

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



ORBIS JOINT COMMITTEE

DATE: 6 JULY 2018

LEAD OFFICER: KEVIN FOSTER (CHIEF OPERATING OFFICER, EAST SUSSEX COUNTY COUNCIL), MICHAEL COUGHLIN (EXECUTIVE DIRECTOR FOR CUSTOMERS, DIGITAL & TRANSFORMATION, SURREY COUNTY COUNCIL) & DAVID KUENSSBERG (EXECUTIVE DIRECTOR OF FINANCE & RESOURCES, BRIGHTON & HOVE CITY COUNCIL)

SUBJECT: SURREY COMMERCIAL SERVICES

SUMMARY OF ISSUE:

Commercial Services (CS) has moved from its previous position within the Children's, Schools and Families Directorate to report to the Assistant Director for Business Operations in Orbis and joins the Business Operations service.

RECOMMENDATIONS:

It is recommended that:

The Joint Committee note the content of the report

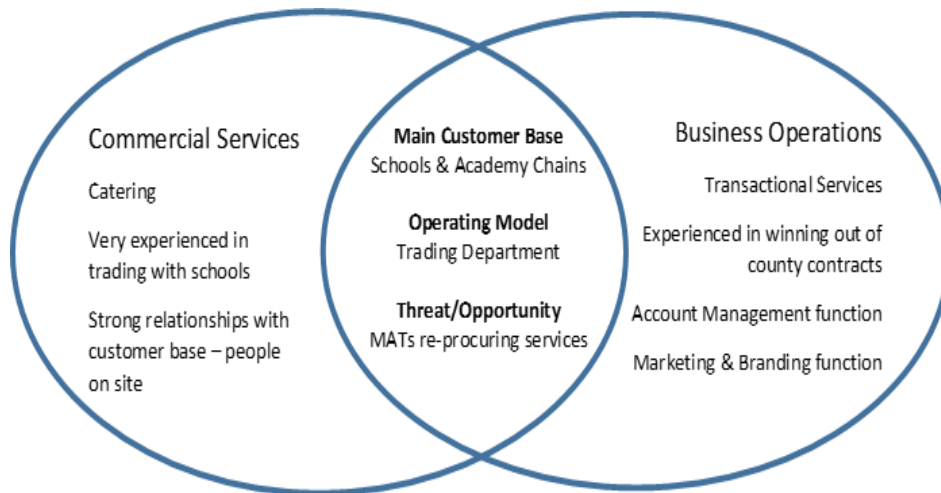
REASON FOR RECOMMENDATIONS:

1. The terms of reference for the Orbis Joint Committee state that the Committee is to oversee delivery of the Services in Orbis for the benefit of each participating Council.
2. This report is to ensure that the Joint Committee continues to be informed on developments within the partnership.

DETAILS:

3. As of 1 April 2018, the Commercial Services team in Surrey was transferred under the Business Operations leadership structure from the Children's, Schools and Families Directorate. This transfer was agreed by the relevant Cabinet Portfolio holders together with the Orbis Joint Management Board.
4. The Commercial Service function has a gross budget of circa. £27m with income of £29m and approximately 1200 staff. This is predominantly school meals provision but also includes the catering functions for Council Buildings.

5. There is synergy for commercial services to be aligned with Business Operations in the current landscape, both in terms of shared customer base and commercial opportunities and challenges.
6. The two services face the same challenges in the same market, due to schools increasingly joining multi academy trusts (MATs) and subsequently look to procure their services elsewhere. This process is currently causing a loss of income to both services within the boundaries of Surrey.



7. Where Business Operations have been successful is by utilising their commercial bidding team to win business from schools outside of the county who are looking to break free of their own local authorities. The most noticeable example of this is in the London Borough of Redbridge where Orbis holds the contract to deliver payroll and HR services to 9 schools, with a framework in place to potentially expand to a further 70 schools. Significantly, there are business and commercial opportunities which would be available to both Commercial Services (CS) and Orbis that will arise from this structure and shared goals.

Opportunities

8. Within SCC borders, shared market intelligence, customer base and commercial approach will afford opportunity to maximise growth of services sold to schools. Any risk and reward arising from this opportunity would fall where the business arises. ie to CS (SCC) or Orbis.
9. Within the Orbis partnership of ESCC and BHCC, only SCC has capability to provide a schools meals service. ESCC & BHCC have externalised these services. Very early exploration has elicited interest in potentially bringing back these contracts in house via an inter authority agreement. It would appear to have several advantages: resonates with the current concerns about high profile failures of contracting organisations, may suit political aspirations, should afford cheaper services and retains any profitability within the commissioning authorities. Furthermore, the purchase of back office

services would generate volumes, hence economies of scale and surplus growth opportunities for Orbis.

WHAT HAPPENS NEXT:

10. Following transition, reporting structures are aligned to ensure a smooth transition and a review of future strategy is undertaken and updated where appropriate.
11. Discussions are progressed with Orbis Partners to investigate and develop further propositions and agree the approach for developing new business opportunities.

Contact Officers:

Adrian Stockbridge – Head of Strategy, Performance and Change

Consulted:

Michael Coughlin – Executive Director for Customers, Digital and Transformation

David Kuenssberg - Executive Director of Finance & Resources

Kevin Foster – Chief Operating Officer

Simon Pollock – Assistant Director Business Operations

Appendices:

None
