

Report to: Lead Member for Resources and Climate Change
Date of meeting: 14 December 2021
By: Chief Operating Officer
Title: Orbis Partnership Governance
Purpose: To agree amended governance arrangements for the Orbis Partnership

RECOMMENDATIONS

The Lead Member for Resources and Climate Change is recommended to approve the dissolution of the Orbis Joint Committee and the establishment of the Orbis Partnership Oversight Board

1. Background

- 1.1. In 2015, Cabinet agreed for 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 & 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 savings have been achieved across the partner authorities via Orbis (of which East Sussex receives approximately 25%). The Partnership has also been successful in providing services to a range of third-party customers, notably schools and some districts and boroughs.
- 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 that was required at the start to create the partnership is not the same level of activity that is required now. 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 more difficult where the ways of working and requirements of the different partners are different. 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 ESCC and the partner councils. However, the scope of the partnership should be limited to those services for which integration and standardisation are appropriate. These will be Internal Audit, Procurement, IT and Digital, as well as some centres of expertise in Finance and Property (namely Insurance, Energy, and Treasury Management & Tax) would 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. This involves disbanding Orbis Leadership Team meetings, as well as 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 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. For ESCC it is proposed that the Lead Member for Resources and Climate Change would sit on the Partnership Oversight Board.
- 2.5. Specifically, to oversee and monitor the delivery of services for the benefit of each participating Council, and in particular to:
 - 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.
- 2.6. 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, in particular for ESCC this would be the Place Scrutiny Committee.
- 2.7. Matters that require a Member decision would be decided through each sovereign council. At ESCC this would mean the Lead Member for Resources and Climate Change.
- 2.8. 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.

3. Conclusion and recommendations

- 3.1. The Orbis Partnership was formed to create greater operational resilience to deliver value for money and improved service delivery for our customers. Orbis remains a key element of ESCC plans, and the recent changes represent an evolution of the Partnership that will enable the partners to shift focus fully onto the realisation of their individual council’s requirements.
- 3.2. This has resulted in the need for proportionately scaled management and governance structures, and it therefore proposed that Member oversight be provided through a newly formed Orbis Partnership Oversight Board.
- 3.3. The Lead Member for Resources and Climate Change is recommended to approve the dissolution of the Orbis Joint Committee and the establishment of the Orbis Partnership Oversight Board.

PHIL HALL

Chief Operating Officer

BACKGROUND DOCUMENTS

None