

Report to: Governance Committee

Date of meeting: 12 July 2016

By: Chief Operating Officer

Title: Future Operating Model - Finance

Purpose: To advise the Governance Committee on the progress of the Orbis Partnership and proposals for the implementation of a single shared Orbis Finance lead as part of the Orbis partnership

RECOMMENDATIONS

The Governance Committee is recommended to note the progress on the Orbis Partnership and the establishment of a single integrated Orbis Finance lead.

1 Background

1.1 At their meetings of 24 February 2015 and 10 March 2015, the Cabinets of Surrey County Council and East Sussex County Council, agreed to the creation of a fully integrated business services partnership arrangement between Surrey County Council and East Sussex County Council, with effect from 15 April 2015. This partnership is known as Orbis.

1.2 The strategic business case supporting the creation of Orbis outlined the transformative arrangement that will deliver affordable services to each Council. Significant savings are to be achieved from integration, the adoption of common ways of working, management delayering, process improvement and a reduction in duplication.

1.3 The agreed governance structure for the operation of Orbis is that of a Joint Committee, comprising members of the Cabinets of both SCC and ESCC. Key to the governance arrangements is the principle of sovereignty, whereby each of the Councils will retain the overall decision making and accountability in relation to their core functions, for example, whilst the Joint Committee will have oversight of the Finance function, each Cabinet will continue to consider its own Medium Term Financial Plans and associated financial strategies.

1.4 The development of Orbis has been based on the principle of service and management integration. In support of this, an Orbis Target Operating Model (TOM) was developed and agreed by the Orbis Joint Committee, together with a range of design principles and parameters which have been used to establish coherent and consistent ways of organising and managing services. In order to deliver the required efficiencies, one of the first key milestones identified in the business plan was to put in place the necessary management arrangements. The future management structures for each of the six services within Orbis (HR&OD, Finance [including Audit], Procurement, Property, ICT and Business Operations [Transactional Services]) are being designed using the agreed design principles and parameters. This includes putting in place a single integrated Head of Service role.

2 Supporting Information

2.1 Significant progress has been made over the last 15 months since the partnership was formally launched. Examples of success to date include, but are not limited to:

- E-invoicing solution implemented across Surrey and East Sussex
- Pensions administration teams and business operations teams merged and integrated
- Joint temporary labour and Joint Occupational Health contracts awarded
- Joint procurement framework for Microsoft provision
- Joint SAP support contract awarded saving £200,000 per annum
- Joint Committee established and operating
- 3 year business plan approved and year 1 savings on track

- First phase of moving to common Microsoft Outlook platform that will enable visibility and scheduling of diaries across both partners
- Talent development programme and people strategy established
- IESE and PPMA award commendations
- Corporate Wifi solution in place
- Single Heads of Services appointed and service target operating models in design for:
 - Business Operations
 - ICT
 - Human Resources
 - Property
 - Procurement

2.2 The key headline areas of progress and plans to July 2016 at a service level are attached at Appendix 1

2.3 As can be seen, all services, with the exception of Finance, have now got in place a single integrated Head of Service role and are implementing new management structures to deliver partnership services. Set against this background, the time is now right to move to a single integrated Orbis Finance lead.

2.4 It is important that the postholder for the single integrated Orbis Finance lead is able to consider and propose the Finance Service structure they need in place in order to successfully deliver the service.

2.5 In order to inform, support and govern this consideration, the Orbis Partnership has:

- an agreed Target Operating Model that the service has to be designed to meet and accommodate;
- agreed to reference service structures for other Orbis services to both inform from experience and ensure appropriate consistency and commonality. By way of example, attached at Appendix 2 is the Property Service structure, and
- a financial savings target, as set out in the Business Case, that needs to be delivered

2.6 In respect of the Finance Service, a further pre-requisite design principle is that each partner will require, and will have, their own Section 151 Officer. It is for each Council to determine and agree their S151 arrangements.

2.7 In respect of the implementation of an integrated Finance Service for Orbis, the single integrated Orbis Finance lead will be the S151 Officer for one of the partners and a post within the Finance Leadership team will be the S151 Officer for the other partner. The S151 Officer posts will have direct access to their appropriate Councils. This principle will apply irrespective of the management lines within the Finance Service.

2.8 The proposed key principles for the design of the Finance Service have been successfully operating in other shared services.

2.9 In terms of next steps, in accordance with both Council's respective Managing Change policies, a consultation process with the two individuals directly affected is scheduled to take place between 13 July and 27 July 2016. The individuals affected are aware of these proposals.

2.10 Following the conclusion of the consultation process and subject to any comments received, as a senior leadership role, appointment to the new single integrated Orbis Finance lead will be achieved through an interview process. The two individuals affected will be ring-fenced to the new integrated Orbis Finance lead and in common with other Heads of Service appointments, there will be an Officer stakeholder panel and appropriate Member interview panel.

3. Conclusion and recommendations

3.1 The Orbis partnership will deliver resilient and affordable services for both East Sussex and Surrey County Councils. The partnership will deliver significant savings by taking advantage of economies of scale, streamlining processes and reducing duplication. The move to a single integrated Orbis Finance lead is a key element in realising these benefits.

3.2 The Governance Committee is recommended to note the progress on the Orbis Partnership and the establishment of a single integrated Orbis Finance lead.

KEVIN FOSTER
Chief Operating Officer