

Appendix 1 – Outline Business Case

Programme or Project Information	
Project or Programme Name	Support Functions Review
Directorate / Service	Finance & Resources
Name of Outline Business Case Author	Chris Carter Graham Liddell
Date Outline Business Case drafted	06/11/15
Executive	Rachel Musson
Programme or Project Manager	Chris Carter

1. Objectives

What is the programme or project aiming to achieve/what changes will it bring about?

The Support Functions Review programme has three main objectives:

- 1) To strengthen the organisation's understanding of current support functions and customers' wants and needs, via the development of an internal service model
- 2) In the context of the 4 Year Integrated Financial and Service Planning process, explore the best delivery model for each support function including (but not limited to) external partnerships/commercial arrangements; with specific consideration of whether the council should go into a shared services partnership with East Sussex County Council and Surrey County Council (branded as Orbis)
- 3) Review the structure of Finance & Resources using organisational design principles, including Management Spans of Accountability

Services in scope for this review are:

- Finance and Procurement
- Human Resources and Organisational Development
- ICT
- Internal Audit and Corporate Fraud
- Legal and Democratic Services
- Performance, Improvement and Programmes (PIP)
- Property and Design
- Revenues and Benefits

While the Revenues & Benefits service is a front line service, it has been included within this review because opportunities for service redesign, working in partnership with others or outsourcing are similar in nature to operational support functions.

Policy & Communities, Communications and Customer Services and Complaints are also being reviewed within the SFR programme, but not as part of this review of delivery models. The Support Functions Review will consider how different options will support

the principles and priorities outlined in the Corporate Plan and the challenges shown in the Medium Term Financial Strategy (MTFS).

2. Background and context

What events, policies, issues, risks or opportunities have prompted this programme or project?

Brighton & Hove City Council faces significant financial challenges. During the course of this review the impact of these challenges has become clearer as the organisation has developed its Medium Term Financial Strategy. This has identified a sense of scale of the savings required across the whole organisation, of approximately 30% over four years.

Support functions must be able to provide effective support whilst also ensuring value for money and the need for individual services to make a fair contribution to the savings required. The review assumes that the savings contribution required from support functions will be in line with the overall predicted 4-year budget gap which will require savings of circa 30% on the council's General Fund services. However, this may change up or down as budget proposals are developed as part of the 4-year Integrated Service & Financial Planning process.

In parallel to this review ELT has agreed a set of organisational design principles which include the Management Spans of Accountability which identifies optimum numbers of management layers and direct reports (6 x 6) and consideration of grade differences between each layer to aid improved decision making, delegation, accountability, and development. These form a framework to enable management structures to be reviewed and redesigned to ensure there is value added at each management layer and clear lines of management accountability. Finance and Resources are the early implementers of this approach, which is in line with the need to review services as part of the Support Functions Review.

The Policy & Resources Committee in March 2015 approved the full exploration of options to join the shared services of Orbis. Approval included the development of a business case whilst remaining open to alternative options. It also updated the committee on ongoing work to develop an internal trading model, which would be required for any future service model.

A further report was taken to the Policy & Resources Committee on 9 July 2015, updating the committee on the progress of the Supports Function Review, including the development of the internal trading model, options to join Orbis as a founding partner and the "spans of accountability" initiative.

The review has included consideration of the context of existing city partnerships, local and national drivers for change, for example Better Care and the Cities and Local Government Devolution Bill. What is clear is that the organisation exists in a complex and rapidly changing environment.

In the context of this uncertainty and change, the council is changing and the review will need to be informed by a clear understanding of the future needs of the organisation, including how the services in scope continue to support transformation across the council. This will be through a detailed engagement process with the Corporate

Management Team and, potentially, the layer of management below. For Internal Audit and ICT, however, engagement has been directly through the Executive Leadership Team.

This has identified that support functions must:

- be reliable, sustainable and low cost
- maintain the resilience of services provided to the organisation
- ensure the strategic capacity and capability provided by the support functions are focused on the council and City's needs
- provide flexible and creative services which senior management are able to influence (for example through business partnering),
- ensure services have a good knowledge of the council as well as being able to apply learning from elsewhere

A Communications & Engagement Plan has been completed and is included in Appendix A.

Which corporate priority (as outlined in the Corporate Plan) will it help deliver?

The programme primarily links to the Corporate Plan principle of Public Accountability. The Corporate Plan describes that by 2020, a more connected council will be created with more shared services with other providers and places.

What other programmes, projects or services does it link to?

- All Corporate and Directorate Modernisation projects and programmes
- Four year integrated service and financial planning process
- Devolution proposals for Greater Brighton

3. Benefits

What high level financial and non-financial benefits (i.e. measurable improvements) will the programme or project deliver?

Support functions contributing to sense of scale savings (for this review assumed to be 30%) by, for example:

- Reducing cost of support through better use of resources (IT/buildings)
- Savings from adopting different procurement strategies
- Productivity gains by integration of services and eliminating duplication
- Efficiency gains through Business Process Improvement (BPI)
- An increased ability to trade and generate additional or greater income
- Increasing returns on investments
- Efficiencies using Organisational Design Principles to review existing management structures

These savings need to be achieved whilst ensuring that the support functions remain "fit for purpose". The qualitative benefits could be achieved through:

- Changes in models of practice (e.g. greater customer self-sufficiency and self - service)
- Improvement in customer service through focussed experts, best practice, latest IT, focus on customer management etc.
- Pooling scarce specialist resource and creating additional capacity
- Creating excellence and specialism for benefit of customers
- Creating resilience and flexibility during a period of significant budget cuts whilst maintaining a service that meets customer needs
- Agreeing and maintaining realistic and achievable service levels
- Increasing management accountability and effective delegation/escalation at the appropriate levels by reducing management layers

4. Options

Briefly, what are the possible options/approaches to delivering the programme or project (include the 'do nothing' option)?

4.1 Options appraisal process

It should be noted that there are limitations with the appraisal process and this is the best possible analysis that could be undertaken in the time available to meet the budget process. It should also be noted that support functions are redesigning services ahead of the rest of the organisation, which is not ideal as it is not clear what support other services will require of support functions into the future, thus difficult to predict required support levels.

The first stage of the Support Functions Review was to develop a high level internal service model. This model details the staffing and non-staffing costs for each service, together with any income earned from the service. It also identified the budgets for each service. The further development of this into a more commercially accurate costing model is planned for 2016/17.

The proportion of services provided to each directorate was also calculated at a high level to provide a picture of how support function services were “consumed” by the organisation. This is an important consideration, which together with the feedback from Directorates as to what type of service they will need in the future, is an important consideration as to the option chosen for each service.

The next stage of the review was to identify the options for change and conduct an initial appraisal of each option against an agreed set of criteria. These criteria included financial and service elements, which were weighted to ensure a balance across these criteria, were achieved.

The options appraisal was then reviewed at ELT where feedback was collected on the options and weighting. The feedback from this session was then combined with the emerging processes for 4 year integrated financial and service plans. Using this context the initial long list of options was reduced to a shortlist which met the balanced criteria of financial, service and speed of delivery targets.

4.2 Options

Four main options were considered as follows:

- “Do nothing” option: not to make the 30% savings and continue to support the organisation as it delivers the required 30% savings across other services. This is clearly not tenable and was not taken forward. Support functions cannot be immune to the financial challenges faced by the organisation as a whole.
- Retain and redesign in-house and reduce costs by 30% over 4 years
- Joining the Orbis Partnership
- Outsourcing

The three options being taken forward are described below.

- **In-house** – retaining services within BHCC and delivering savings through radical service redesign. We have concluded that the required 30% savings can be secured but that the impact on the organisation means that this is unlikely to be sustainable for all support functions, reducing their resilience and capacity to support change.
- **Joining a shared service (including the Orbis partnership)** - Partnerships work with a common goal to collaborate on and integrate services to provide support functions across all partner bodies. There are benefits from creating efficient joint management structures, sharing systems and investment, and through standardised processes. Consideration has been given to the possibility of joining existing shared services and creating our own. Our initial analysis suggests that Orbis is probably the only one that can:
 - deliver savings in time (because it is already in place with significant momentum, having already received expert external advice on its development, structure, legal make-up and financial business case);
 - work effectively with local partners from Greater Brighton to support Greater Brighton Devolution;
 - retain talent locally and so support the local economy;
 - provide a similar environment and culture through local authorities working together.

Note that Greater Brighton devolution can be developed and delivered through partnership in Orbis.

Orbis covers most of the support functions included in the review, but not Performance, Improvements and Programmes (PIP) or currently Revenues and Benefits, although adding Revenues and Benefits to the Orbis portfolio, would provide a complete service and function offer.

Through its member authorities Orbis will also retain the ability to contract externally for services within its overall business strategy by taking a partnership approach to such

decisions to secure skills, capability and capacity where appropriate. In order to determine the appropriate delivery model, a rigorous evaluation of current services across the Partnership will be undertaken, to create modern, resilient, agile and cost effective business services contributing to enhanced public value for our residents. It should be noted, however, that the stated aspiration is for Orbis to become the compelling alternative to the private sector and that there are no plans for large-scale outsourcing of its services.

- **Out-sourcing** – Services are delivered by an external provider, for example, contracting out services or through a joint venture with the private sector. Based on professional advice received, the review has concluded that options are limited to pursuing existing outsourcing frameworks that are in place locally. This is because:
 - the complexity and scope of services under review, means that the timescales to fully establish a new outsourcing framework are estimated at 18 months to select a new partner under European tendering rules and a further extended period of time to negotiate the framework;
 - This would not fit with the need for these services to be delivering savings throughout the period;
 - the number of frameworks joined would need to be limited to keep down the cost overhead of managing these;
 - the ability of staff to transfer to a new provider would depend on the location of the provider.

4.3 Conclusions

- **In-house**

Services would be retained within BHCC and savings delivered through far-reaching service redesigns. Analysis shows that whilst for some services there are advantages for remaining in-house, there are clear disadvantages identified with this option. For example, the impact of achieving 30% savings in-house would mean that support functions would need to reduce capacity and would be likely to lose expertise and become much less resilient. This means that over time some functions may not be able to provide effective or quality services, may not meet customer requirements and this may impact on the services resilience to support change across the council.

It would be very challenging for support functions to achieve 30% savings under this option and would significantly reduce their capacity to support other services. It could ultimately lead to costs growing back elsewhere as services would look to plug gaps in support service provision. The in-house option also misses out on benefits achieved through economies of scale and any investment would be borne solely by the council at a time when there are substantial competing demands for limited investment capital. The council will also struggle to develop broader commercial opportunities under this option including increased trading.

- **Joining a shared service (including the Orbis partnership)**

The Orbis business plan is committed to 12.8% savings from removal of duplication as services integrate, and through process improvements and technology enabled service streamlining. This saving is shared by all partners and is not expected to have any

impact on services provided. Further savings are expected through transformational change, realised by working in partnership across Orbis. Whilst transformational change may not provide all of the remaining 17.2% saving to meet the 30% requirement of BHCC, initial discussion with colleagues from Orbis indicate that the remaining saving could be achieved and mitigated by reviews of service pressures, reviews of service offer and service levels and the identification of opportunities that may be specific to Brighton & Hove. As a result, the impact of 30% savings delivered through Orbis on the effectiveness, quality and resilience of the services provided is likely to be much less than the in-house and outsourcing options. Developing this option would require a complex programme of work and investment in programme resource would be needed. Acknowledging the need for each Partner to be able to operate in partnership and also as sovereign organisations is an important and recognised characteristic. Strategic influence and oversight of the services and support provided by Orbis will be managed through:

- membership of Joint Committee
- agreement of Orbis Business Plans
- membership of Joint Management Board and Policies
- development of Partner specific strategies e.g. information management and communications strategy, employment policies etc.

Appointment to positions in the Partnership will be evaluated as part of the due diligence process (see below). It needs to be recognised that appointments to a number of roles have already been made in order to enable Orbis to deliver the Business Plan recently agreed by ESCC and SCC Cabinets. Early confirmation of BHCC as a founding Partner will enable the council to be integral to the implementation of the operating model for Orbis and the further design of management and service structures and recruitment to roles. If we were to delay any decision to join Orbis, we would risk losing the opportunity to shape the development of the service and there would be fewer opportunities for our staff to apply for management posts.

The scale of Orbis, and its ambition for business growth, would provide increased commercial leverage and offer economies of scale to drive down costs and simultaneously increase sustainability and service resilience.

Through its member authorities Orbis will also retain the ability to contract externally for services within its overall business strategy by taking a partnership approach to such decisions to secure skills, capability and capacity where appropriate. In order to determine the appropriate delivery model, a rigorous evaluation of current services across the Partnership will be undertaken, to create modern, resilient, agile and cost effective business services contributing to enhanced public value for our residents. It should be noted, however, Orbis is described as the compelling alternative to the private sector and there are no plans for large-scale outsourcing of its services.

Joining the Orbis partnership does not commit the council to adopting their business management software or other systems, but does offer more efficient use of resources and shared resilience. There may be opportunities to invest in a common system in the future and any investment would be subject to a separate business case. Regardless, some level of investment would be required to integrate services.

Partnerships require all parties to work closely together to achieve common goals. This includes shared decision-making and common timelines. While this can provide great

strength it would mean that the council would not have sole control over developing services. Orbis would require partners to enter in to a pooled budget arrangement. This could be realistically achieved by April 2017.

- **Out-sourcing**

Research on local frameworks to which the council could have access, indicates potential for savings of up to 15-20%. Large providers can provide speed and depth of expertise while keeping costs down. With an existing outsourced arrangement, these could be accessed substantially quicker than developing a brand new contract.

Substantial preparation is still required before entering into an outsourced arrangement. Investment in systems would be significant and development of a strong commercial client-side function would be required to manage the contract, and prepare the council for change.

Based on the experience of others, there is also a substantial risk that transferring services to an outsourced framework, which has not been designed around the council's needs, would severely restrict those functions' ability to support the council through change and meet its savings targets.

This option would likely require a significant number of staff to be transferred to other work locations, often outside of the local area or region. While there may be the possibility of negotiating a Brighton & Hove location this would be expected to reduce the level of saving due to increased overheads.

Evaluation

A detailed evaluation of options is located in Appendix B.

Conclusion

The conclusion is that BHCC should commit those services, currently included within the Orbis model, together with Revenues & Benefits, to joining Orbis as a founding partner.

Partnering with Orbis is the only option that is likely to be able to provide the level of savings required while maintaining strategic influence and alignment and providing resilient, sustainable services to support the council through transformational change. The addition of Revenues & Benefits presents an opportunity for the council to lead on provision of a centre of excellence in this area, increasing commercial opportunities for growth and adding resilience to the service offer.

Due Diligence

Any decision to join Orbis would need to be followed by a period of due diligence where further detail of how the partnership will operate would be agreed, and assurance provided that BHCC membership of the Partnership remains the best option for supporting the council's organisational objectives. Specifically, achievement of 30% savings for BHCC in line with 4 year savings plans would need to be an important focus area. The due diligence phase would also confirm the likely investment required and any changes to the current systems and how these changes could impact on our ability to deliver 30% savings across the council as a whole. The Section 151 officer would lead the Due Diligence process in consultation with Members through a working group.

Due diligence will also need to be undertaken by the Orbis Partnership as part of any process for integrating a new founding partner into the Partnership.

Exit Arrangements

While those joining Orbis are committing to long-term partnership in shared services, exit arrangements are a feature of the current Orbis agreement. Further details relating to this would be developed during the due diligence phase described above. Additionally, Orbis will need to undertake its own due diligence over coming months to determine whether to formally extend the Partnership to include the council.

5. Risks and opportunities

What are the high level risks and opportunities associated with the programme or project?

A delay in making a decision on the recommendations could lead to a number of risks. For example:

- that the savings are not delivered in the required timescales
- that the council is not supported in delivering its transformation agenda
- that the council's ability to influence the development of Orbis will be significantly reduced, the longer the decision to join is delayed
- that appointments to the management structure of Orbis are made before BHCC joins which could mean a loss of strategic capability in the organisation at a critical stage of its transformation journey.
- that there will be continued uncertainty for staff and the risk that this may impact on morale.

6. Costs and resources

What are the capital and revenue costs of the programme or project?

Costs will vary between both services and options. However there will be programme level costs throughout including

- Specialist support is likely to be required to carry out a due diligence review, including a financial impact assessment.
- Transformational costs such as potential redundancies
- Investment costs including IT
- Future Business cases may be developed

These costs will be confirmed as part of due diligence phase.

What staffing resources (fte, costs and skills) are required to deliver the programme or project?

- Programme manager
- Senior officer time, particularly heads of service for each of the areas in scope.

Which support services (Finance, Legal, HR, etc) have been consulted on the development of this business case? What was their advice?

Procurement

Outsourcing options would need to be run in accordance with the Public Contracts Regulations 2015. Under the Local Government Act (2000) Local Authorities have a duty to ensure value for money. Based on the research performed to date, this cannot be guaranteed and as such would require a robust market test.

As previously stated a full tender process is expected to take 18 months. In the interest of pace of change, this would only leave the potential to join an existing framework arrangement. Careful consideration would need to be given to how any new service would be effectively contract managed to ensure requisite service delivery and optimal value for money

Legal

The initial intention was to enter into a memorandum of understanding with ESCC and Surrey County Council regarding a shared services agreement. However, given the evolving nature of the project and lack of specificity of terms this proved difficult. In addition, a Memorandum of Understanding, by its nature, is not binding. It only records the parties' intentions and is not a prerequisite to pursuing the objective of exploring shared services with the two partners. It was therefore not pursued.

Legal advice on shared services arrangements with the Orbis partners:

Contracting authorities regularly enter into collaborative arrangements with each other and with other public bodies. The general rule is that public contracts between contracting authorities are subject to the procurement rules ([Commission v Spain \[2005\] ECR I-139](#)) However, two exceptions have been established in case law:

The in-house, or Teckal, exception.

The co-operation, or Hamburg, exception.

This case law has been codified in Article 12 of the Directive 2014/24/EU on Public Procurement (Public Contracts Directive 2014). The Public Contracts Directive 2014 is implemented into UK law by the [Public Contracts Regulations 2015 \(SI 2015/102\)](#) (PCR 2015)).

It is likely that the proposals with Orbis will come within the cooperation (Hamburg) exception, but the structure of the proposed shared services and the likely customers and recipients of its services will need to be considered in detail as part of the due diligence exercise before agreement is entered into.

The current terms of reference of the Orbis Joint Committee are drafted on the assumption that the constituent authorities have an executive system (and hence the reference to the Leader appointing Members.) It will need to be modified to reflect the changed membership and the different governance systems.

The report deals with principles and provides high level information only. Although the Business Case agreed by the Surrey and East Sussex Joint Committee in September gives useful information, a significant amount of detail work will have to be undertaken to address issues as they affect Brighton & Hove, including savings, localisation of services, consistency of employment practices while employees remain employed by

their respective organisations, dispute resolution and arrangements for termination. All these need to be addressed as part of the due diligence exercise and incorporated into the inter authority agreement.

A shared services option called Orbis Public Law is being explored for Legal Services and this will be the subject of a separate report in January.

Lawyer Consulted: Name Abraham Ghebre-Ghiorghis Date: 06/11/2015

7. Recommendations, timescales and milestones

What is the overall timescale for the programme or project? What are the key milestone dates?

7.1 Recommendations

1. That the council enters into an intra-authority agreement with the Orbis partners.
2. That the following BHCC services partner with Orbis:
 - ICT
 - Internal Audit
 - Human Resources & Organisational Development
 - Property & Design
 - Finance & Procurement
 - Revenues & Benefits
3. That these services are delivered through Orbis as soon as practicable, with the timing of operational changes being subject to due diligence.
4. Recommends to Full Council that:
 - Brighton & Hove City Council joins the Orbis Joint Committee as a founding partner, with the terms of reference as set out in appendix 2 (as they now stand) subject to necessary modifications to reflect expanded membership and the Council's committee system.
 - It appoints a Member to the Orbis Joint Committee.
5. Subject to Council agreeing to recommendation 4 above and satisfactory due diligence, delegate the power to enter into the inter-authority agreement and the power to make the final decision on operational changes to the Chief Executive, Section 151 Officer and the Monitoring Officer and authorise the same to take all steps necessary or incidental to the implementation of the recommendations.

A progress report will be brought to the Policy & Resources Committee in March 2016.

7.2 Timescales and milestones

- 3rd December Policy & Resources Committee Paper
- 17th December Full Council approval, subject to P&R outcome

- Assuming recommendations are agreed, due diligence process begins as soon as possible. This includes:
 - Financial baselining
 - Scoping of services
 - Developing the plan of implementation for Brighton & Hove to join the Orbis partnership
 - Agreeing the decision making process and 'rules of engagement' for the partnership with common policies and strategies
- March 2016 paper to Policy & Resources Committee giving further detail in due diligence actions and timeline
- Orbis Joint Committee will need to accept BHCC as a partner, expected January 2016
- Post April 2016, operational partnership of functions as appropriate and subject to due diligence process

8. Decision making and governance

What decision making group will this business case be presented to?

The business case will be presented to Corporate Modernisation Delivery Board to agree its progress to Policy & Resources Committee.

The agreed recommendations are put forward to Policy & Resources Committee. The decision to join the joint committee would need to be taken by Full Council. Other bodies will be consulted as appropriate, for example, the Audit & Standards Committee will need to consider the options for Internal Audit.

It has also been recommended that the final decision on operational change is delegated to the Chief Executive, S151 and Monitoring Officer.

What decision making group will monitor the programme or project during its lifetime and ensuring the quality of its outcomes?

The decision making group monitoring this programme is the Corporate Modernisation Delivery Board.

9. Next steps

If this Outline Business Case is agreed, what immediate activities will follow to develop the Full Business Case/Options Appraisal (e.g. more detailed planning and costing, discussions with/involvement of others)?

- That a recommendation is placed before Full Council that Brighton and Hove City Council joins the Orbis Joint Committee as a founding partner.
- That the process of Due Diligence is commenced and a detailed implementation plan is developed to enable the relevant support functions to join Orbis.

- That the chief executive, section 151 officer and monitoring officer exercise their delegated authority on operational changes.

Meeting where authority to proceed was obtained	Date of meeting
ELT Meeting with CMDDB Members	11/11/2015

Appendix A: Communications and Engagement plan – Support Functions Review

Strategy

Engage with staff and keep them informed about the progress of the Support Functions Review and how it will affect them and their teams. Being open honest and treating staff with respect, will help them to understand what is happening and minimise anxiety, stress and service disruption.

Key Communications Issues

Uncertainty can lead to low morale and affect customer service, leading to lower morale

Objectives/Outcomes

1. Staff feel well informed and understand what the review is aiming to achieve
2. Staff have an opportunity to ask questions in more than one forum
3. Staff are given service specific briefings about how the review will affect their area of work
4. Staff have access to well briefed representatives, to support them

Key Audiences

- Staff directly affected by the review
- Unions
- All staff
- Residents
- Media

Key messages

- These are the options we are investigating.
- Whichever option is chosen
 - Nothing will stay the same
 - We have to make 30% budget savings
- These are the recommendations going to committee
 - They may or may not be approved.
 - Confidential until papers published on 26 November.
- If the recommendations are approved
 - Officers will investigate Orbis thoroughly (legal and finance) prior entering into a partnership (due diligence)
 - Staff joining Orbis will still be employed by the council
- This is the outcome of the committee
- This is what it means for you and your team
- You have a role to play in helping us shape the future of the service

Communications and engagement schedule

Date	Activity	Channel	Audience	Delivered by
w/c 19 October	General update	F&R Staff Roadshows	Staff	GL
12 November	DCG meeting with unions to discuss proposals	Meeting	Unions	F&R DMT
12 November	Director of F&R to send email to all teams giving headline overview	Email	Staff	RM/SM
12 November	Briefing to heads of service to use in briefing meetings	Email	Heads of Service	RM / SM /GL
12 – 20 Nov	Heads of Service hold staff briefing sessions	Meeting	Staff	Heads of Service
26 November	P&R papers published	Website	Public	Democratic Service
26 November	Message on Wave	Website	Staff	Comms
26 November	Media release	Email / website	Media / public	Comms
2 December	Brief unions	Meeting	Unions	RM / SM /GL
3 December	P&R committee	Meeting	Public	Councillors / RM
4 December	Brief staff on outcome of committee	Email / Wave	Staff	RM/SM/GL/ Comms
4 December	Detailed briefing for Heads of Service	Email and meeting	Heads of Service	RM/SM/GL
7 – 11 Dec	Staff briefing meetings	Meetings	Staff	Heads of Service

Appendix B: Support Functions Review Evaluation of Options

This document summarises detailed work carried out by each of the services to appraise each of the options. For the purposes of this analysis we have made a distinction between transactional services that process at high volume such as payroll and accounts payable and professional service teams that typically provide advice such as accountancy support.

Issue	In-house	Orbis	Outsource
<p>What will the services look like in four years' time?</p>	<p>Services delivered primarily by in-house teams.</p> <p>To achieve a 30% cost reduction, support functions would require far-reaching reviews which would result in significant reduction in service levels.</p> <p>A number of services identify the difficulty of attracting and retaining staff leading to reduced resilience.</p>	<p>Services delivered in partnership with other local authorities.</p> <p>30% saving could be achieved through:</p> <ul style="list-style-type: none"> • Savings of 12.8% from management integration, process improvement, de-duplication and self-service. • Economies of scale and other efficiencies (e.g. through greater ICT and systems development resources). • Accepting lower service levels. <p>Staff remain employed by BHCC, working together with staff from partner councils in a shared service.</p>	<p>Services delivered by a private sector supplier.</p> <p>The level of saving achievable is likely to be in the range of in the range 15% to 20%.</p> <p>Significant changes to processes.</p> <p>Would likely require a large number of staff to be transferred to other work locations, often outside of the local area. While there may be the possibility of negotiating a Brighton & Hove location this would be expected to reduce the level of saving due to increased overheads.</p>
<p>What would the impact be on the wider council?</p>	<p>Reduced support leading to poorer financial management and decision making and less effective help for services seeking to make savings and modernise.</p> <p>Less effective control environment leading to an increased risk of non-compliance. For example, ICT reports that this option would result in a significant risk to business continuity and information security.</p> <p>Could lead to service directorates developing their own support functions to plug gaps and costs growing back..</p>	<p>Some reduction in support to services but not as much as for the in-house option because significant savings achievable without impacting on service levels.</p> <p>Council would be supported by a broader pool of professional support service staff which would introduce greater depth and breadth of expertise, improving resilience.</p>	<p>Standardisation of transactional support services.</p> <p>Professional services teams may have reduced understanding of the needs of BHCC and so less able to support transformational change.</p>
<p>What are the benefits for this option?</p>	<p>Control of support functions kept within BHCC.</p> <p>Dedicated professional service teams with deep knowledge and understanding of BHCC and customer requirements.</p> <p>Potentially reduced upheaval and/or investment costs.</p>	<p>Strategic influence and oversight of the support functions through joint committee, business plan, joint management board, BHCC specific strategies (e.g. employment policies)</p> <p>Opportunities for growth, increased commercial leverage and economies of scale to drive down costs means that 12.8% savings should be achievable without impacting on service levels.</p> <p>Professional service teams with good knowledge and</p>	<p>Control of support functions through detailed specification and client side management.</p> <p>Resilient professional service teams with good knowledge and understanding of public sector</p> <p>Can drive savings in transactional services through economies of scale which reduces the impact of savings on services.</p> <p>Resilience through national/ global operations.</p>

		<p>understanding of BHCC together with shared learning from other local authorities.</p> <p>Resilience through shared service.</p> <p>Standardisation and consistent customer service.</p> <p>Continuity of employment status for BHCC employees.</p>	<p>High level of standardisation and consistent quality with monitored KPIs.</p> <p>Maintaining updated systems and IT due to economies of scale.</p>
What are the disadvantages?	<p>Significant reduction in service levels which could lead to:</p> <ul style="list-style-type: none"> increase risks (e.g. managing commercial contracts, business continuity, information governance) service directorates developing their own support functions to plug gaps and costs growing back <p>Any investment borne entirely by BHCC. Transactional services do not achieve the economies of scale to make required savings.</p> <p>Lack of resilience/capacity to support changing organisation and customer requirements.</p>	<p>Some reduction in service levels but less than for the in-house option</p> <p>Loss of BHCC control over how support functions are developed, but strategic influence maintained.</p> <p>Need to manage transition to partnership working while delivering remainder of councils change programmes.</p>	<p>Unlikely to be able to deliver 30% savings in time required.</p> <p>Need to develop a robust client side function to manage the contract.</p> <p>Professional service teams have limited understanding and knowledge and understanding of BHCC and so are less able to support the council to achieve transformational change.</p> <p>Upheaval and investment costs including initial reworking of processes. This would be repeated if, for example, a provider performs poorly and re-tender is necessary every 5 years or so.</p>
What are the critical success factors to make this happen?	<p>Retention of high-performing innovative staff whilst reducing overall workforce.</p> <p>Buy in and support from senior management for service reviews.</p> <p>Improved IT infrastructure and systems including basic digital services, easy-to-create and integrated web services.</p> <p>Improved compliance with corporate processes.</p>	<p>Early agreement of formal partnership arrangement with Orbis to provide opportunities for BHCC staff to apply for management posts.</p> <p>Adequate investment in due diligence and transition planning.</p>	<p>Successful transfer of staff.</p> <p>Effective transition planning.</p> <p>Development of robust client side function to manage the contract.</p>
Delivery risks	<p>Lack of resilience (e.g. service vulnerable to key staff leaving or being on long-term sick, leave and to peaks in demand).</p> <p>Workload outstrips capacity and service reviews are delayed due to capacity.</p> <p>Could be mitigated through use of agency staff/ call-off contracts with the private sector, but this would increase risk that savings would not be achieved.</p>	<p>Orbis fails to deliver on expected savings.</p> <p>Lack of understanding by Orbis of needs of BHCC.</p> <p>Could be mitigated through:</p> <ul style="list-style-type: none"> BHCC influence at joint committee early commitment to join Orbis as a founding partner (and so provide opportunities for BHCC staff to apply for management posts in Orbis) investing in due diligence. 	<p>Outsourced provider does not meet expectations.</p> <p>Could be mitigated through strong client management and, if necessary, retendering (although likely to be costly and legally challenging).</p>
When could this	From April 2016 – would provide sufficient time for	From April 2016 – liaison with potential Orbis partners	During 2016/17 if joining an existing framework.

option be realistically implemented?	consultation on restructuring.	sufficiently far advanced to implement.	
Investment and other costs of implementation	<p>Low staff turnover in some services so that redundancy costs could be significant.</p> <p>There will need to be some investment in digital, self-service linked to current IT programmes and developing existing systems.</p>	<p>As for in-house option redundancy costs could be significant.</p> <p>Professional advice for due diligence may be required.</p> <p>Investment in integration processes.</p> <p>As for the in-house option there will need to be some investment in digital, self-service linked to current IT programmes and developing existing systems. There may be opportunities to share these costs across Orbis.</p>	<p>Risk of incurring redundancy costs would be expected to be passed on to the outsourced provider and so reflected in the contract price.</p> <p>Professional advice would be required to negotiate the best deal for BHCC</p> <p>Investment in a robust client side function.</p>
Overall evaluation of each option	<p>While control would remain solely in the hands of BHCC there are significant drawbacks to the in house option:</p> <ul style="list-style-type: none"> • our professional service teams, which are critical to supporting transformational change, would have severely reduced capacity and be vulnerable to unexpected increases in demand or loss of key staff • Transactional services would also be reduced in line with savings targets and we would miss out on the opportunity to mitigate some of the reduction in service. 	<p>Partnering with Orbis would achieve some savings without impacting on service levels and so makes achieving 30% savings much more realistic. Orbis has other key advantages:</p> <ul style="list-style-type: none"> • our professional service teams would be drawn from staff from BHCC and across the Orbis partnership. As a result, they would be more resilient than the in-house option and also be better placed to share learning. • transactional services would have opportunities to gain economies of scale <p>This option would require:</p> <ul style="list-style-type: none"> • early commitment to join Orbis as a founding partner in order to provide opportunities for BHCC staff to apply for management posts in Orbis • external support to carry out due diligence • investment to realise integration opportunities 	<p>While outsourcing provides opportunities to drive savings in transactional services through economies of scale, there are some significant disadvantages:</p> <ul style="list-style-type: none"> • It is unlikely that outsourcing could deliver 30% savings in the timescale required. • It is likely that that professional service teams would not have the depth of knowledge or understanding of BHCC to help services achieve transformational change. • The council would need to invest in a strong client side function.