

**ONESOURCE  
JOINT COMMITTEE**

**8 JULY 2016**

**Subject heading:**

**oneSource Transformation Update**

**Report author and contact details:**

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**Financial summary:**

**oneSource is required to deliver savings to the councils through transformation, creating shared services to remove duplication and improve process efficiency. This report identifies progress on delivering savings from the transformation projects.**

**Is this a Key Decision?**

**No**

**SUMMARY**

The transformation projects covering Finance, HR & OD and Transactional Services are coming to a finish with staff consultation of new structures currently in progress. Once implemented savings of £2.349m will be delivered in 2016/17 against a target of £3.042m an under achievement of £0.693m. The difference will be found through the current level of vacant posts. £3.633m will be achieved in 2017/18 compared to a target of £3.724m a difference of £0.091m.

The asset management reviews for 2014/15 is currently in formal consultation until 15th July. A verbal update will be provided to Members.

**RECOMMENDATIONS**

The Joint Committee is recommended to note progress on delivering the required savings from oneSource from the current transformation projects.

**REPORT DETAIL**

**1.0 Introduction**

1.1 At its meeting on 26 June 2015, the Joint Committee received a transformation report that identified the transformation projects for 2015/16 were:

- Transactional Human Resources (including payroll)
- Transactional Finance
- Operational & Strategic Finance (including Assurance and Systems)
- Operational & Strategic Human Resources
- Council Tax & Benefits
- Democratic & Electoral Services
- Debt management / Recovery Team
- Pensions (Contract at LBN).

1.2 These projects are now entering their final phase with the majority having completed the review phase and being implemented this year.

1.3 This report provides an update on progress on the HR, Finance, Council Tax and Benefits projects and Democratic Services. Implementation work on the Debt Management/Recovery team and Pensions service projects will be continuing as reported in the last update.

**2.0 Operational & Strategic Finance**

2.1 As previously reported, consultation on the restructures of the Assurance Service (internal audit, fraud, risk and insurance) and the Finance Service (including systems) were due to close at the end of May 2016.

2.2 The Assurance Service restructure has now been finalised, as scheduled, and an Assurance Staff Briefing Event was held on 15<sup>th</sup> June 2016 to outline the final agreed structure to all the assurance staff across Newham, Havering and Bexley. A project plan has been prepared to recruit to all the posts in the agreed structure over the next few weeks. Interviews will be open to the relevant staff whose substantive posts are in the current audit functions at Bexley, Havering and Newham and who meet the ring fencing requirements for interview.

2.3 Interviews for the Head of Assurance were held on 22<sup>nd</sup> June and David Hogan, the current Head of Internal Audit at Bexley, was successful and will formally take up this new role on 1<sup>st</sup> August 2016.

2.4 As Members may be aware, Sandy Hamberger has been covering the oneSource Head of Internal Audit role (covering Newham and Havering) for the last 12 months. As Sandy's substantive post is outside of Audit she was unable to be considered for this new post. Sandy will now hand over the role to David and return to her substantive post as Head of Business Development once she has undertaken a handover with David. Sandy has made a great success of the Interim Head of Internal Audit role and we would like to thank her for all the effort that she has put into the role.

- 2.5 David Hogan will work with the Interim Director of Finance to fully integrate the assurance teams into the new structure, harmonise working practices as much as possible, continue to develop and enhance the service building on the good work that has already been done, and deliver the budgeted savings targets for the service.
- 2.6 With respect to the finance (including systems) restructure, due to the volume and depth of the consultation responses from staff, the number of matching challenges to be dealt with, and a request from Havering and Newham senior management team members for further discussions with them on some of the detail of the proposals, it was decided to extend the consultation period for the majority of the restructure proposals (below the Head of Service level) to the end of June, following which the final details of the structure will be determined.
- 2.7 However, the headline structure of the finance service has been formally agreed and following a competitive interview process with respect to the Heads of Finance, and a slot-in procedure for the Head of Pensions and Treasury, the following appointments have been made:
- Dave Baldock – Head of Finance - Commercial and Investment Division – Deputy S151 Officer, Newham
  - Radwan Ahmed – Head of Finance - Technical Accounting (including Systems) Division – Deputy S151 Officer, Newham
  - Michael Bate – Head of Finance - Business Partnering Division – Deputy S151 Officer, Bexley
  - Owen Sparks – Head of Finance - Financial Strategy Division – Deputy S151 Officer, Havering
  - Stephen Wild – Head of Pensions and Treasury
- 2.8 The Heads of Service will formally take up their new roles on 1<sup>st</sup> August 2016 and will operate under a matrix management approach, each being responsible for a specific functional division servicing all three councils (scalable to take on additional future customers) and additionally the four Heads of Finance will each take on Deputy S151 Officer roles for a specific named council. The S151 Officers were fully involved in the recruitment process and have each selected their Deputy S151 Officers from the successful Head of Finance appointees.
- 2.9 The Heads of Service are now all working closely with the Interim Director of Finance to finalise their detailed structures, following which the internal recruitment process to populate the new structures will take place. We are confident that the new structures will deliver the budgeted savings targets, as previously outlined to Members, although clearly there will need to be some transitional investment to ensure the successful transformation of the service into a truly “one team”, customer focussed, high quality, innovative, value-adding, and forward-thinking service, respected throughout London and beyond, and capable of selling its services to other customers.

**3.0 Operational and Strategic Human Resources and Organisational Development (HR&OD)**

3.1 Work commenced on this project in March 2015. The key elements of work undertaken included:

- Obtain a baseline position of the service – the “As Is”, identifying current service budget, establishment, service offering, cost, performance and customer satisfaction
- Identify and standardise key processes for a shared HR & OD service
- Develop a Target Operating Model for a shared HR & OD service
- Develop a savings schedule identifying where savings from a shared HR & OD service can be made
- Deliver an implementation plan to support implementation of the preferred shared service Target Operating Model (TOM), and improved processes.

3.2 The TOM and proposed structure was successfully launched for formal consultation on May 16<sup>th</sup> 2016, and is on target to close on June 29<sup>th</sup> 2016. A project plan, detailing the implementation of the new structure, and embedding revised ways of working with the service has been developed. The key milestones are shown below:

<b>Task</b>	<b>Anticipated Completion date</b>
Assimilations confirmed & Ring-fence Interviews	16 August 2016
Go live	1 September 2016
Key processes standardised	1 September onwards
Case management/work recording system	1 September onwards
Embedding of revised ways of working	1 September onwards

3.3 Work is underway to progress the internal work recording solution, and identify a suitable case management system. In addition to this, key processes being prioritised for improvement by September include sickness, and Job Evaluations. Recruitment will also be aligned across HR & OD and HR Transactions.

3.4 The proposed savings delivered by the new TOM are identified below. The exact cost will be dependent on the appointments made, whether they on LBH or LBN pay scales (with associated on costs) and whether staff work full or part time.

<b>Year</b>	<b>Proposed savings £000's</b>	<b>Cumulative Savings £000's</b>
2016/17	0.300	0.300
2017/18	0.300	0.600
2018/19	0	0

#### **4.0 Transactional Services – Finance and Human Resources (HR)**

- 4.1 Transactional services were split into two projects: Finance and HR. The two projects coordinated with the relevant operation / strategic project where there were potential cross over issues. In some areas all four projects crossed over (e.g. restructure processes in 1-Oracle). Most of the proposed savings for Havering and Newham are through using the same 1-Oracle processes across both councils reducing duplication. However the review did look at how 1-Oracle is used in Havering to see where improvements could be made to either deliver savings or improve the customer experience.
- 4.2 The next phase of the project is implementation and will run until 1/10/16. A detailed project plan has been developed to take the project through the restructuring phase; consultation with staff, recruitment, process embedding and an element of continuous improvement.
- 4.3 Formal consultation with all three councils was launched on 9<sup>th</sup> May 2016 with a presentation to each council. Posters were provided to each council detailing the As Is and To Be structures, the assimilation matrix and communication plan. Initial feedback from the presentations is good with staff pleased with the information left with them.
- 4.4 Formal consultation was due to end 23 June 2016 (45 days) but now been extended to 1 July 2016 following discussions with the Unions.
- 4.5 Progress to date:

##### Transactional Finance project:

- SharePoint site live with all consultation documents, weekly newsletters uploaded
- Various queries on the consultation email have been worked on and completed
- Second set of workshop dates and invite for staff GSS training published on SharePoint.
- Implementation workshop held with Bexley on 7th June to agree continuous improvement actions
- Four assimilation appeals reviewed.
- Meeting with Unions for extended consultation decision.

##### Transactional HR project:

- E-Resourcing Portal work started for Newham and Havering
- Schools payroll process being discussed and issues being addressed
- All assimilations complete and assimilation matrix completed
- Assimilation and ring fencing arrangement agreed
- To Be structure re-costed after evaluations and sent to Finance for signoff
- Meeting held with Finance to agree costings
- Meeting held with SRO and all HoS to agree assimilation matrix
- Benefits plan drafted
- All appendices for Consultation Report drafted
- Final costings agreed with Finance

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- EIA Report completed
- Organisational Change Report finalised
- TU's have signed off the Organisational Change Report for the consultation
- To Be/background Report finalised
- Successful launch on Monday 9th May
- SharePoint site populated and maintained and launched– announcements feature activated
- Transactional Board initiated
- Paper written on the needed change in the Havering authorisation policy and a HROD rep. has been allocated
- Senior management meeting for the E-Resourcing Portal.
- E-Resourcing Portal survey launched.

### 4.6 Upcoming work:

#### Transactional Finance project:

- Daily monitoring of consultation email address
- Assimilation Matrix to be updated with any changes from consultation / appeals
- Post consultation meeting with SRO
- Post consultation workshops for staff to be arranged for each borough
- Consultation to close 1 July
- Meeting with Bexley to discuss minor structural change in Debt Recovery to be arranged.

#### Transactional HR project:

- Follow up the transfer of budgets between HR Transactions and HR & OD with Finance
- Agree process improvement work streams
- Support of the Schools Payroll Project
- Identify funding for the E-Resourcing Portal
- Analyse Portal survey results
- Continue to support the consultation mailbox queries by providing appropriate responses
- Review HR Transactional Job Descriptions
- Map out workflows for the Portal
- Write a charter for the Portal work.

### 4.7 The proposed Transactional HR savings are shown below:

<b>Year</b>	<b>Proposed savings £000's</b>	<b>Cumulative Savings £000's</b>
2016/17	0.272	0.272
2017/18	0.197	0.469
2018/19		0.469

4.8 The proposed Transactional Finance savings are shown below:

<b>Year</b>	<b>Proposed savings £000's</b>	<b>Cumulative Savings £000's</b>
2016/17	0.562	0.562
2017/18	0.212	0.774
2018/19		0.774

4.09 A common project plan has been developed to map out the implementation of the proposed structure and beyond. This is due to the nature of the functions and the potential for staff to claim posts in either structure. The timescales follow that for HR & OD implementation. The key milestones are shown below:

<b>Task</b>	<b>Anticipated Completion date</b>
Consultation start	9 May 2016
Consultation end	Due to end 23 June 2016 (45 days) has now been extended to 1 July 2016 following discussions with the Unions
Assimilations confirmed & Ring-fence Interviews	16 August 2016
Go live	1 September 2016
Embedding of revised ways of working	1 September onwards

4.10 Although the consultation end-dates have been extended to 1 July 2016 following discussions with the Unions, the anticipated go live date, although challenging, has not changed.

## **5.0 Total savings identified from Finance and HR & OD projects**

5.1 The total savings from the four transformation projects led by the Business Services Team amount to £2.349m in 2016/17, increasing to £3.633m in 2017/18. The summary figures are shown in the table below and compare the actual savings against targets for each year.

<b>Service</b>	<b>2016/17</b>		<b>2017/18</b>	
	<b>Target £000's</b>	<b>Proposed £000's</b>	<b>Target £000's</b>	<b>Proposed £000's</b>
Operational & Strategic Finance	1.390	1.181	1.735	1.782
Transactional Finance & HR	1.081	0.834	1.316	1.243
Operational & Strategic HR	0.571	0.334	0.673	0.608
<b>Total</b>	<b>3.042</b>	<b>2.349</b>	<b>3.724</b>	<b>3.633</b>

5.2 There is a shortfall of savings against target of £693k in 2016/17. This shortfall is due to the target being set in the business case for oneSource as a full year saving. In reality the saving will be part year. However, with the number of vacant posts in the services that already exist prior to any restructures it is likely that any shortfall will be minimised.

There is minimal risk to delivering the Bexley share of the savings as only a part year requirement has been budgeted. There is a minimal shortfall (£91k) forecast for 2018/19. This is not anticipated to be a problem as the structures have been conservatively costed at the higher end of the potential salary scales. Should there be an actual shortfall, further savings will be found next year.

## **6.0 Council Tax & Benefits**

6.1 The Council Tax and Benefit transformation review was due to commence in 2016/17. A decision was made to start the review earlier in January 2016 to deliver savings earlier. The review is looking to create a shared service between the three councils, however, the Bexley function is provided through a contract with Capita that has a number of years to run. The review will therefore only look at this stage at how the client functions of this contract will work within oneSource.

6.2 The aim of the project is to create one integrated and shared Council Tax and Housing Benefits service, providing an efficient, high performing and affordable service for the councils and residents.

6.3 The objectives are as follows:

- To maximise income collection
- To improve performance for our customers
- To reduce costs through increased efficiency
- To seek new opportunities to grow the business
- To deliver these objectives through innovative thinking and digital by design

6.4 A project board has been created and will lead the transformation process. A project plan has been approved with the following high level milestones shown below:

<b>Task</b>	<b>Anticipated Completion date</b>
Analysis of current position "As Is"	30 March 2016
"To Be" completed including final report, structures, job descriptions, evaluation of job descriptions and high level process design	30 August 2016
Staff Consultation end	15 October 2016
Assimilations confirmed & Ring-fence Interviews	16 December 2016
Go live	2 January 2017
Embedding of revised ways of working	2 January 2017 onwards

6.5 Progress to date

- Gained Board approval for Target Benefits
- Proposed To Be service activities, roles and responsibilities agreed by Business Leads
- Skeleton To Be organisation structure agreed by Business Leads



- To Be process maps agreed for all working groups including identified business improvements
- Increased income and efficiency benefits from To Be processes identified and quantified
- Communication and engagement sustained through Change Champion Network, newsletter, and team meetings / briefings
- LBN and LBH operational HR Support engaged.

#### 6.6 Upcoming work

- Complete costing of To Be organisation structure and identify savings compared to current budget baselines
- Engagement with senior stakeholders and Members on recommendations
- Complete To Be job descriptions and job evaluations
- Draft Organisation Change Report
- Draft Equalities Impact Assessment
- Engage staff in agreed To Be process maps for comment
- Clarify Digital project milestones and dependencies on benefits realisation
- Deliver detailed gap analysis and develop implementation plan.

6.7 The financial targets for savings from the project are shown below. At this stage the financial benefits to each council of improved cash collection for council tax are excluded. The project plan includes targeted improvement but the financial values are yet to be determined.

<b>Year</b>	<b>Savings Target £000's</b>	<b>Cumulative Savings £000's</b>
2017/18	1.013	1.013
2018/19	0.307	1.320
2019/20	0	1.320

#### 7.0 Democratic services

7.1 The review of Democratic services proposed a restructuring of Committee Administration within Legal and Governance in Havering (Committee Services are delivered outside of oneSource in Newham). The changes are to embed and expand modern ways of working within the team, to bring additional senior skills and client focus into the team but also to deliver savings to meet oneSource targets. The restructure will also embed the structural changes that have been in practice.

7.2 Going forward the structure and roles within the team need to be focussed on:

- Maximising the functionality and use of ICT: using the mod.gov software, the service is now able to provide all committee administration support through the modern.gov software and increasingly governance is delivered online or electronically. The service is not maximising the functionality and use of this software in a range of areas and e-publication and preparation of agendas has

reduced the need for paper based tasks within the team and opened up room for further efficiencies.

- Income generation to deliver future savings: the team can look to expand its income generation through the marketing and delivery of its services to third parties. Currently, there is a successful independent appeals service to schools but this could be expanded as well as the offer of core democratic services to other councils.
- Shared working: the expansion of oneSource will provide opportunities for shared working with other public sector bodies. The team needs to be structured to meet this demand.
- Advisory role: All committee managers must be able to advise Members, officers and the public on the rules and law relating to committee administration without reliance on reduced legal support.
- Modern Governance: The Constitution and decision-making processes of the Council will need to modernise with the changing external environment and advances in technology. The service will need senior capacity to support the Director and Monitoring Officer in delivering this strategic change.

7.3 The changes proposed will give rise to a net saving of approximately £112k in a full year (reducing to approximately £107k after deducting pension back funding costs). The proposed implementation date given below and the phased arrangements mean that only a part year effect of approximately £45k will be achieved in 2016/17. The exact costs of the structure will be dependent on the appointments made.

7.4 Consultation with staff and trade unions from Havering will commenced May 2016 with comments invited at the earliest opportunity. Following approval of the restructure (with any changes agreed after consultation, if any) and on completion of the consultation period, relevant staff will be assimilated/slotted or invited attend the relevant selection or redeployment process, and it is envisaged that this process will be completed in July.

7.5 It is expected that the restructure will be implemented as soon as operationally possible but no later than October.

## **8.0 Asset Management**

8.1 Verbal update.

## **REASONS AND OPTIONS**

### **Reasons for the decision:**

This report is for information only and does not directly require a decision by the Joint Committee.

### **Other options considered:**

Not applicable.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

The delivery of the transformation programme directly relates to oneSource delivering the required level of savings as per the oneSource business case and subsequent amendments to savings targets agreed by the councils.

**Legal implications and risks:**

There are no legal implications identified for this report.

**Human Resources implications and risks:**

The restructure reports that result from the transformation projects are subject to consultation with staff through each council's managing change policies.

**Equalities implications and risks:**

There are no equality implications identified for this report.

**BACKGROUND PAPERS**

**None**