

**ONESOURCE JOINT
COMMITTEE
20 January 2017**

Subject heading:

**Proposal to transfer Newham's
Council Tax and Benefits service
back to the council**

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Financial summary:

This report is for info only. The request by Newham to remove its Council Tax and Benefit service from oneSource will reduce the potential for oneSource to deliver the full identified savings to be made for Havering Council but there is no immediate additional cost. Each Council will separately assess the financial impact of the decision.

SUMMARY

The Mayor of Newham is in the process of requesting to Havering and Bexley Councils to transfer the Newham Council Tax and Benefits service from oneSource and into Newham Council's responsibility. This report summarises the process that will be followed as a result.

Once the Mayor has formally made the decision to make the request, Havering and Bexley Councils will be asked to approve the transfer. There is no immediate cost of the proposal but oneSource will potentially not be able to deliver the full savings that had been anticipated in the original oneSource business case in relation to the Council Tax and Benefits service in Havering.

Bexley has not previously assumed savings from joint working.

RECOMMENDATIONS

The Joint Committee is asked:-

- To note the Mayor of Newham's intention to request to Havering and Bexley Councils to remove Newham's Council Tax and Benefits service from the Joint Committee and Delegation Agreement
- To note that the two councils have 20 business days to respond to the request once it is received.
- To note that each Council will separately assess the financial impact of the decision from their individual perspectives, ie to request withdrawal (Newham) or to accept the proposal (Havering & Bexley).
- To note that oneSource needs to develop new savings plans for Havering to replace those not deliverable through a shared Council Tax and Benefit arrangement with Newham.

REPORT DETAIL

Background

All three councils that make up the oneSource Joint Committee have delegated their council tax and benefits services to oneSource, albeit that all three have different models of provision and that the services have, to date, remained standalone. Bexley's service is outsourced to Capita with oneSource providing contract management.

In July, oneSource presented to the Mayor of Newham proposals to combine Havering and Newham's Council Tax and Benefits teams in line with the original oneSource business case. The proposals potentially delivered savings and additional income by 2018/19 as follows:-

	Newham £000	Havering £000	Total £000
Efficiency savings	699.1	344.3	1,043.4
Additional income	2,199.1	98.1	2,297.2
Total	2,898.2	442.4	3,340.6

However, the Mayor of Newham has a vision for Newham that involves reducing bureaucracy and making all council service managers more motivated and better able to make decisions by transforming service areas into small businesses where possible. Therefore when the oneSource review was presented to the Mayor he immediately requested that Newham's Council Tax and Benefits area be put through an Options Appraisal by the Council's 'Council Services to Small Businesses' Programme (CSSB) as part its ongoing programme.

The CSSB Options Appraisal review has recently been completed and the outcome of this process is that the Mayor is initiating a request to Havering and Bexley councils to

transfer the Council Tax and Benefits service out of oneSource as soon as is practicably possible in order for Newham to be able to transform it into a small business. A formal decision to make such a request still needs to be taken through Mayoral Proceedings. This is currently being processed by Newham.

Process

Variation is allowed for only in the terms set out in the oneSource Joint Committee and Delegation Agreement which was agreed by all parties in 2014 and reaffirmed in 2016 when Bexley joined.

Once the Mayor has formally made the decision to make the request, the Secretary to the Joint Committee will write to Havering and Bexley councils notifying them in line with the oneSource Joint Committee and Delegation Agreement (in no more than 10 days). The councils then have 20 business days with which to respond to the request.

If both councils approve the variation, then the Secretary to the Joint Committee will arrange for the preparation of a Deed of Variation for execution by the three councils. The change will take effect from the point of the completion of the Deed.

If either of the councils did not approve the change then the change would not immediately occur and the matter would likely be taken through the dispute resolution procedure set out in the Joint Committee and Delegation Agreement.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications associated with this report which is for information only. However, there will be a financial impact of implementing the proposed changes. Each Council will separately assess the financial impact of the decision from their individual perspectives, ie to request withdrawal (Newham) or to accept the proposal (Havering & Bexley).

There are no costs associated with the transfer of Newham's Council Tax and Benefits service out of oneSource as the service had not been combined with the services in the other councils. This is unusual within oneSource. Most other services (but not quite all) have been transformed and fully integrated in order to deliver the savings included in the original oneSource Business Plan.

However, oneSource will not be able to deliver the savings envisaged on behalf of Havering as a result of sharing. oneSource has set a savings target for the Havering Council Tax and Benefits area of £609k based on the original oneSource business case and additional savings required. The savings identified in the July review undertaken by oneSource identified specific proposals for £442.4k in savings, with a further £166.6k expected to be delivered by 2018/19 through identifying further process efficiencies.

By not combining services, there is potentially an impact on the £344.3k already identified as potential efficiency savings. The additional income target is still achievable.

It should be noted that there is a potential financial risk to oneSource should Newham look to transfer the council tax enforcement activity from the current in-house oneSource provision to an alternative arrangement.

oneSource Management Team will need to look for alternative ways to deal with the shortfall in savings for Havering and any ongoing financial risk resulting from loss of enforcement work. In terms of the medium term strategy, this will be a key plank of the oneSource financial strategy which is being worked up in collaboration with the three boroughs' s151 officers over the coming months. However, in order to balance the overall oneSource budget in the short term there will need to be some more immediate measures put in place. These have not yet been identified.

Bexley is not affected financially by Newham taking its Council Tax and Benefit service out of oneSource as it currently has a contract with Capita for the provision of its service, with oneSource providing the contract management service.

It should be stressed that although in this instance transferring the service in question is not generating additional cost for the councils, in the case of virtually all other oneSource services this would not be the case. The Newham Council Tax and Benefits service is a standalone service for Newham and all staff are Newham employees, including the Head of Service. The service from Head of Service downwards can simply be lifted and shifted to Newham Council's line management. In all other oneSource services the staff have been integrated under Heads of Service serving two if not three councils. To transfer a service back to one specific council would require extensive staff reorganisations and would inevitably lead to additional costs, both one-off and ongoing, for all boroughs involved as the cost of change would need to be met and the ongoing benefits of sharing the service would be lost. In many services there could also be infrastructure and contractual implications that would need to be worked through.

Legal implications and risks:

Section 101(5) of the Local Government Act 1972 allows two or more local authorities to arrange for the discharge of their functions by Joint Committees.

Section 102 deals with the appointment of Committees.

Section 9EB of the Local Government Act 2000 specifies that the Secretary of State may make Regulations in connection with permitting arrangements under s101(5) of the 1972 Act where any functions which are subject to the arrangements are the responsibility of an executive of a local authority under the executive arrangements.

Under these powers, the Secretary of State has made "The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 [SI 2012/1019]. Regulation 11 of these Regulations deals with arrangements involving Joint Committees, with Regulation 12(2) providing that "every person appointed to a Joint Committee in accordance with regulation 11 by an executive, a member of an executive, or a committee of the executive must be a member of that executive, and the political balance requirements do not apply to the appointment of such members".

The Joint Committee arrangements are underpinned by a contractual agreement and governance arrangements setting out the delegations of each authority.

The Local Authorities (Goods and Services) Act 1970 permits the Councils to trade services with each other.

Newham are proposing to vary the contractual agreement relating to the provision of a service to remove that service from the agreement and withdrawing the delegation of that particular function. Newham are not proposing a withdrawal of the remaining functions and complete withdrawal from the contractual agreement.

Newham are therefore engaging clause 13 of the contractual agreement, which deals with variations, in the manner set out in the report, with the intention of continuing to participate in the arrangements.

Human Resources implications and risks:

As indicated in the report, the Newham Council Tax and Benefits service has not been fully integrated within oneSource and therefore can be moved across to Newham Council's line management with minimal human resources impact. There would be a change of line management for the current Newham Head of Customer Transactions from the oneSource Director of Exchequer and Transactional Services to the relevant line management within Newham but a change of line management does not require a period of formal consultation to be held. All employees within the Newham Council Tax and Benefits service are employed on Newham terms and conditions of employment so there are no contractual implications or risks that arise as a result of the move back to Newham. All affected employees will be communicated with and the move back to Newham confirmed in writing as courtesy.

Equalities implications and risks:

There are no equality implications or risks.

BACKGROUND PAPERS