

Report to: **Lead Member for Resources and Climate Change**

Date of meeting: **22 January 2026**

By: **Chief Operating Officer**

Title: **Orbis Shared Service Review**

Purpose: **To seek approval to undertake a staff consultation on the proposals for Orbis following a review of each of the shared services.**

RECOMMENDATIONS:

The Lead Member is recommended to:

- 1) note the findings and conclusions of the Orbis Service Reviews;**
- 2) agree that consultation with staff on the proposals from the reviews commences; and**
- 3) note that a further report to receive the results from the staff consultation will be presented to the Lead Member once the consultation has completed.**

1. Background

1.1 The Orbis partnership was established in 2015, originally covering Surrey County Council (SCC) and East Sussex County Council (ESCC) with Brighton & Hove City Council (BHCC) joining later in 2016. Originally incorporating several services, in 2021 the partnership was reduced to the current service offering of Internal Audit, IT & Digital (IT&D), Procurement, Insurance and Treasury Management.

1.2 Orbis operates as an integrated shared service and, in support of this, some staff are employed in 'true partnership' roles whereby they are contractually required to operate in and across each of the three Councils, with a physical presence in each of the headquarter locations. These staff remain employees of their sovereign employer with a secondment agreement in place to enable them to work across the other two Councils.

1.3 Whilst Orbis has been successful in achieving £14.4m (£3.8m for ESCC) of efficiency savings since its instigation, a variety of significant contextual factors have led to the need to undertake reviews of each of the current Orbis arrangements. These factors include;

- forthcoming changes as a result of Local Government Reorganisation (LGR) (including one Orbis partner, SCC, disaggregating into two unitaries and working to a more accelerated timeframe);
- the increasing need for Artificial Intelligence (AI) and digital innovation and therefore the increasing need for digital leadership capacity;
- the departure of the former Chief Digital and Information Officer (CDIO); and
- service specific challenges such as the implementation of Oracle.

1.4 As a consequence of the above, independent reviews of the three main Orbis functions (IT&D, Procurement, and Internal Audit) have been undertaken to assess the ability of the Orbis services to meet the current and emerging requirements of the three Orbis partners. The review has considered the known and potential future changes due to LGR. This report outlines the findings and conclusions of the reviews for ESCC.

2. Supporting Information

2.1 As each of the Orbis functions have their own specific context and challenges, separate reviews have been undertaken for each service. The findings of which are detailed below.

IT & Digital

2.2 The IT&D review is summarised in Appendix 1. The review concluded that the current shared service arrangements do not enable ESCC to deliver on its strategic priorities or deliver on LGR from an IT&D perspective. As a result, a fully sovereign model is proposed and the financial implications of which are included in section 5 of this report.

Procurement

2.3 Whilst the Procurement service was the instigator for the Orbis arrangement and has remained an Orbis service throughout, it is recognised that there are some significant contextual changes impacting on the service. These include LGR and the requirements of the new Procurement Act 2023 (which came into effect in February 2025).

2.4 Since having undergone a major restructure in 2019, the service supports directorates within each council to meet their statutory obligations when awarding public contracts. The new Procurement Act 2023 (implemented in 2025), places greater importance on public procurements seeking value for money, incorporating social value and modern slavery guidelines, market shaping and contract management. Given the changes associated with Devolution and LGR, a robust and stable procurement service will be critical to ensuring contracts are safely and legally migrated to new governance arrangements.

2.5 Within this context, an independent review of the service has been undertaken and a summary of the review is included at Appendix 2. In summary, the outcome of the external independent review notes that transforming services onto a sovereign basis will likely create increased assurance, certainty for staff, and stable services. Importantly, it will also provide the stable 'platform' upon which each of the councils can build their future procurement service provisions. A sovereign service reporting to the Section 151 Officer is therefore proposed for Procurement.

Internal Audit

2.6 The Internal Audit review is summarised at Appendix 3. As SCC have indicated that they do not wish to continue with the current configuration for Internal Audit, the work undertaken on the remaining viable options concluded that a shared service with BHCC is proposed for the following predominant reasons:

- The level of resilience it provides compared to a sovereign model;
- The level of control it provides to ESCC (and BHCC) compared to a hosted model and therefore the greater ability to work with the East Sussex district and borough councils to develop an extended service depending on the outcome of LGR;
- Consideration of the potential for increased costs in an SCC hosted model; and
- Internal Audit has proved itself to be well suited to a shared service model due to its prescriptive nature.

2.7 It is however recognised that this option does also have some risks which will need to be carefully mitigated, and that the same implementation approach (including staff consultation and involvement from district and borough councils and front-line services) would apply.

Centres of Expertise

2.8 Orbis also contains three centres of expertise though they are relatively small in comparison to the other functions. They comprise the following:

- Treasury Management – 5 staff
- Insurance Fund and Policy – 7 staff
- Insurance: Claims Handling - 10 staff

2.9 These centres of expertise continue to operate well and there is currently no appetite from either the services, or from any of the Orbis partners, to make any substantive changes. It is therefore proposed to maintain the existing operating model for these services.

3. Implementation approach

3.1 As well as setting out the findings from the reviews, this paper also seeks to set out the main stages in the implementation of any changes should a decision be taken, following the consultation, to proceed with the proposals that are set. This section sets out the implementation approach, which specifically proposes a two-stage approach for any exit from current Orbis arrangements in order to avoid the need to transform the services twice (once on exiting Orbis and once due to LGR) and to enable the transformation to be done with the district and borough councils and front-line services. The two stages overlap and are set out in more detail below, but in summary are:

- 1) Exit from Orbis in a measured way and ensure service stability with transitional arrangements in place where necessary.
- 2) Shape the future service offer with the district and borough councils and input from front line services, subject to the decision in relation to LGR.

3.2 Should a decision be made to leave the Orbis partnership, all shared staff would continue to work for their current contracted employer but would revert to doing so on a full time basis – i.e. if a shared ('true partnership') Orbis post is employed by ESCC then the postholder will transition from delivering work for ESCC, BHCC and SCC, to solely delivering work for ESCC should that be a suitable alternative to their current responsibilities. Similarly, if an SCC or BHCC employee had previously been undertaking work for ESCC, that resource would revert back to their contracted authority and would no longer be available to ESCC (unless through some other contractual means).

3.3 In order to manage the transition in a measured way it is proposed to adopt a two-stage process. Firstly, to exit people from current Orbis arrangements in a safe way and ensure service stability, then to shape the future service offers:

- Stage 1 – a 'lift and shift'; a measured transition out of Orbis; staff return to their employing authority; transitional arrangements put in place where needed to keep the service stable; complete by July 2026 (please refer to section four on timelines)
- Stage 2 – transform the service; involving district and borough councils (see section 3.6 below), front-line services and the teams themselves; aligned to LGR timeframes to some extent

3.4 Greater detail is included in Appendix 4, though it will be possible to start to benefit from the skills and resources across the six authorities prior to vesting day, particularly where reviews of structures and opportunities alleviate the Orbis review pressure in the Medium Term Financial Plan (MTFP).

3.5 If implemented, these proposals will leave each of the services under resourced in some areas, depending on which authority staff are contracted to. It will therefore be necessary for each Orbis partner to decide on the details of the staffing model they wish to move to – i.e. 'Stage 2' (a common practice model of a typical IT&D function, based on the existing operating model has been

used as the assumption from which to provide cost estimates). The costs reflected in section 4.2 below are therefore those on exit (stage 1). This is not the same as the cost of the future service offer (stage 2), which would be structured and organised differently on a basis that is appropriate for LGR and other contextual factors. As set out in Appendix 4, the shape and cost of stage 2 is still to be determined.

3.6 For ESCC, depending on the outcome of the government LGR consultation, Stage 2 presents a significant opportunity to work with the district and borough councils to draw the teams together and to shape and transform what the future services for a new authority would look like, factoring in their respective capabilities. It will also provide the opportunity to reflect organisational priorities, including feedback from front line services, in the design, capability and working practices of the functions.

3.7 A detailed potential timeline based on these proposals is included in Appendix 4 and is summarised as follows:

- Staff consultation – February/March 2026
- Lead Member to receive results of the consultation and make decision – April 2026
- Depending on the decision taken, Stage one transition including establishing alternative legal agreements or temporary transitional arrangements where necessary – April 2026 onwards
- Stage two - move to final operating models to support a new unitary authority/authorities – once LGR outcome is known

3.8 It is worth noting that whilst the timeline is on the prudent basis that planning for stage 2 is prior to vesting day, and decisions are post vesting day, it will be possible to implement changes sooner in areas where there are agreement and a clear case to move ahead. The intention is to consider these areas with the district and borough councils and front-line services and would mean that the £1.7m cost envelope could be reduced over time as changes are made.

4. Financial Implications

4.1 Affordability has been one of the key considerations of the reviews and modelling has been undertaken to assess the financial implications of the proposals.

4.2 Given the level of savings achieved by the Orbis shared service model, as set out in section 1.3, it is likely that any disaggregation of services will result in some cost pressures. Based on the findings from the three reviews, these have currently been modelled as up to c. £1.9m and are predominantly in relation to IT & Digital, with potential savings elsewhere. Ongoing cost pressures will be managed by the Chief Operating Officer as part of any disaggregation.

5. Conclusion and reasons for recommendations

5.1 The reviews of the Orbis IT & Digital, Procurement and Internal Audit functions have concluded that given the significant changes to the operating context, the current models no longer meet the current and emerging requirements of the Council (including known and potential future changes due to LGR).

5.2 The Lead Member for Resources and Climate Change is therefore recommended to agree that consultation with staff on the proposals from the reviews commences, and to note that a further report to receive the results from the staff consultation will be presented to the Lead Member once the consultation has completed.

5.3 In the event that these proposals lead to changes in structure, the council's change management process will apply.

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Background Documents
Local Government Reorganisation and Devolution