
**ONESOURCE JOINT
COMMITTEE
28 JULY 2017**

Subject heading:

oneSource Annual Report 2016/17

Report author and contact details:

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Financial summary:

**There are no specific financial
implications in this report that are not
covered elsewhere on the agenda.**

Is this a Key Decision?

No

SUMMARY

Attached to this report is the draft annual report of oneSource for submission to both Havering and Newham Councils in line with the Joint Committee Agreement.

RECOMMENDATIONS

Members are invited to consider and comment upon the draft of the third oneSource Annual Report prior to final publication.

REPORT DETAIL

1.1 Paragraph 4.5 of the Joint Committee agreement states:

“The Managing Director shall submit to the Joint Committee no later than the last working day of May each year, an annual report on the activities of the Shared Services over the past financial year including an account of financial matters and explaining the main plans and activities for the coming year.”

The draft report has been submitted to this Joint Committee meeting as it is the first held after the end of the year period 2016/17.

1.2 Attached to this report is the draft text for the annual report to be submitted to each council.
The report contains a summary of the following for the year:

- Achievements during the year
- Key performance indicators for 2016/17
- Transformation of services
- Business development activity
- Financial performance for 2016/17

1.3 Members are invited to comment on the text. Once the text is agreed by the Joint Committee the Annual report will be published.

REASONS AND OPTIONS

Reasons for the decision:

oneSource is required by the Joint Committee Agreement to produce an Annual Report.

Other options considered:

Not applicable.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications identified within this report.

Legal implications and risks:

There are no Legal implications identified within this report.

Human Resources implications and risks:

There are no Human Resource implications identified within this report.

Equalities implications and risks:

There are no Equalities implications identified within this report.

BACKGROUND PAPERS

The oneSource Annual Report 2016/17 has been used in preparation of this report and should be read in conjunction with this paper and to make any recommended decisions.

2016 / 17

ANNUAL REPORT

**Delivering affordable
quality services
to the Public
Sector**

oneSource
supporting public services



www.oneSource.co.uk



**oneSource – Supporting
Public Services**



oneSourceUK

fast facts



Shortlisted in or won

8

awards

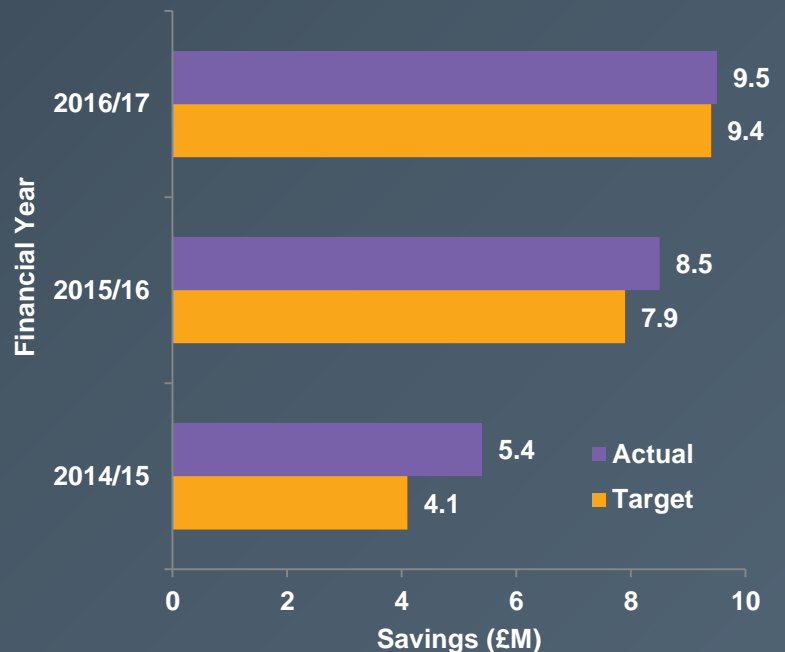
2

new permanent
Directors
successfully
recruited



£23.4M

delivered in savings since
inception, against a target of £21.4M



75%

satisfaction rate
across Bexley,
Havering and
Newham



93%

of potentially shared
services now
integrated

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about oneSource

oneSource is one of the largest public-sector shared services arrangements in the UK. Originally formed by the London Boroughs of Havering and Newham bringing together 22 services, this year saw the addition of the London Borough of Bexley's Finance services. Staff continue to be employed by the partner organisations and, on account of our flexible working ethos and sustained investment in technology, are located where they can best undertake their work.

Our mission is to deliver innovative support and affordable-quality services to our partners in an ever changing economical and political environment.

By taking on our services, our partners have the reassurance that their support services are value for money and carried out by staff with an in-depth knowledge of the Public Sector.

We provide services within the remit of:

- HR and Organisational Development (Strategic HR, Operational HR and Transactional services, such as Payroll)
- Finance (Corporate Finance, Assurance, Procurement and Transactional services, such as Accounts Payable and Pensions Administration)
- Exchequer services (Council Tax, NNDR and Enforcement)
- Asset Management (Facilities Management, Health and Safety and Transport)
- Technology and Innovation (ICT services, Printing and Business Improvement)
- Legal and Governance (Legal counsel, Democratic services and Election services)

message from the MD

Dear reader,

It is with great pleasure that I present to you our third annual report.

The national austerity agenda has meant that oneSource has had to face enormous challenges. Our partner organisations looked to us to find large savings whilst at the same time needing input from us that went far beyond Business As Usual as they kicked off their transformation, externalisation and regeneration projects. Despite this, our staff have inspiringly took these challenges head on and reduced operating costs by £9.5m, administered an efficient support service and succeeded in delivering core projects for our Partners.

This year we put the focus on our existing customers as satisfaction fell in September 2016 due to the implementation of a corporate self-service support model and the loss of oneSource contacts through restructures. In addition to establishing customer panels within the Councils and introducing and monitoring improvements, we enhanced transparency by agreeing Service Level Agreements with Havering and Newham Councils; these set out deliverables, responsibilities and costings. As agreed with Bexley Council, SLAs will be developed in 2017/18 as time was needed for the services to settle in. The work undertaken saw an increase of 3% in overall satisfaction with our services in March 2017; my thanks to our staff for turning this around.

Looking to the future our top priority is to not only continue improving customer satisfaction but also to fortify a culture of commercialism. The oneSource Marketing Board is developing a number of measures to support staff in knowing their products, identifying the markets and understanding the costs of administering services in order to generate income. We are also working with our Partners and a consultancy firm to review how oneSource delivers services in the future.



Wherever the journey may take us, we will continue to provide an exceptional and affordable service to our Partners so that they can focus on bettering the lives of their residents and business owners.

Best wishes,

Jane West
Managing Director

the leadership team

as at May 2017

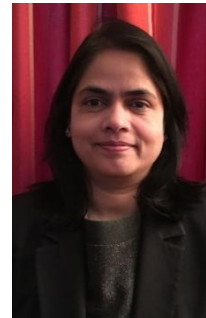
In 2016/17 we successfully recruited Priya Javeri and Paul Thorogood, as Director of Technology and Innovation, and Director of Finance respectively.



Jane West
Managing
Director



Sarah Bryant
Director of
Exchequer and
Transactional
Services



Priya Javeri
Director of
Technology and
Innovation



Mark Butler
Director of
Asset
Management



Caroline Nugent
Director of Human
Resources and
Organisational
Development



Daniel Fenwick
Director of Legal
Services and
Governance



Paul Thorogood
Director of
Strategic and
Operational
Finance

news

New Business

oneSource already has a range of external clients for services such as Passenger Transport (e.g. Thurrock and Network Rail) and Payroll (schools and academies in Havering and beyond). As well as the Bexley Finance services joining the shared service as a Partner, we also saw new customers using our services in 2016/17.

ICT services

Norfolk County Council enlisted the expertise of oneSource ICT services to develop a CRM system based on the Dynamics CRM system operated in Havering and Newham.

The system went live April 2016 for Highways and Corporate complaints and has been a huge success. We continue to support the system and work with Norfolk to expand its use into other areas.

Additionally, the London Borough of Waltham Forest has purchased the Virtual Schools system used to track Children looked after through the education system and on-going support. There are a number of other Local Authorities interested in purchasing the Virtual Schools system with discussions at an advanced stage.

We are also providing a security advice and guidance service to the London borough Redbridge.



Health and Safety

The service has signed up several educational organisations for an onsite Advisory Service. Establishments, including The Leading Learning Trust and South West Essex Community Education Trust, benefit from regular on-site support, unlimited access to remote support, access to a comprehensive Health and Safety manual and discounted rates for training.

Transport

Havering's Transport Service (including Passenger Transport) continues to grow, having increased external turnover from £350k to £1.3m during the last 3 years and is currently in discussion with other public sector bodies regarding the potential transfer of their operations to oneSource.

Brand awareness

We actively worked to improve our visibility in the market and targeted particular potential clients; many of whom approached us rather than we approach them. Visibility activity included:

- CIPFA conference stand
- IRRV conference stand
- PMMAHR conference (organised as our Director of HROD is the current President)
- Joint awayday with LGSS and Orbis
- Presentation at the Zurich Municipal conference

news (cont.)

Shortlisted in and won eight Awards



Our teams and services were shortlisted in and won several awards across the Public Sector this year; reflecting our commitment to thinking outside the box and finding new ways of working.



oneSource

LGC Most Innovative
Service Delivery
Model

Finalist



HR

Personnel Today
HR Director of the
Year

Finalist



HR

PPMA HR
Most Effective
Partnership

Winner



**Treasury &
Pensions**

Public Finance
Innovation in
Treasury & Asset
Management

Finalist



Internal Audit

Public Finance
Innovation in Internal
Audit

Finalist



Treasury & Pensions

**LGC Investment
Awards** Fund of the
Year (Above £750m)

Winner



FINALIST

Treasury & Pensions

**Professional
Pensions** Pension
Scheme of the Year

Finalist



HR

Personnel Today
Excellence in Public
Service HR

Finalist

news (cont.)

Third Council joins the collaborative partnership



In a bid to reduce the financial pressures caused by Central Government funding cuts, and still deliver resilient services at a level that our residents deserve, oneSource welcomed Bexley Council's Finance services into the family in April 2016.

With the transformation of financial services across all three boroughs, Havering, Newham and Bexley are set to make £1.7 million in savings by 2017/18 by eliminating duplication, reducing senior management costs and introducing more efficient processes.

As we operate a Joint Committee model (3 Havering Members, 3 Newham Members and 1 Bexley Member), staff working for oneSource continue to be employed by the council they worked for prior to the set up.

A number of actions have been put in place by oneSource ICT services to make it easier for Bexley staff to work on behalf of Havering

and Newham.

Staff employed by Bexley have been given Login Credentials to access facilities such as:

- the **oneSource Desktop**, allowing staff to access
 - the oneSource intranet,
 - Havering and Newham intranets,
 - Havering and Newham's ERP system (1Oracle),
 - Line of Business, and
 - Corporate Applications and Microsoft applications;
- **Wi-Fi access** in Havering and Newham buildings;
- **Instant messaging** – Bexley Council's OCS service has been federated with Newham and Havering's Lync Messenger allowing oneSource staff to view presence status and communicate with all colleagues in all three councils; and
- **Folder sharing** with Havering and Newham colleagues.

news (cont.)

Leading on and supporting major projects for our partners



1Oracle in Newham

With significant support from our HR, Finance, ICT and Transactional teams, One Oracle became Newham Council's single system for HR, finance, payroll and procurement on 4th April as planned.

By bringing together information and processes in a more efficient and streamlined way, the council has taken a major step towards its transformation goals.

Our Corporate Business Systems team is currently implementing a programme of Communication and Engagement to gather feedback in order to identify areas of improvement and produce materials to help Newham staff get the most from the system.

Romford's regeneration

Work has commenced on construction of Romford's new pool and ice rink complex in Romford town centre.

The £28m scheme is the largest individual project within Havering's capital programme and is due for completion by January 2018. The facility will include an eight-lane 25m swimming pool, fitness suite and competition size ice rink in the heart of the town centre.

Our Asset Management service has been central to the project throughout, negotiating the development agreement which secured the site and the majority of the funding, and now overseeing the construction phase

Romford's Leisure Centre taking shape



news (cont.)

Welcome to Dash

The new internal forms portal

New Forms



HR Resourcing Portal

You can request a number of HR related activities relating to staff and post changes



Data Retention

View how long different types of data should be held for



Privacy Impact

A process to determine the risk of using personal data in accordance with data protection law

Dash homepage

Centralised HR portal

We understand that our technology needs to evolve to drive innovation not only in oneSource but across the Councils we work with. One such example of using technology to change the way we work is the introduction of the HR E-Resourcing portal in Havering and Newham in November 2016.

Built within Firmstep's Dash platform, the E-Resourcing Portal is a single, centralised interface that allows staff to submit requests for HR related decisions electronically for authorisation by the budget owner and implementation by our Transactional HR team.

Managers can use the HR resourcing portal to request a change to work hours, honoraria and merit increments, to amend a post, etc. and employees can request for annual leave to be deleted if the leave has not been taken.

The portal features mandatory fields, ensuring that our teams have all the data needed to fulfil a request and the requestor is updated at every stage of the way; speeding up the process for the requestor, authoriser and our Transactional HR team.

Using the portal improves customer experience and enables our teams to focus on more complex transactions.

news (cont.)

Bexley & Newham invest in £12m solar farm bond

Through oneSource, Newham and Bexley councils, along with Warrington Borough Council, have entered into a ground breaking asset backed treasury investment.

The three authorities are sharing due diligence costs on a deal which will see them buy £12m bonds secured against two solar farms. The investment company, Rockfire Capital, has completed the acquisition of the sites.

Should anything go wrong the councils would take ownership of the site; allowing the authorities to safely generate attractive returns to invest in local community infrastructure.

Extra capacity at LBH schools

The Asset Management service has successfully delivered extra capacity and supported maintenance works at several schools in Havering. As these are to provide a time limited provision and a programme for delivery was very short, orders were placed with a company to deliver and install demountable classroom units.

All works were substantially completed over the summer holiday period, however early starts on site were possible in July. This minimised disruption to the individual schools and mitigated risk.

Council Services to Small Businesses

oneSource is supporting Newham Council's CSSB programme team in its work to launch Council services as Externalised Business Units.

The support offered includes the financial review of business cases, setting up the legal entities and support where the new small businesses are procuring external work.

We have also developed a Commercial Offer of a range of services designed to suit the small businesses that have left the council, including Payroll, Procurement and Legal services.

Health devolution

Finance advised on the financial aspects of the formation of the Accountable Care Organisation, a vehicle that will allow Havering, Barking and Dagenham and Redbridge councils and health bodies to jointly consider innovation, redesign of service delivery and funding usage.

transformation

In line with our aims to reduce spend and generate income for our Partners and encourage smarter and innovative ways of working, we continued to review and transform our services.

Transactional services

The Transactional Services restructure has been fully implemented across the People and Finance teams. They are fully operational across all the oneSource partners and we continue to review and improve services to ensure consistent and standardised processes maximising the use of the oracle system. Improvement projects across services such as HR, Procurement and Finance have been established to agree and develop better, midterm ways of working.

The e-resourcing portal, the centralised HR facility (see page 11), was successfully implemented to timescale and take up is increasing as is ongoing work to improve the portal.

Exchequer services

Recommendations were suggested for amalgamating Havering and Newham's Council tax and Benefits services; however a decision was taken to transfer the Newham Council Tax and Benefits service from oneSource and into Newham Councils responsibility in January 2017. Council Tax and Benefits in Havering will be reviewed and restructured in 2017/18. Provision of the service in Bexley Council will be reviewed early 2017/18 as the contract with Capita ends in 2019.

Continuous work to improve income collection and debt management is visible across the councils to maximise the funds available. A review of the enforcement service and business rates team will be undertaken in 2017/18 to ensure that the services can continue to deliver an effective service and continue to increase income.

HR

Post restructure the HR service went live in October 2016, reducing the budget by approximately 20%. With the introduction of new processes and working practises, customers in the partner councils have seen a reduction in paperwork and can take a more autonomous approach to managing their staff through self-service. In 2017/18 we will continue to look at ways of improving the service, including conducting reviews of processes such as Sickness and Recruitment end-to-end.

Committee administration (Havering)

With the completion of the Democratic Services review, the new structure went live in November 2016. The service is maximising the functionality and use of ICT, including the use of a new SharePoint Report Clearance system, to make the advisory role more robust in providing modern governance, help generate income, and facilitate shared working.

Finance & Assurance

The Finance and Assurance restructures were the focus of transformation activity in 2016/17 with the new structures going live in September 2016 and January 2017 respectively. The restructures delivered the level of savings required in the business plan for 2016/17 and 2017/18. The majority of vacant posts have now been recruited and filled.

The majority of system and manual processes will be the focus for 2017/18. This programme of transformation activity will ensure the new operating model is sustainable and able to meet within existing resources the expectations and demands of the Partner Councils.

transformation (cont.)



Health and Safety team at the EduKent Expo and Conference, including Stephen Catley – H&S Team Manager, Robert Train (pictured right) – Schools H&S Advisor, Joe Shanahan (pictured left) – H&S Apprentice, and Sue Wilks - Head of Health and Safety

Health and Safety

The Health & Safety Service became an integrated service in 2015/16. It continued to grow its customer base in 2016/17, both in the form of Council-owned companies that are buying back into the service, plus schools and multi-academy trusts from outside of the parent-boroughs. A remote online service supported by portal access for clients has been developed to enable the service to sell to a broader geographic market. In the meantime the new H&S framework has been rolled out in Havering and Newham councils, working with service managers to identify and address any gaps within existing H&S arrangements.

Technical services and Projects and Programmes

Restructures within the Technical Services (Havering) and Projects & Programmes (Newham) teams have been signed-off and will be in the implementation phase in 2017/18.

Facilities Management

The restructure and integration of Facilities Management is being progressed following the

recruitment and appointment of a permanent Head of Service. Restructure proposals have been reviewed and are due for consultation with staff in 2017/18. In the meantime procurement review is underway across FM contracts to identify scope for joint procurement and subsequent savings.

Property services

Service delivery arrangements for Property Services are transitioning to more of a client/commissioning role as transactional work is increasingly placed with external advisors – the internal team has recently completed a comprehensive data verification exercise on the commercial property portfolio for LB Newham, enabling subsequent investment analysis work to take place.

Transport

Havering's Transport Service (including Passenger Transport) continues to grow, having increased external turnover from £350k to £1.3m during the last 3 years and is currently in discussion with other public sector bodies regarding the potential transfer of their operations to oneSource.

performance

Financial summary

oneSource operated within budget in 2016/17, with the shared outturn position showing an underspend of £80k. The Joint Committee has a net controllable budget of £39,148,160 with actual spend amounting

to £39,067,906; this included incorporating the challenging savings target of £9.4m. Therefore we successfully delivered savings of ~£9.5m. The overall underspend is split between Havering, Newham and Bexley as follows:

Variance in spend	Havering	Newham	Bexley	Total
Shared £k	(195)	45	70	(80)

The Havering underspend was transferred to its oneSource reserve. Newham met its pressure by transferring funding from its oneSource reserve (funded by prior years' underspends). Bexley's overspend was offset by underspends elsewhere in the council. The mains variances within shared related to

pressures on the legal services team which resulted in an over-establishment of posts and corresponding overspend on staffing. This has been addressed for the new financial year with Havering and Newham Councils both recognising the need to provide additional funding for Legal Service in 2017/18.

Service	Net (£)	Outturn Actuals (£)	Outturn Variance (£)
Strategic & Operational Finance	9,638,097	9,406,908	(231,189)
Business Services	1,794,407	1,089,749	(704,658)
Exchequer & Transactional Services	8,665,628	8,976,559	310,931
Legal & Governance	3,660,300	3,975,993	315,693
ICT Services	8,843,501	8,902,669	59,168
Asset Management Services	3,289,927	3,471,766	181,839
Strategic & Operational HR	3,256,300	3,244,262	(12,038)
TOTAL	39,148,160	39,067,906	(80,254)

performance (cont.)

Exchequer and Transactional Services also closed with a pressure. This related to the Transactional Services restructure not being implemented until part way through the year and to two journal entries which couldn't be processed in time for year end closure deadlines. These overspends were offset by a mixture of one-off and ongoing underspends within Procurement and Business Services. Procurement accrued for some income relating to previous years as part of closedown processes which gave rise to one-off income. Business Services closed with an on-going underspend relating to overachievement of savings against the original business case; this overachievement is planned to help offset increases in savings in subsequent years.

Non-shared

oneSource delivers non-shared services on behalf of the Partner Councils. These have their own additional savings targets as part of the respective Councils' Medium Term Financial Strategy (MTFS).

Havering non-shared

A significant underspend of £1.3m was achieved for Havering through overachievement of income relating to commercial property, housing benefits and court fees. This is analysed by activity and service in the table below

Service	Net (£)	Outturn Actuals (£)	Outturn Variance (£)
Strategic & Operational Finance	N/A	N/A	N/A
Business Services	0	5,093	5,093
Exchequer & Transactional Services	(1,213,560)	(1,814,267)	(600,707)
Legal & Governance	1,529,283	1,392,760	(136,523)
ICT Services	844,430	730,432	(113,998)
Asset Management Services	(1,131,577)	(1,664,619)	(533,042)
Strategic & Operational HR	442,934	518,990	76,056
TOTAL	471,510	(831,611)	(1,303,121)

Newham non-shared

The outturn for Newham was overspent by ~£1.4m which related to non-shared Asset Management services, including a shortfall on lettings income, savings targets (which were

previously part of oneSource shared) and overspent buildings budgets (repairs and maintenance, cleaning and council tax). The Asset Management pressure was offset in part by underspends within the Exchequer

performance (cont.)

Services area relating to housing benefit subsidy and vacant posts in the debt arrears

team. This is analysed by activity and service in the table below.

Service	Net (£)	Outturn Actuals (£)	Outturn Variance (£)
Strategic & Operational Finance	109,200	581,352	472,152
Exchequer & Transactional Services	9,717,123	7,456,626	(2,260,497)
Legal & Governance	0	26,194	26,194
ICT Services	1,252,750	1,157,145	(95,605)
Asset Management Services	(1,118,272)	2,101,658	3,219,930
Strategic & Operational HR	708,700	736,639	27,939
TOTAL	10,669,501	12,059,614	1,390,113

Bexley non-shared

The outturn for Bexley showed an underspend of £560k relating to Exchequer & Transactional services. The underspend was due to a combination of year end grant income

and a year end review of bad debt provision in Housing Benefits determining that the amount needed was less than the budget available. This is analysed by activity and service in the table below.

Service	Net (£)	Outturn Actuals (£)	Outturn Variance (£)
Strategic & Operational Finance	995,000	782,000	(213,000)
Exchequer & Transactional Services	3,178,000	2,832,000	(346,000)
TOTAL	4,173,000	3,614,000	(559,000)

performance (cont.)

Customer satisfaction

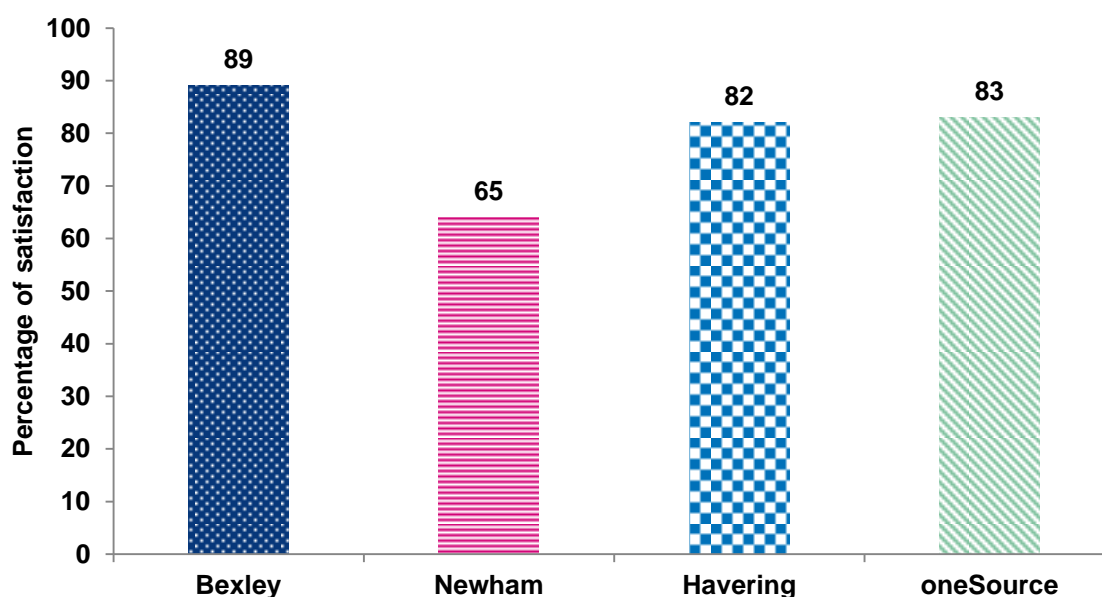
Customer satisfaction for oneSource services reduced in the summer 2016 survey but a concerted effort to focus on improving this over the latter part of the year paid off. All teams signed up to local improvement plans tackling the issues raised by their customers in previous survey and our Head of Business Development is leading on an improvement project, which identified customer champions who are responsible for developing ideas to make our customers true advocates of oneSource.

Individually, customer satisfaction with the

service received is 82% from Havering Council, 65% from Newham Council, 89% from Bexley Council and 83% from oneSource. Customer satisfaction has increased for Bexley, Newham and oneSource with a marginal decrease for Havering (0.51%).

The top performing services (i.e. met or exceeded the 80% target set by the Joint Committee) include Strategic Finance, Internal Audit, Health and Safety, Printing Services, Business Improvement and the Project Management Office.

Overall satisfaction had risen by 3% in the March 2017 survey to 75%. This was mirrored in the increased satisfaction across the three indicators: satisfaction with resources, satisfaction with quality and satisfaction with speed.



performance (cont.)

Key Performance Indicators

oneSource has a number of key performance indicators (KPIs) in place as a measure of the service provided to our customers. The performance indicators are utilised to improve customer satisfaction, perform within budget and improve receipt of income. Ultimately ensuring that oneSource provides an improved customer experience whilst reducing the cost of support services to both Councils.



96.85%

LBH Council Tax collection rate
Target 96.70%



96.31%

LBN Council Tax collection rate
Target 95.60%



98.64%

LBH NNDR collection rate
Target: 98.70%



99.74%

LBN NNDR collection rate
Target: 99.77%



21 days

LBH speed of processing
HB / CT support claims
Target: 20 days



99.53%

LBH Business Systems
availability
Target: 99%



99.53%

LBH Business Systems
availability
Target: 99%



5 days

LBH Speed of processing
HB CoC
Target: 7 days



9 days

LBH Speed of processing
CT & HB CoC
Target: 9 days



24 days

LBH speed of processing
HB / CT support claims
Target: 24 days

£9.5m

Savings achieved

