

**ONESOURCE JOINT
COMMITTEE
28 July 2017**

Subject heading:

**Transfer of the Council Tax and
Benefit Service back to the control
of the London Borough of
Newham – update**

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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 reduces 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 has separately
assessed the financial impact of
the decision.**

SUMMARY

Following a request by the Mayor of Newham, both Havering and Bexley Council's have agreed to transfer the Newham element of the Council Tax and Benefits service from oneSource back into Newham Council's responsibility.

In accordance with the terms of the oneSource legal agreement, a deed of variation is currently being drafted to reflect the change.

RECOMMENDATIONS

The oneSource Joint Committee is asked to note the report.

REPORT DETAIL

As reported to the oneSource joint Committee in April 2017, the Mayor of Newham requested Havering and Bexley Councils to transfer the Newham element of Council Tax and Benefits service from oneSource back into Newham Council's responsibility. Havering was granted an extension of time to 10th May to consider the request.

Both Havering and Bexley Councils have now agreed to the request by Newham Council. In accordance with clause 13 of the oneSource legal agreement, a deed of variation is currently being drafted to reflect the change. The change will take effect from the point of the completion of the Deed.

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.

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 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.

In accordance with clause 13 of the contractual agreement, as both Havering and Bexley Councils have agreed to the request then a deed will be completed which deals with variations, in the manner set out in the report, with the intention of continuing to participate in the arrangements.

Financial Implications and risks:

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.

Through the deed of variation, Havering and Newham have reached an agreement over compensation for the Newham Council Tax and Benefits Service coming out of oneSource, which will enable the financial impact to be zero in the short term and gives time for development of alternative savings plans which the service is already working on. (details are contained in an exempt appendix to this report).

It should be noted also 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.

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. Transferring 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.

HR Implications and risks:

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.

Background Papers

None