup in relation to back office services and therefore the data is not completely consistent. It does provide a high level indication of relative measures but there are significant differences around the functions included and in some cases certain elements may be outsourced or delivered externally.

Legal Implications

34. Orbis Joint Committee has delegated authority for the oversight of joint service delivery through the Orbis Partnership and the approval and monitoring of the Orbis business plan.
35. An interim Inter Authority Agreement is currently in place to cover the financial year 2017/18 with a full Inter Authority Agreement to be agreed and signed by all three Councils in April 2018, this will coincide with the launch of the business plan.

Equalities and Diversity

36. The Orbis Leadership Team (OLT) is accountable for ensuring that full Equality Impacts Assessments (EIAs) are completed the appropriate stages of integration (i.e. as part of a consultation process when restructuring)

WHAT HAPPENS NEXT:

37. Following approval by the Joint Committee the Business Plan will be implemented from 1st April 2018, together with joint budgets and a full Inter Authority Agreement.
38. A number of engagement activities are being developed to share the plan with staff and these will include face to face briefings, newsletters, online blogs and videos to make the content accessible and understandable.
39. Savings identified will be incorporated into the financial planning process for each of the councils.

Contact Officers:

Adrian Stockbridge – Orbis Programme Manager

Consulted:

Kevin Foster – Chief Operating Officer

Sheila Little – Director of Finance

David Kuenssberg - Executive Director of Finance & Resources

Annexes:

Annex 1 – Full Business Plan

Annex 2 – Business Plan reference cards

Annex 3 – Performance Framework

Sources/background papers:

- All background papers used in the writing of the report should be listed, as required by the Local Government (Access to Information) Act 1985.
- A copy of any background papers which have not previously been published should be supplied to Democratic Services with your draft report.

