

**SURREY COUNTY COUNCIL****LEADER OF THE COUNCIL DECISIONS****DATE: 25 JANUARY 2022****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF RESOURCES****SUBJECT: DISSOLUTION OF THE ORBIS JOINT COMMITTEE****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/EMPOWERING COMMUNITIES****SUMMARY OF ISSUE:**

In April 2021, an independent review of the Orbis Partnership was undertaken and concluded that Orbis remains a key element of the plans of Surrey County Council and the partner councils. However, the scope of the partnership should be limited to those services for which integration and standardisation are appropriate. Internal Audit, Procurement, IT and Digital, as well as some centres of expertise in Finance and Property (namely Insurance, Energy, and Treasury Management & Tax) will therefore remain as Orbis services and continue to extend integration and standardisation while continuing to respond to the requirements of the individual councils.

This conclusion meant a reduction in the scope of the Partnership, and a proportionate reduction in the supporting infrastructure. This involves disbanding Orbis Leadership Team meetings, as well as the central Orbis Performance & Change team.

Further to this, to ensure proportionality and efficient working, it is recommended that the Joint Committee be dissolved, and that Member oversight of the partnership be achieved through a newly established Partnership Oversight Board. The Board will not be a formal Committee and would consist of one Lead Member or equivalent from each partner council and meet once or twice a year, either in person or virtually, to monitor the performance of the partnership and provide assurance to each sovereign partner.

**RECOMMENDATIONS:**

It is recommended that the Leader:

1. Approve the dissolution of the Orbis Joint Committee and the establishment of the Orbis Partnership Oversight Board.
2. Note the oversight of the Orbis Partnership and attendance at the Orbis Partnership Board by Cabinet Member for Finance and Resources and/or the Cabinet Member for Transport and Infrastructure.
3. Delegate authority to the Deputy Chief Executive/Executive Director of Resources to agree any consequential amendments to the Orbis Partnership Agreement.

**REASON FOR RECOMMENDATIONS:**

Orbis remains a key element of Surrey County Council plans. These recommendations ensure proportionality and efficient working reflecting the recent reduction in scope and

evolution of the Partnership. This will enable the partners to shift focus fully onto the realisation of their individual council's requirements, delivering improved value for money to residents.

#### **DETAILS:**

- 1.1. In 2015, Cabinet agreed the creation of a business services partnership between Surrey County Council (SCC) and East Sussex County Council (ESCC), which later went on to include Brighton and Hove City Council (BHCC), collectively known as the Orbis Partnership.
- 1.2. The Orbis Partnership was set up to drive efficiencies in support functions through integration and standardisation, and to create greater operational resilience to deliver value for money and improved service delivery for the customer. Over its lifetime to date, £13m of recurrent financial efficiencies have been achieved across the partner authorities via Orbis. The Partnership has also been successful in providing services to a range of third-party customers, notably schools and some district and borough councils.
- 1.3. As part of the governance arrangements for the partnership, Cabinet agreed for an executive Joint Committee to be established, comprising of two Members from each partner Council.
- 1.4. The terms of reference are to oversee and improve delivery Services for the benefit of each participating Council, and in particular to:
  - i. Recommend proposals to meet the annual budget for Orbis, set by each of the Councils
  - ii. Approve the Orbis Business Plan and performance measures
  - iii. Monitor the Orbis Business Plan and performance of Orbis
  - iv. Make recommendations to the constituent authorities regarding revisions to the Terms of Reference of the Orbis Joint Committee

## **2. Supporting Information**

- 2.1. Orbis has evolved over its lifetime and has reached a level of maturity whereby the level of integration activity required at the start to create the partnership does not remain. Moving forward, the approach for the partnership will be to have a greater focus on service-led rather than partnership-led activity, with experience showing that some services lend themselves to greater integration than others, and standardisation is less appropriate where ways of working and organisational requirements differ between partners. Generally, the local government market has been resistant to large-scale sharing of services and partnerships elsewhere in the country have not been successful in significantly expanding their client base.
- 2.2. In April 2021, an independent review of the Orbis Partnership was undertaken and concluded that Orbis remains a key element of the plans of SCC and the partner councils. However, the scope of the partnership should be limited to those services for which integration and standardisation are appropriate. Internal Audit, Procurement, IT and Digital, as well as some centres of expertise in Finance and

Property (namely Insurance, Energy, and Treasury Management & Tax) will therefore remain as Orbis services and continue to extend integration and standardisation while continuing to respond to the requirements of the individual councils.

- 2.3. This has meant a reduction in the scope of the Partnership, and, as an efficiency measure, a proportionate reduction in the supporting infrastructure has been agreed, which will disband the Orbis Leadership Team meetings and the central Orbis Performance & Change team.
- 2.4. Further to this, to ensure proportionality and efficient working, it is recommended that the Joint Committee be dissolved, and that Member oversight of the partnership be achieved through a newly established Partnership Oversight Board. The Board will not be a formal Committee and would consist of one Lead Member or equivalent from each partner council. The Board will meet once or twice a year, to monitor the performance of the partnership and provide assurance to each sovereign partner.
- 2.5. The Board will oversee and monitor the delivery of services for the benefit of each partner Council, and in particular:
  - i. Monitor the performance of the partnership and seek assurance that ORBIS is acting according to its mission and has resources to do so, including oversight of the external trading performance of Orbis Services
  - ii. Provide constructive challenge to ensure Orbis remains fit for the future.
3. The changed governance would not affect the scrutiny arrangements that are in place, and the power and responsibility to scrutinise the individual services will remain unchanged with the sovereign bodies.
4. Matters that require a Member decision would be decided through each sovereign council.

#### **CONSULTATION:**

5. Proposals to disband the Orbis Joint Committee have been discussed and agreed with all 3 partners during formal Orbis Leadership Team meetings, prior to this report.
6. Similar Decision Papers have been drafted and submitted and approved by East Sussex County Council and Brighton & Hove City Council
7. This decision is subject to 3 individual approvals.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

8. The reduction in oversight as a consequence of disbanding the Orbis Joint Committee has been considered. However, in addition to the newly formed Partnership Oversight Board, Orbis Leads from each Partner Authority will continue to maintain strong working relationships, ensuring issues can be raised and resolved outside of the formal Board agendas.

**Financial and value for money implications:**

9. There are VAT registration implications of disbanding the Joint Committee. Joint Committees constituted under sections 101 and 102(1) of the Local Government Act 1972 are obliged to register for VAT as a separate “taxable person” if they are making taxable supplies. Moving to a shared service arrangement will mean that Orbis is no longer capable of being VAT registered. However, supplies of services by one local authority to another local authority fall within the scope of VAT and therefore VAT will still be accounted for at the appropriate rate, meaning there would be no additional cost to any of the partners as part of this change.
10. There are no other direct financial implications of these proposals. The Orbis partnerships will continue to look to drive financial efficiencies through further integration and efficient processes where appropriate and these will be factored into the Medium-Term Financial Strategy when they arise.

**Section 151 Officer commentary:**

11. Although significant progress has been made over the last twelve months to improve the Council’s financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
12. There are no direct financial implications of these proposals. The s151 officer supports the recommendations and the proportionate oversight of the Orbis Partnership going forwards.

**Legal implications – Monitoring Officer:**

13. The dissolution of the Joint Committee arrangement will result in the responsibility for the oversight and management of the Orbis partnership transferring from the partners exercising these jointly under the committee, to the three Council’s individually acting in partnership. As referred to in the report, this new arrangement will be set out in the partnership agreement which will detail the relationships and obligations between the partners in the management of Orbis. The Exec Director of Resources will have delegated authority to enter into the partnership agreement with these consequential amendments.

**Equalities and diversity:**

14. N/A

<b>WHAT HAPPENS NEXT:</b>
---------------------------

15. Once the proposal to disband the Orbis Joint Committee has been approved by all three partners, a Partnership Oversight Board will be established by 1 April 2022.
16. A full Terms of Reference (TOR) will be agreed and ratified at the inaugural meeting.
17. The Partnership Oversight Board will consist of one Lead Member or equivalent from each partner council and meet once or twice a year, either in person or virtually, to monitor the performance of the partnership and provide assurance to each sovereign partner. The Surrey County Council representative will be the Cabinet Member for Finance & Resources and/or the Cabinet Member for Transport and Infrastructure.
18. Delegation of authority will be given to the Deputy Chief Executive/Director of Resources to agree any consequential amendments to the Orbis Partnership Agreement.

-----

**Contact Officer:**

Michele Cox, Senior Business Manager – Resources – 07815 659965

**Consulted:**

Orbis Leadership Team  
 East Sussex County Council  
 Brighton & Hove City Council  
 Cllr Becky Rush – Cabinet Member for Finance and Resources  
 Cllr Matt Furniss – Cabinet Member for Transport and Infrastructure

**Annexes:**

None

**Sources/background papers:**

None

-----

This page is intentionally left blank