



ONESOURCE JOINT COMMITTEE

21 October 2016

Subject heading:

oneSource forecast financial position as at October 2016.

Report author and contact details:

Owen Sparks
owen.sparks@onesource.co.uk
01708 432203

Financial summary:

The oneSource shared forecast financial position as at August 2016 shows an overspend of £373k.

There are no significant overall variances forecast on the non shared budgets for any of the partner boroughs.

Is this a Key Decision?

No

SUMMARY

The overall oneSource shared outturn position shows an overspend of £373k.

This largely relates to delays in implementing restructures partially offset by vacancy management. Although a number of steps have been taken to reduce costs within Legal Services, a pressure remains due to an additional staffing requirement to meet the demand from customers.

Management action is underway throughout oneSource to reduce the forecast overspend, with a full year impact expected in 17/18. It is anticipated that any variance remaining at the year-end will be met from the use of carry forwards and as such will not require additional funding from the partner Councils.

There are no significant overall variances forecast on the non shared budgets for any of the partner boroughs.

RECOMMENDATIONS

The Joint Committee is asked to: -

- note the oneSource forecast outturn position as at August 2016 and the future plans to bring oneSource back within budget;
- note the transfer of Education Capital, Technical Services and Council Tax and Benefits Services from oneSource shared to non shared.

REPORT DETAIL

This report provides Members of the Joint Committee with the forecast outturn position of both the oneSource shared budgets (Appendix A) and the non shared budgets that oneSource manages on behalf of the individual partners (Appendices B, C and D).

The current shared overspend is £373k and this is apportioned based on the current profile of variances; £58k relating to Newham, £100k relating to Bexley and £215k relating to Havering.

There are no significant overall variances forecast on the non shared budgets for any of the partner boroughs. Within Havering however, at service level, a forecast Housing Benefit subsidy deficit and overspends in HR are offset by increased commercial property income and reduced staffing expenditure in Member and Election services.

The shared overspend is largely due to delays in implementing service review recommendations and associated service restructures.

There is a significant programme of restructures currently underway including Finance, Strategic & Operational HR and Exchequer & Transactional services. This follows the delayed implementation of One Oracle in Newham and includes an associated programme of service and process transformation.

These restructures will deliver the full savings targets currently required in the relevant services up until 2018/19, with a full year effect delivered from 2017/18. The position for the current year is being managed through holding vacancies and delaying non-essential expenditure. Directors and managers are also continuing to review their budgets to identify further opportunities to deliver savings and/or

additional income. It is anticipated the shared overspend will decrease over the remainder of the year.

Should the overspend not be completely eliminated by 31 March 2017, a proportion of the carried forward over achievement of savings will be required to support the 2016/17 savings slippage.

As well as the restructures detailed above, the other oneSource services e.g. ICT, Revenues and Benefits and Legal Services are examining their service delivery to identify different ways of providing services to reduce costs and bring in income.

Projects that have been initiated include:-

- Moving ICT services into the Cloud
- Standardising and sharing ICT systems across the two Councils e.g. workflow systems
- Maximising the return on commercial properties
- Using business intelligence already in place to bring in additional income in areas such as Council Tax, NNDR and Housing Benefit overpayments
- Bringing in legal work that is currently outsourced, together with a reduction in costs (eg postage, printing, publications) and

All services are looking for further opportunities to increase income from other boroughs e.g. further sharing of the health and safety service, developing ICT products to sell on, selling bailiff services and winning more contracts for passenger transport, providing legal services re school appeals and right to buy.

In some cases, there may be a need for some invest to save funding, especially in new ICT, to deliver the savings and business cases will be presented to the Councils for consideration.

A joint Budget Workshop is planned between the oneSource Management Team and the s151 officers and transformation leads from Havering, Newham and Bexley in November. This workshop will begin to shape the budget envelope for the next three years from 1 April 2018.

To support Newham's new corporate structure and service delivery model, Council Tax and Benefits services have been moved to non shared. The movement is reflected in the forecasts within this report. The associated savings targets have also accordingly been transferred and will need to be delivered by the relevant partners as appropriate.

Similarly, Technical Services and Schools Asset Management will be moved to OneSource non shared from period 7 (October). These services are currently managed by oneSource for Havering and Newham only.

IMPLICATIONS AND RISKS

Financial implications and risks:

The financial position of oneSource Shared has a direct bearing on the financial position of Havering, Bexley and Newham Councils; with any savings or overspends being shared as set out in the Joint Committee agreement.

The financial positions of non Shared services affect the relevant Council only.

Any use of carried forward underspends must be agreed with the relevant partner Councils, in consideration of their respective financial positions and priorities.

Robust financial management processes are in place across oneSource and the financial position as at period 5 2016/17 is set out in the body of the report.

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 Shared Financial Position - Period 5 2016/17

Appendix A

SERVICE	NET REVISED CONTROLLABLE BUDGET	YTD ACTUALS	YTD ENCUMBRANCES	ACTUALS + ENCUMBRANCES	FY PROJECTED OUTTURN	FY PROJECTED OUTTURN VARIANCE	REASON FOR FY PROJECTED OUTTURN VARIANCE
Finance oneSource	6,234,027	4,657,171	494,916	5,152,086	6,454,035	220,008	The projected overspend is largely due to the delay in implementing restructures, partially offset by withholding vacancies.
Business Services	2,501,027	(836,178)	704	(835,474)	1,770,968	(730,059)	Overachievement of savings targets.
Exchequer & Transactional Services	8,101,754	4,310,507	67,153	4,377,660	8,553,417	451,663	Variance mainly due to delay in achieving savings targets and re-assessment of case load for enforcement services from LBB. Monitoring of the overall budget position by all managers will continue.
Legal & Governance	3,139,045	1,415,888	54,784	1,470,672	3,488,203	349,158	Forecasted pressure relates to over established posts within legal services, required to provide minimum level of service provision. A review of spend to identify further savings continues to take place as do investigations into additional sources of income. This will continue to be closely monitored.
ICT Services	9,166,460	10,432,271	1,267,913	11,700,185	9,166,460	0	
Asset Management Services	1,283,327	6,675,562	9,204,822	15,880,384	1,271,800	(11,527)	
Strategic & Operational HR	3,120,260	1,463,703	30,345	1,494,049	3,214,257	93,997	Variance represents part-year effect of restructure partly mitigated by vacancy management.
TOTAL	33,545,900	28,118,924	11,120,637	39,239,561	33,919,139	373,239	The bulk of the forecasted overspend reflects the pressure derived from delays in implementing restructures. Many of the planned restructures are due to take effect this year but will only achieve a part-year effect/benefit due to not being live as of 1st of April.

NOTES

Budgets and forecasts show above relate to controllable budgets only

Apportionment is based on the 2016/17 Joint Committee budget percentages and may be recalculated to reflect subsequent budget adjustments

The reported variance excludes the oneSource reserve position funded by the 14/15 and 15/16 underspend

Havering	215,043
Bexley	100,290
Newham	57,907

OneSource Havering Non-Shared Financial Position - Period 5 2016/17

Appendix B

SERVICE	NET REVISED CONTROLLABLE BUDGET	YTD ACTUALS	YTD ENCUMBRANCES	ACTUALS + ENCUMBRANCES	FY PROJECTED OUTTURN	FY PROJECTED OUTTURN VARIANCE	REASON FOR FY PROJECTED OUTTURN VARIANCE
Exchequer & Transactional Services (Housing Benefits)	(1,139,400)	(5,616,976)	84,901	(5,532,075)	(1,054,643)	84,757	Invoices raised are 800k down compared to last year. Less errors are being found in the system and the bigger over payment exercises were completed last year, therefore, forecast is a deficit of £250k
Internal Shared Services (Pensions)	(2,030)	157,179	(686)	156,492	13,190	15,220	
Legal & Governance (Members costs and Elections)	1,575,748	784,390	7,694	792,084	1,487,748	(88,000)	Bulk of underspend relates to staffing
Asset Management Services (Transport, Commercial Property, Schools, Premises Management)	643,993	68,810	(62,483)	6,326	507,076	(136,917)	At this stage in the cycle the projected under-recovery in respect of Romford Market and the Land Restoration Scheme is comfortably offset by rent income that reflects low voids and a previously buoyant economy
Strategic & Operational HR (Unions, Apprentices)	496,754	145,615	2,074	147,689	596,692	99,938	Cumulative effect of various pressures currently being investigated
Business Services	55,000	23,463	0	23,463	55,000	0	
TOTAL	1,630,065	(4,437,520)	31,500	(4,406,020)	1,605,063	(25,002)	Bulk of forecasted underspend relates to staffing and over-achievement of commercial property income. This is offset in part by a number of smaller variances within the HR budgets.

NOTES

The non-shared position has been included for information. The budgets and spend are not part of the cost sharing arrangement, however, they are managed by oneSource.

The budget figures above include controllable budgets only.

OneSource Bexley Non-Shared Financial Position - Period 5 2016/17

Appendix C

SERVICE	NET REVISED CONTROLLABLE BUDGET	YTD ACTUALS	YTD ENCUMBRANCES	ACTUALS + ENCUMBRANCES	FY PROJECTED OUTTURN	FY PROJECTED OUTTURN VARIANCE	REASON FOR FY PROJECTED OUTTURN VARIANCE
Exchequer & Transactional Services (Housing Benefits)	3,996,000	6,390,143	0	6,390,143	3,996,000	0	
Finance	1,480,000	634,903	0	634,903	1,480,000	0	
TOTAL	5,476,000	7,025,046	0	7,025,046	5,476,000	0	No variances reported

NOTES

The non-shared position has been included for information. The budgets and spend are not part of the cost sharing arrangement, however, they are managed by oneSource.

The budget figures above include controllable budgets only.

OneSource Newham Non-Shared Financial Position - Period 5 2016/17

Appendix D

SERVICE	NET REVISED CONTROLLABLE BUDGET	YTD ACTUALS	YTD ENCUMBRANCES	ACTUALS + ENCUMBRANCES	FY PROJECTED OUTTURN	FY PROJECTED OUTTURN VARIANCE	REASON FOR FY PROJECTED OUTTURN VARIANCE
Finance oneSource (oneSource MD, External Audit, Unallocated Overheads)	(678,200)	38,292	0	38,292	(678,200)	0	
Business Services (Verto/PMO team)	324,100	129,712	0	129,712	313,739	(10,361)	
Exchequer & Transactional Services (Housing Benefits, Pensions)	10,792,823	54,993,836	4,806	54,998,642	10,800,969	8,146	
Legal & Governance (Members costs and Borough Elections)	0	494,319	54,427	548,745	0	0	
ICT Services (One Oracle implementation)	0	1,361,908	22,358	1,384,266	0	0	
Asset Management Services (Commercial property, facilities management and schools)	1,076,700	9,580,777	10,087,093	19,667,870	1,059,653	(17,047)	
Strategic & Operational HR (Union costs, Occupational Health, Training)	686,600	271,256	390,646	661,902	686,600	0	
TOTAL	12,202,023	66,870,101	10,559,330	77,429,430	12,182,761	(19,262)	

NOTES

The non-shared position has been included for information. The budgets and spend are not part of the cost sharing arrangement, however, they are managed by oneSource.

The budget figures above include controllable budgets only.