

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

ORBIS JOINT COMMITTEE MEETING

DATE: 22 JANUARY 2021

LEAD OFFICER: NIGEL MANVELL (ACTING CHIEF FINANCE OFFICER BRIGHTON & HOVE CITY COUNCIL), PHIL HALL (ACTING CHIEF OPERATING OFFICER EAST SUSSEX COUNTY COUNCIL), LEIGH WHITEHOUSE (EXECUTIVE DIRECTOR OF RESOURCES SURREY COUNTY COUNCIL)

SUBJECT: ORBIS PERFORMANCE MONITORING

SUMMARY OF ISSUE:

To provide an update on key performance metrics across the partnership.

RECOMMENDATIONS:

It is recommended that the Joint Committee:

1. Note the information presented as a reflection of 2020;
2. Note the Orbis service performance information presented;
3. Agree which service should be the subject of the next service spotlight performance review.

REASONS FOR RECOMMENDATIONS:

The responsibility of the Joint Committee is to oversee and improve the delivery of the services for the benefit of each participating council and in particular to monitor the Orbis Business Plan and performance of the partnership.

DETAILS:

1. Introduction

1.1. In recognition that this is the first meeting of 2021 it felt appropriate to reflect on 2020 which saw changes for the partnership in terms of the disaggregation of services and resulting contribution ratios; challenges in terms of the savings ask but also opportunities in so much that:

- ESCC and SCC are both in the process of procuring a new Enterprise Resource Planning (ERP) platform and;
- as a result of the increase in remote working due to Covid, the Orbis Performance and Change team were able to reach a much larger proportion of staff with the people initiatives delivered.

- 1.2. This paper therefore provides members with an update on the following areas:
- which services have been disaggregated;
 - authority contribution ratios;
 - service savings profile;
 - the projects to replace the ERP platforms at ESCC and SCC;
 - Activity driven by the Orbis Performance and Change team during 2020 and its impact on staff.
- 1.3. During the meeting, Orbis Home will be demonstrated to show members how activity is supported via the integrated Orbis 'intranet' site.
- 1.4. As is usual practice, this paper also provides Joint Committee with service performance and people insight data.

2. Disaggregation and contribution ratios

- 2.1. Following a review of the partnership the following changes took effect from 1 April 2020: the Property service returned to sovereign control in all partner locations; HROD and Finance, with the exception of some centres of expertise (CoE), reverted to sovereign control in Surrey but remained integrated across BHCC and ESCC. HROD and Finance are therefore referred to as partially integrated services.
- 2.2. From 30 June 2020 it was agreed to transfer the Pensions Administration service to East Sussex and Surrey Finance functions to allow for greater strategic capacity and closer alignment to the fund management. Previous to this Pension Administration was part of Business Operations. Significant changes in how pensions was administered put incredible demand on the service and as a result a review was commissioned. Although good progress had been made in the development of the service improvement plan it was felt the scale of ambition to turn around the service, along with the complexity of running a pensions administration service meant that trying to manage in partnership across multiple funds was not the right structure.
- 2.3. In order to align the relationship between the Management and Financial Accounting Teams at Surrey the 'Financial Accounting and System' CoE within the Finance service was disaggregated from being a CoE as of 1 November 2020. Also with Surrey currently undergoing Unit 4 System implementation the systems resource (who was an SCC employee) was drawn back to Surrey. The BHCC/ESCC elements have remained within the partially integrated Finance service.

2.4. For clarity, the services within the Orbis Partnership currently are:

Services which are fully integrated across all three partner organisations	Services which are partially integrated across Brighton & Hove and East Sussex	Finance service Centres of Expertise which are fully integrated across all three partner organisations
Business Operations	Finance	Financial Accounting – systems (<i>maintain integrity of accounting systems and ensure compliance with accounting standards</i>)
Internal Audit	HROD	Insurance (<i>management of internal and external insurance premiums and claims handling</i>)
IT&D		Treasury & Tax (<i>responsibility for cash management and tax advice</i>)
Procurement		Orbis Finance Team (<i>financial support to Orbis budgets</i>)

3. Authority Contribution Ratios

- 3.1. Each partner contributes to the Orbis joint operating budget in proportion to their service delivery requirements.
- 3.2. Contribution ratios were revised for 2020/21 budget-setting but following disaggregation of further services they will be further revised with effect from Q3 of 2020/21 on a pro rata basis. The Q2 budget monitoring report that accompanies this paper therefore shows current rather than revised contribution ratios.
- 3.3. Table 1 sets out the current and revised budget contributions and contribution ratios by Authority for 2020/21.

Table 1

Fully Integrated Services	BHCC	ESCC	SCC	Total
Current Contribution £k	6,617	7,326	15,782	29,725
Revised Contribution £k	6,895	7,425	15,849	30,168
Current ACR	22.3%	24.6%	53.1%	100.0%
Revised ACR	22.9%	24.6%	52.5%	100.0%
Partially Integrated Services	BHCC	ESCC	SCC	Total
Current Contribution £k	3,098	3,486		6,585
Revised Contribution £k	3,274	3,484		6,758
Current ACR	47.1%	52.9%		100.0%
Revised ACR	48.4%	51.6%		100.0%
Centres of Expertise	BHCC	ESCC	SCC	Total
Current Contribution £k	765	832	1,396	2,993
Revised Contribution £k	798	832	1,396	3,026
Current ACR	25.6%	27.8%	46.6%	100.0%
Revised ACR	26.4%	27.5%	46.1%	100.0%

3.4. Of the £243k post-disaggregation budget, £129k is to be returned to SCC, therefore reducing SCC's net Orbis contribution. The remaining £114k will be re-classified as partially integrated and therefore there is a nil net impact for BHCC and ESCC.

3.5. An additional adjustment to the contribution ratios will be required at financial year-end to ensure the full-year budget has been amended for 2021/22.

4. Savings profile

4.1. Annexe 1 provides a highlight of each service's three year savings profile, associated planned activities to achieve savings or detail highlighting where savings are at risk. As detailed in the highlight summary and the Q2 budget monitoring report, the 2020/21 savings target of £750k within Business Operations is unlikely to be met unless plans to close the gap by further standardising processes and integrating teams are agreed by each of the sovereign authorities.

5. ERP replacement projects

5.1. ESCC and SCC have works in progress to replace their existing ERP solutions. The existing platforms in both organisations are SAP.

Digital Business & Insights (DB&I) Programme - SCC

5.2. Following contract award to Unit 4 following Cabinet approval in July, the Digital Business & Insights programme is now progressing the implementation of the Unit 4 Software-as-a-Service Enterprise Resource Planning solution, which will be the new corporate system

that will manage the organisation's business critical finance, procurement and HR & payroll processes. The council is working closely with an implementation partner, Embridge Consulting, to specify requirements and ensure a successful implementation and go-live on 1st December 2021. In summary, the programme is aiming to deliver a step change in the user experience, empowering people with accurate and insightful data for enhanced, intelligent decision making.

- 5.3. Having completed mobilisation and established a full delivery team in September, the programme is on track having successfully completed the design stage with approval of the Design Complete Gateway at DB&I Strategic Programme Board on 8 January 2021. The programme is now starting the build stage, which aims to complete by early April before moving into testing, which will be completed in a series of stages up until go-live on 1 December 2021. Planning for the Training work stream will also commence and communication and engagement will ramp up to further raise awareness of the programme and its objectives across the organisation.

MBOS – ESCC

- 5.4. The Modernising Back Office Systems (MBOS) programme, whose main objective is to implement a modern system(s) for Finance, HROD, Payroll, Recruitment, Expenses and Procurement, is in the final stage of procurement. The programme will be evaluating three bidder responses over January 2021 and recommending the preferred solution to the MBOS Board on 10 February and ESCC Cabinet in March 2021.
- 5.5. After approval the MBOS programme will mobilise and run discovery workshops between April 2021 and June 2021. In June 2021 MBOS will start the design workshops for 12 weeks. The outline plan for the implementation is April 2023. This plan will be finalised during mobilisation stage.

6. Orbis Performance & Change team achievements

- 6.1. In addition to ensuring delivery against the partnership commitments outlined in the IAA, the primary role of the Orbis Performance and Change team to date has been to support the development and delivery of the 'people' based activities and initiatives set out in the Orbis business plan and more recently the Orbis blueprint. These activities have largely been developed centrally and rolled out to all services across the partnership.
- 6.2. Attendance at previous 'in person' events was not routinely recorded but from experience and anecdotally engagement was often poor.
- 6.3. In contrast, much higher engagement levels have been seen with all virtual events delivered during 2020 with staff finding it easier to engage because of the reduced need to travel and take time away from other work commitments. Annexe 2 provides an overview of the engagement activities which have taken place, including the Delivering Partnering Excellence Programme, and feedback received from attendees.

6.4. A virtual mode of delivery was adapted out of necessity as a result of Covid however experience has proven that it is just as, if not more than, effective than delivering in person. As a result, going forward the team will adopt a 'virtual first' approach as a strategy for maximising engagement.

7. People insight

7.1. The following data is for Q2 2020/21 – July, August and September 2020 and is provided in the spirit of providing further contextual data against the budget and savings profile for each service.

7.2. All figures in this report reflect the change in service make-up of the partnership, which came into effect 1 April 2020. Specifically, figures for Property (all partners), Finance and HROD (SCC only) have been removed.

7.3. Additionally, the figures in this report reflect the transfer in June of Pensions Administration staff from Business Operations into the Finance service (meaning its effective removal from the partnership in Surrey).

Table 1 – Overall headline statistics by organisation

	Orbis total	Brighton & Hove	East Sussex	Surrey
Average employee numbers FTE	1278.15	527.83	383.96	366.36
Average Agency staff spend	3.67%	N/A	N/A	N/A

7.4. It is important to track the number of FTEs in any business to understand whether there are significant changes in the short-term workforce. In an environment where savings are being delivered it is expected that the workforce would be decreasing over time.

7.5. Spending on agency staff for Orbis overall decreased slightly compared to Q1 2020/21, with reductions in Business Operations and IT&D.

7.6. Finance and Procurement both saw increases in agency spend compared to Q1 (2.67% in Q2 up from 1.50% in Q1 for Finance, and 3.67% in Q2 up from 3.50% in Q1 for Procurement).

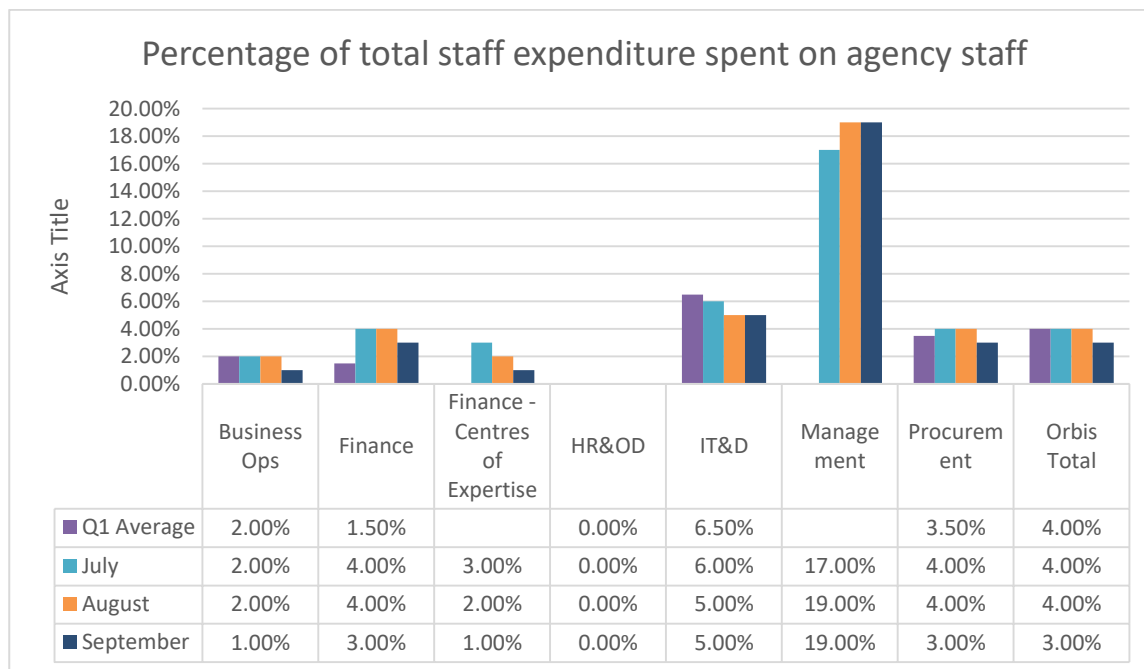
Table 2 - FTE by service and organisation

Q2	BHCC		ESCC		SCC	
	Average FTE	% total	Average FTE	% of total	Average FTE	% of total
Business Operations	229.6*	43.50%	61.96	16.14%	139.34	38.03%
Finance	53.7	10.17%	75.04	19.54%	N/A	
HR&OD	73.45	13.92%	46.72	12.17%	N/A	
IT&D	153.15	29.02%	167.42	43.60%	188.92	51.57%
Procurement	17.93	3.40%	32.82	8.55%	38.1	10.40%
Total average by Sovereign	527.83		383.96		366.36	
Orbis Total Average	1278.15					

BHCC and ESCC 1 FTE = 37 contract hours per week, SCC 1 FTE = 36 contract hours per week. Figures include vacant posts and are not the budgeted FTE.

- 7.7. *Note that as a Unitary Authority BHCC provide extra services within Business Operations at BHCC e.g. Council Tax and Housing Benefits and this equates to 162.8 FTE for the Revenues and Benefits Team.
- 7.8. In BHCC, FTE numbers in all services were relatively stable, with small reductions in all services compared to Q1. The biggest change was in Finance, where FTE numbers reduced from 57.43 average FTE in Q1, to 53.70 average FTE in Q2.
- 7.9. In ESCC, FTE numbers in all services were relatively stable barring a small spike between August and September in IT&D. Overall, all services except Business Operations saw small increases on the Q1 averages.
- 7.10. The SCC FTE figures show a significant reduction in the number of FTE in Business Operations between June and July, reducing from 211.73 to 139.39 FTE. This change is due to Pensions Administration staff in Surrey transferring out of Business Operations and into the SCC Finance service. Note the vast majority of pensions staff were employed through SCC as they were still part of the original TUPE from SERCO hence the high number in pensions alone.
- 7.11. IT&D in contrast saw an increase in the number of FTE for Q2, increasing to 188.92 average FTE from the Q1 average of 163.04 FTE. Procurement also saw a small increase of around 2 FTE comparing the Q1 and Q2 average.

Agency spend



7.12. Average agency spend in Business Operations and IT&D has decreased in Q2.

7.13. Finance saw an increase in agency spending, up from 1.50% in Q1 to 3.67% in Q2. Procurement also saw a small increase, with the percentage of agency spend rising to 3.67% in Q2, up from 3.50 in Q1.

7.14. Agency spending in HR&OD is negative due to reversal of 2019/20 year-end accruals.

7.15. Agency spend figures for Q2 feature the addition of Finance Centres of Expertise and Management – not reported in Q1.

7.16. Overall agency spending for Orbis was 0.33% down on the Q1 figure.

8. Service Performance

8.1. As agreed at the last Joint Committee meeting, the Orbis Blueprint headings of 'people', 'customer' and 'innovation' are used to provide a highlight summary of each service's key current priorities, future areas of focus and the resulting benefits to the partnership per quarter. This is provided in Annexe 3.

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