

**EAST SUSSEX COUNTY COUNCIL AND
SURREY COUNTY COUNCIL**

ORBIS JOINT COMMITTEE



DATE: 29 JUNE 2015

LEAD OFFICER: KEVIN FOSTER, CHIEF OPERATING OFFICER AND JULIE FISHER, STRATEGIC DIRECTOR, BUSINESS SERVICES

SUBJECT: DEVELOPING THE ORBIS PARTNERSHIP – UPDATE REPORT

SUMMARY OF ISSUE:

This report provides a progress update on the work carried out, since the February Cabinet at Surrey County Council and the March Cabinet at East Sussex County Council, to develop the Business Plan for Orbis and confirm its progress to Cabinet in October 2015.

RECOMMENDATIONS:

It is recommended that:

1. **the Joint Committee notes progress of the development of the Orbis Partnership**
2. **the Joint Committee approves and gives a steer to the direction of travel for the development of the Partnership**
3. **the Joint Committee agrees the next steps proposed for the work to further develop and refine the Business Plan**

REASON FOR RECOMMENDATIONS:

Approval of the proposed direction of travel is necessary for the Partnership to continue to work to develop the Business Plan. This will be taken to the Joint Committee in September and then to the October Cabinets for approval.

DETAILS:

Background

1. Earlier this year both East Sussex and Surrey County Council Cabinets approved the business case to establish a joint public-sector partnership 'Orbis' , to deliver business and support services to both authorities. This builds on the already successfully established partnership in Procurement where we have a joint head of service and also in joint shared services where

the service is provided by what was formerly known as South East Shared Services.

2. The business case outlined the transformative arrangement that will deliver affordable services to each council and deliver benefits to both parties. A savings target of 10-15% was reported as the opportunity available from integration, from the adoption of common practices and technology and economies of scale.
3. As well as being a Partnership for East Sussex and Surrey we have the ambition to establish the Partnership as a “Compelling Alternative” for the wider public sector. This would mean that we would seek to bring on board other partners and customers in order to further increase opportunities through increased scale; lower cost of service provision to Partners and to ensure there is a sustainable and responsive public service ethos driven business infrastructure.
4. Both Cabinets resolved that additional work was needed to develop a business plan and a road map to show the transition to full integration by 2018. This work is being lead by the Orbis leadership team in order to embed our ownership and to use the activity to develop working relationships within Orbis. Due to this, and the scale and pace required to deliver the business plan and recognising the need to continue to deliver business as usual services to existing service users, we brought in external expertise through Ernst & Young (EY) to support us in this phase.
5. Work is well underway to develop joint working between Partners and develop the detailed business plan and road map for approval at the October Cabinets. This will include the target operating model for the partnership and a transition plan outlining the phased approach for the 3 year period of the business plan. This will also include the enabling IT and systems to support the partnership. The business plan will also include a detailed business case with clarified savings, benefits, risks and timings.

2. Progress update

- 2.1 The key headline areas of progress that has been made and activity undertaken since Cabinets approved the Business Case are as follows:
 - 2.1.1 On 15 April, the Partnership officially launched ‘**Orbis**’. The launch included our new Leadership team, the brand and the vision for Orbis.
 - 2.1.2 The culture for Orbis is being co-designed with Orbis staff who have started to develop the non-negotiable behaviours for the Partnership. The ‘EPIC’ principles for the Partnership are based on being seen as having **Expertise**, having **Passion** in what we do, looking for new ways of doing things through **Innovation**, and putting the **Customer** at the heart of everything that we do.
 - 2.1.3 The benefits identified in the business case identified potential savings through an Orbis Partnership model of £6m-£8m, across three ‘benefit levers’ of: management de-layering, process improvement and reduced duplication.

The indicative implementation costs to deliver these benefits were identified at £6m - £10m.

- 2.1.4 Since the outline business case, a “stress test” has been conducted on the potential benefits to provide a view on the achievability of the proposed targets. This has been undertaken through:
- (a) high-level benchmarking to determine whether the targets outlined would be achievable compared to performance against a range of cross-sector organisations
 - (b) assess the ‘benefit levers’ by reviewing the current organisation against a typical combined management structure and the associated reduced duplication from this; process improvement opportunities have been assessed for reasonableness of scope, size of benefit and expected delivery timescales
- 2.1.5 The “stress test” performed on the potential benefits has shown that the quantum looks an achievable target against the three year business plan timeframe. Process Improvement benefits have a higher risk rating due to the potential dependence upon technology investment and a recognition that shared transactional services are already in place and savings have already been delivered over recent years.
- 2.1.6 Investment costs have also been reviewed to incorporate updated estimates based on further IT design definition and a potential programme team to support implementation
- 2.1.7 The range for investment costs reflects the choices for investment options that can be considered in order to support service modernisation and reduced operating costs. It is expected that investment decisions in systems and IT capability are supported by business cases.
- 2.1.8 Additional investment in a Business Solutions Platform would be expected to bring additional benefits. Some of this investment would be required in any event, and irrespective of the Partnership, to enable savings from Business Services.
- 2.1.9 An initial business solutions platform evaluation has been undertaken which has given sufficient insight to progress to a more detailed evaluation and ultimately a business case.
- 2.1.10 Any investment proposal or requirement will be the subject of a business case. The Partnership savings are pre-investment requirements and the business plan is being developed with a target of net savings after any investment

- 2.1.11 Extensive communications and engagement approaches have been developed in order to ensure the people in the Partnership across East Sussex and Surrey, and internal customers are aware of the Partnership and developments. Priority has been to work with the strategic management teams so that they are able to play a key part in leading the development of the partnership.
- 2.1.12 The approach being taken is to develop a new operating model for the Partnership (this is known as a **Target Operating Model – see Annex 1 (A)**). Design Principles have been developed in consultation with both Councils' Leadership Groups. These have been developed further into Design Parameters which develop the thinking into tangible considerations (**Annex 1 (A) Pages 3 and 4**)
- 2.1.13 Each service has started to develop, jointly, their thinking around the operating model. A draft model for HR has been developed (Page 5) and is being used by all services as a proforma for the design work. HR has been chosen to 'pilot' the design based on its integral role in supporting and enabling the change and transition of Orbis as it reaches the desired future state.
- 2.1.14 The draft model designed shows an emerging picture of the future model for HR which is based on supporting and empowering customers to be more self sufficient, underpinned through having the knowledge and compelling enabling technology they need to do this.
- 2.1.15 The immediate next steps in developing the target operating model are around designing the next layers and components at a steady pace. The ambition is to generate the service models (like the HR model at page 5) for the other five service areas. This includes determining the right balance of efficiencies to achieve the desired savings, future proofing the service and enabling it to grow and serve customers. Being aware of organisational readiness for change will need to be a key consideration for both the timing and extent of change.
- 2.1.16 This next level of design will be developed through the currently mobilised team of Orbis Programme leads, strategic management teams and external support from EY. Other activities such as customer and partner engagement, 'check and challenge' will also take place during this period to ensure that the designs are robust, fit for purpose and reflective of the needs of wider stakeholders.
- 2.1.17 In addition to this design activity, work will take place to define how the target culture can be achieved. The future of Orbis will be dependent on having an engaged, passionate and proud workforce.

- 2.1.18 Whilst the business plan is being developed we are implementing change in parallel in order to deliver early savings and embedded change. The key examples are implementation of e-invoicing and redesign and transfer of personnel administration and accounts receivable and payable to the business operations services (formerly known as shared services)
- 2.1.19 The Terms of Reference have been drafted for the Joint Committee to review and approve as a separate item. An inter authority agreement has also been produced in draft and will be ready for approval in October.
- 2.1.20 Engagement has been maintained with potential Partners. Our thinking and developments have been shared in the interests of general public sector collaboration

3. Next Steps and Transition plan

- 3.1 For the business plan that will be delivered in October we will have:
- Agreed the operating model for the Partnership and developed the management structure and resourcing down to strategic management level
 - Developed a detailed assessment of opportunities and implementation timeline in the HR service to give greater confidence for proposals in the other Partnership services
 - Identified target areas of scope for each service on where the integration opportunities should be explored and developed and areas where transactional services can be explored for moving into the transaction centre
 - Updated the business case
 - Proposed a 3 year timeline of activities for implementation of changes along with the savings profile
 - Developed a business case to support the business solutions platform strategy
 - Developed a business growth framework for introducing new partners and customers
 - Identified and developed the key principles of a Partnership Pay and Reward Strategy
- 3.2 **Annex 1 (B) (Page 7)** identifies the key components of the change plan that will be further developed and followed in order to ensure there is a structured and managed approach to delivery of the business plan and identified benefits.

- 3.3 This plan is integral to delivering the future design and associated changes in a safe and sustainable way which has minimal impact on Orbis people and customers. This will be achieved through careful consideration of resourcing, dependencies, and potential risks and issues.

CONSULTATION:

6. There has been consistent engagement with joint trades union for the Partnership
7. The Business Plan will be presented to the Scrutiny Committees at both East Sussex and Surrey County Councils.

RISK MANAGEMENT AND IMPLICATIONS:

8. Risk assessment will be carried out prior to the presentation of the Business Plan in September 2015

Financial and Value for Money Implications

9. Financial and value for money implications will form part of the Business Plan that will be presented in September 2015.

Legal Implications

10. Legal implications will form part of the Business Plan that will be presented in September 2015.

Equalities and Diversity

11. It is anticipated that there will be no direct impact on residents and staff with different protected characteristics. An Equality Impact Assessment will be completed prior to the Business Plan approval.

WHAT HAPPENS NEXT:

We will continue to work to develop the Business Plan which will be taken to the Joint Committee in September and then to the October Cabinets for approval.

Contact Officer:

Lee Danson, Orbis Programme Manager, 0208 541 9567.

Consulted:

Orbis Programme Board
Orbis Leadership Team
East Sussex County council CMT
Surrey County Council CEDR

Annexes:

Annex 1 (A) – Target Operating Model

Annex 1 (B) – Change and Transition Plan

Sources/background papers:

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Annex 1 (A)

Target Operating Model

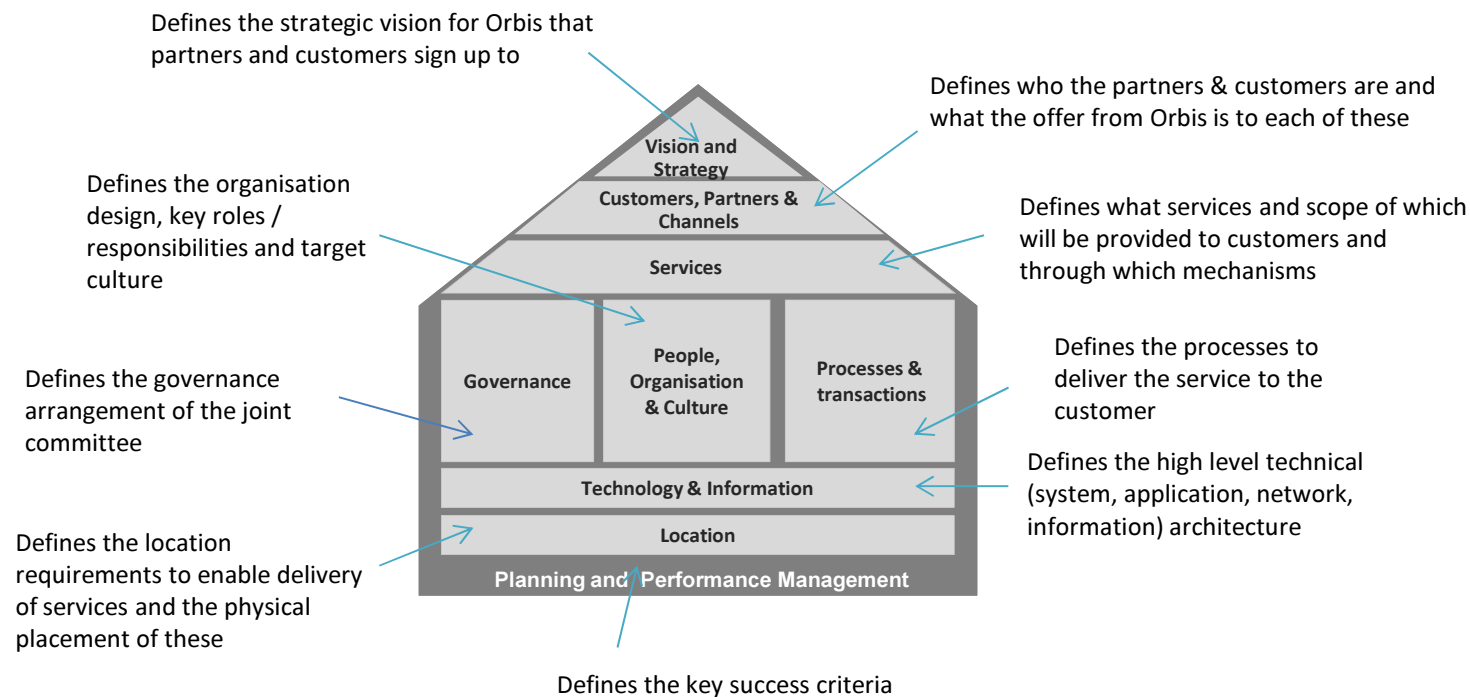


Target Operating Model: Methodology Used

A target operating model (TOM) is a desired future state of an organisation. In order to articulate the desired future state it is essential that many different components, or 'layers' are considered. The diagram below outlines the TOM framework for Orbis.

Within this initial phase each area has been developed to some extent but there has been a particular focus on the areas highlighted:

- It is essential that the vision is defined and confirmed by all key stakeholders to guide any on going design work.
- Growth and partnering is a key ambition for us at Orbis and therefore some initial work has also been completed to articulate the potential offerings for further partnership working.
- Technology and Information has also been a key focus for this phase of design given its importance to enable the future state and potential impact on cost drivers



Orbis Design Principles



Design Principles are an individual and robust set of requirements for each individual design project. They must be agreed with key stakeholders prior to beginning the design process. Design Principles should be based on the specific requirements of the project and should be compelling, strategic and reflect the ambitions of the design work.

The design principles above show two versions, the first completed by Orbis leadership during the initial stages of Orbis creation, which state ambitions and guidance. The second set, 'version 2.0', are a revised set which build on version 1.0 following being tested with customers and Orbis staff. As the journey has become more mature, the design principles and ambitions have become more refined. It is expected that these may evolve over time as the journey of Orbis moves on.

Design Principles – Version 1.0

1. Deliver against savings
2. Everything is integrated
3. Focus on enabling and adding value to the Customer
4. Increase standardisation and reduce duplication
5. Future proof the Partnership
6. Maximise organisational self-sufficiency
7. Exploit technology and all enabling resources
8. Enable decision making to take place closest to the issue
9. Operate with a commercial mind-set

Revised Design Principles – Version 2.0

We will....

1. ..place the customer at the heart of everything we do
2. ..have a workforce who are proud and passionate and are given the opportunity to succeed and flourish
3. ..embed a partnership culture, empowering our people to make decisions based on the right thing for our business and our customers
4. ..be the Public Services supplier of choice, allowing our existing and future Partners to benefit from our increased standardisation and reduced duplication
5. ..have a business which is sustainable now and in the future

Orbis Design Parameters



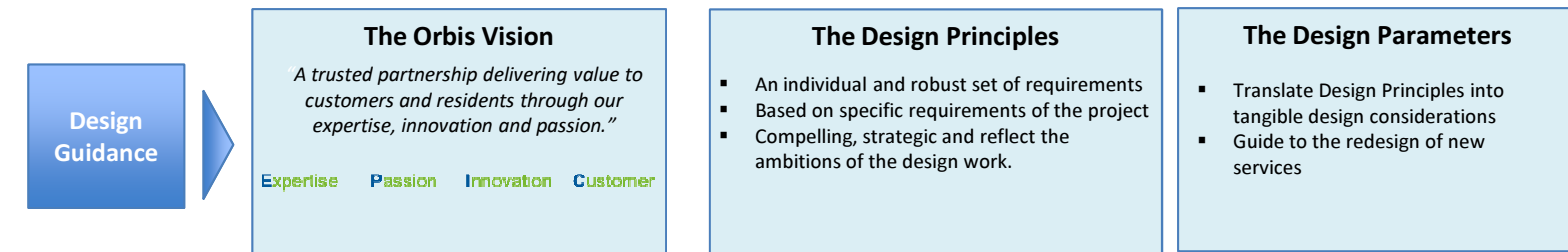
The Design Parameters should translate Design Principles into tangible design considerations, against which the effectiveness and appropriateness of the proposed design options can be assessed. These will act as a guide to the redesign of new services and a core component throughout. The set below have been categorised against the layers of the TOM framework to ensure that all component parts are covered from a design guidance perspective.

Target Operating Model Component	Design Parameters
Customers, Partners and Channels	<ul style="list-style-type: none"> - Designs of services will be tested through a set of customer representatives who are empowered to provide 'view points' across the customer community - Processes and enabling technology will be designed to empower customers to support themselves - Dedicated liaison will be built in to the operating model to manage relationships and capture customer demand
Services	<ul style="list-style-type: none"> - The return on investment for service delivery is clear and will drive decision making - The services will be annually reviewed against relevant external benchmarks and if necessary, changed to suit the market - Entry criteria for new/founding partners will be based on clear quantitative evidence to identify financial viability and quality measures will also be assessed against Orbis values and behaviours
People, Organisation & Culture	<ul style="list-style-type: none"> - The organisation will be designed to be as flat as possible and contain no more than five layers. Spans of control at the senior levels should be no less than 4 and no more than 6 - Matrix management will be designed in to structures, roles and skills to enable the formation of topic based, problem solving teams which is underpinned through strong resource management - Silos will be removed and roles will be flexible to allow the organisation to shrink and grow based on demand
Processes and Transactions	<ul style="list-style-type: none"> - Performance management will be consistent across the partnership and the process for this will be agreed across all partners - Where the opportunity exists processes will be standardised - Processes which do not add value should be stopped
Technology and Information	<ul style="list-style-type: none"> - Industry best practice will inform future design of IT - Investment decisions will be based on a balance of digital, strategic fit, customer requirements and total cost of ownership - Standard and consistent access to systems and information
Location	<ul style="list-style-type: none"> - Place resource where they add most value - Terms and conditions of new employees will be determined on which location they spend most their time
Planning and Performance	<ul style="list-style-type: none"> - Customer intelligence and insight will be gathered to make sure our services are always fit for purpose - Robust evidence and intelligence will be gathered to drive decision making and performance improvement - Growth plans will be built in to the 3yr business plan - Our strategic workforce plans for the service will contain targets to maximise engagement and performance

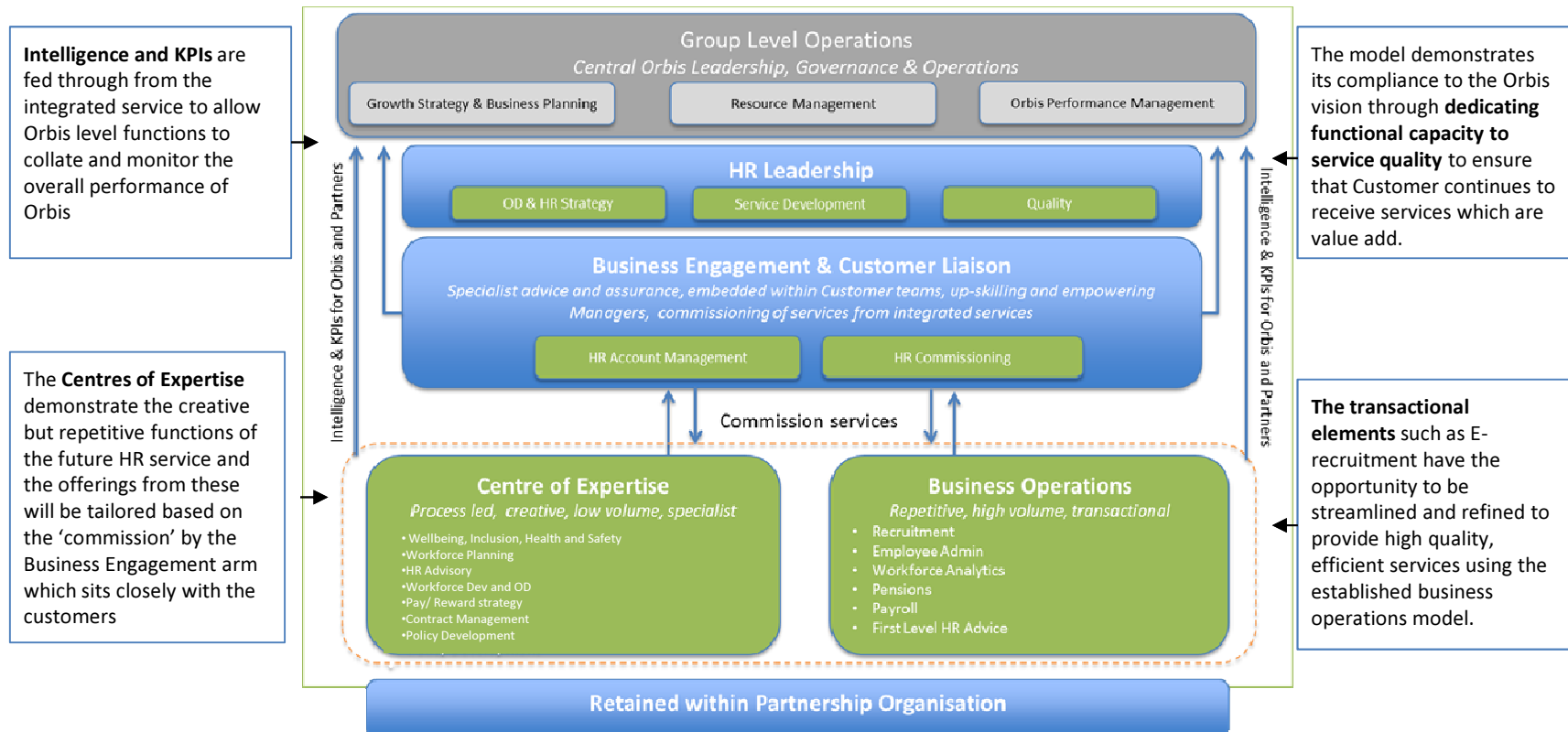
Service Design: HR Draft Model



The diagram below demonstrates the translation of the strategic vision for Orbis into a service level model for HR. This model has been developed using the design parameters and principles.



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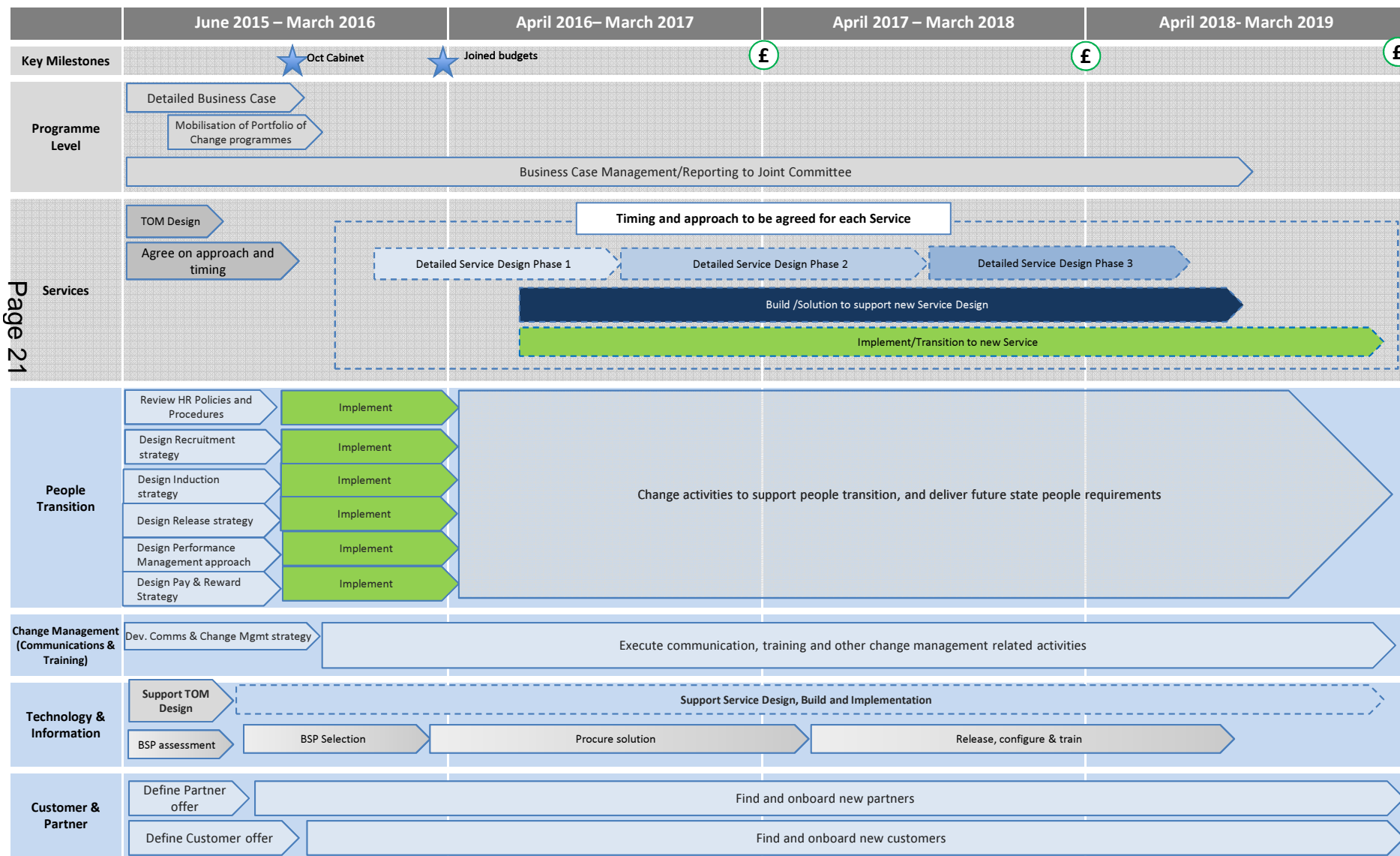
Annex 1 (B) Change and Transition Plan



Draft High-level Change Plan



The following is an illustrative example of a roadmap for change from June 2015 – April 2019.



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