

HAVERING AND NEWHAM SHARED BACK OFFICE SUPPORT SERVICE

JOINT COMMITTEE	13 February 2015
Subject heading:	OneSource 2015-16 Budget
Report author and contact details:	Owen Sparks owen.sparks@onesource.co.uk 01708 432203
Financial summary:	The overall oneSource 2015-16 budget is £44.589m. This is analysed at service level in the body of the report.
Is this a Key Decision?	Yes

SUMMARY

The total oneSource budget for 2015-16 is £44.589m. This is the controllable budget and after the 2015/16 savings target of £3.7m has been removed.

RECOMMENDATIONS

The Joint Committee is asked to: -

- note the 2015-16 oneSource budget;
- approve the 2015-16 budget allocation to services;
- approve the changes to the oneSource service portfolio.

REPORT DETAIL

Background

OneSource is funded by Havering and Newham Councils in order to deliver shared back office support services. The joint working is set to realise at least £10.6m of savings in the period up to 2018/19. Savings of £4.1m for 2014/15 are on target to be delivered and £3.7m of additional savings are reflected in the 2015/16 budget.

Each Council will approve funding to oneSource as part of their respective budget reports and Council Tax setting.

OneSource 2015/16 Budget

The 2015/16 total oneSource controllable budget is £44.589m. This is analysed by service in the table below.

Service	Original Budget 15/16 (£'000)		
Finance	7,536		
Business Services	1,341	<u>Council Funding</u>	(£'000)
Exchequer & Transactional Services	17,527	Havering	17,385
Legal & Governance	4,316	Newham	27,204
ICT Services	9,110	Total	44,589
Asset Management Services	1,899		
Strategic & Operational HR	2,860		
Total oneSource Shared	44,589		

Joint Committee, 13th February 2015

Controllable budgets as shown reflect expenditure and income which service managers directly influence and control through the delivery of their services and financial management activity. The non-controllable elements, which have been excluded, largely relate to corporate activity and technical accounting adjustments e.g. recharges, capital charges etc.

As part of budget development the oneSource allocation has been subject to a number of adjustments to take account of items such as inflation, one off budget adjustments etc. The table below summarises the movement from the current period 9 budgeted position (as detailed elsewhere on the agenda): -

Joint Committee, 13 February 2015

Budget Development Movements from Period 9 2014/15 to Original 2015/16

Description	Havering (£'000)	Notes	Newham (£'000)	Notes	Total (£'000)
Revised Budget 2014/15 period 9	19,365		29,746		49,111
Less one off items in 14/15					
Less one off/reserves funding from 14/15 budget	(604)	Project and transformation support			(604)
Removal of Redundancy from 14/15	(256)	Funded on a case by case basis		0 Funded as a year end adjustment	(256)
Un-ringfenced grant allocated to services in 14/15 only	(148)	Housing Benefits & Electoral Reform			(148)
Reduction in Development Funding	(168)	Reduction in funding to support service reviews/transformation	(287)	Reduction in funding to support service reviews/transformation	(455)
Removal of Council Tax growth 14/15			(300)	Benefits Call Centre funding reduction	(300)
Add inflation for 15/16					
Full Year Effect of Pay Award	319	Part year, 3 months included within 2014/15 Revised Budget	447	Part year, 3 months included within 2014/15 Revised Budget	766
Non Pay Inflation Uplift	30			No allocation made	30
Less additional savings for 15/16					
FBC Budget Savings	(1,369)	As set out in the full business case	(2,309)	As set out in the full business case	(3,678)
Add Other Changes					
ICT Licence Costs	87	Additional licensing costs			87
Various other minor changes	129		(93)		36
Original Budget 2015-16	17,385		27,204		44,589

Joint Committee, 13th February 2015

The full business case (FBC) included a number of assumptions surrounding the classification of controllable and non controllable budgets, in determining the savings shares applicable to each Council. This has now been simplified, with no material impact, to consider controllable budgets only.

Council contributions are as set out in the approved oneSource FBC and Joint Committee agreement. Since inception a number of adjustments have been made to the oneSource service portfolio to refine the initial assumptions. These are reflected in the above figures and set out at appendix A.

Both Councils are still to formally finalise their budget setting processes and approve the 2015/16 Council Tax levels. Until this is completed it is possible that the oneSource budget figures will need to be adjusted to take into account any required funding adjustments. If any material changes occur these will be reported to the joint committee as appropriate.

IMPLICATIONS AND RISKS

Financial implications and risks:

OneSource is funded by the partner Councils, Havering and Newham. The budgets shown are net of the 2015-16 savings target of £3.7m as set out in the FBC and contribute towards the delivery of the respective medium term financial strategies. An established programme of service reviews is in place to deliver the savings target.

Any budget variances at the year-end will directly affect the financial positions of each authority. Robust financial management processes are embedded to minimise the risk of any budget overspends.

Legal implications and risks:

There are no immediate legal implications arising from this report.

Human Resources implications and risks:

There are no significant HR implications and risks associated with this report.

Equalities implications and risks:

There are no significant Equalities implications and risks associated with this report.

BACKGROUND PAPERS

OneSource Joint Committee Agreement
OneSource Business Case

Appendix A - OneSource Shared Services Movements

Service	Amount (£'000)		Total (£'000)
	Havering	Newham	
Spend Budgets to be shared/saved in FBC	22,417	34,822	57,239
Less items not appropriate for sharing:			
Legal Land Charges	(94)		
Leaders Office	(108)		
Surveying Services - Asbestos	(100)		
			(302)
Less budget reductions since FBC			
Legacy Savings		(291)	
Technical Services Closure/Asset Management reduction		(1,572)	
Reduction in oneSource Managing Director costs		(90)	
			(1,953)
Less items included in FBC in error			
Corporate Office Strategy	(86)		
Implementation of local Council Tax & HB reform	(36)		
Business Management	(74)		
Property Database project	(39)		
Newham Dockside		(41)	
Members Expenses		(60)	
Municipal Premises		(259)	
			(595)
Add items added since FBC in:			
Schools and Housing Health & Safety Services	218		
ICT Investment	618		
Revenues Enforcement Growth	122		
Transformation and Projects Support	244		
Electoral Registration	87		
Business Improvement Team		478	
Council Tax Contact Centre & New Burdens		1,304	
In House Bailiff Team		500	
Systems Development		695	
FM (Property Front/Back Office)		1,291	
			5,557
Other Items	11	(5)	6
FBC Equivalent	23,180	36,772	59,952
Increase/(Decrease) in FBC Equivalent			2,713