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**JOINT COMMITTEE**

**20 April 2018**

**Subject Heading:**

**oneSource Budget 2018/2019**

**Report Author and contact details:**

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**Financial summary:**

**The oneSource base budget for 2018/2019 is £41.755m made up of £34.410m for oneSource Shared and £7.345m for oneSource non Shared.**

**SUMMARY**

The report sets out the base budget for oneSource services for both shared and non-shared for the financial year 2018/2019 including the apportionment between the three partner Councils.

The base budget for oneSource shared is £34.410m and £7.345m for non-shared after taking into consideration non recurring funding from 2017/2018 and agreed growth and savings for 2018/2019.

**RECOMMENDATIONS**

The Joint Committee is asked to note the based budget for oneSource services for 2018/2019.

**REPORT DETAIL**

**Base Budget 2017/2018 – oneSource Shared**

At the time of writing this report, the closing budget for the 2017/2018 financial year for oneSource shared services is £37.828m. Taking into account non recurrent funding, growth and savings previously agreed for 2018/2019 this reduces the budget by £3.418m to

provide an opening budget of £34.410m for the 2018/2019 financial year. It should be noted within the removal of one off funding there is a reduction of £1.207m in relation to the admin grant that is allocated to the benefits team in Havering. It is expected that this will be reallocated during the course of 2018/19 by the Council on a non recurring basis.

The summarised position is set out in the table below:

**Table 1 - oneSource Shared Budget Opening Budget**

	<b>Income £'m</b>	<b>Expenditure £'m</b>	<b>Net Income/ Expenditure £'m</b>
Closing Budget 2017/2018	(9.515)	47.343	37.828
Removal of One Off Funding		(3.862)	(3.862)
Additional Growth		2.176	2.176
Inflation	(0.012)	0.190	0.178
Removal of Savings	(0.013)	(1.897)	(1.910)
Opening Budget 2018/2019	(9.540)	43.782	34.410

The net expenditure is funded by the three partner Councils based on set percentages agreed on a service by service basis. The £34.410m is budgeted to be funded overall as follows, however the actual percentage splits are individual to each service.

- 7.53% by the London Borough of Bexley
- 44.41% by the London Borough of Havering
- 48.32% by the London Borough of Newham.

The tables below summaries the movement in budget by Council.

**Table 2a - oneSource Shared Budget for Bexley Opening Budget**

	<b>Income £'m</b>	<b>Expenditure £'m</b>	<b>Net Income/ Expenditure £'m</b>
Closing Budget 2017/2018	(0.426)	2.906	2.480
Removal of Savings		0.000	0.000
Additional Growth		0.092	0.092
Removal of One Off Funding		(0.030)	(0.030)
Inflation		0.048	0.048
Opening Budget 2018/2019	(0.426)	2.954	2.590

***Table 2b - oneSource Shared Budget for Havering Opening Budget***

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2017/2018	(1.299)	19.689	18.39
Removal of One Off Funding		(3.405)	(3.405)
Additional Growth		1.118	1.118
Inflation	(0.012)	0.142	0.13
Removal of Savings	(0.013)	(1.029)	(1.042)
Opening Budget 2018/2019	(1.324)	16.515	15.190

***Table 2c - oneSource Shared Budget for Newham Opening Budget***

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2017/2018	(7.790)	24.748	16.958
Removal of One Off Funding		(0.427)	(0.427)
Additional Growth		0.966	0.966
Removal of Savings		(0.868)	(0.868)
Opening Budget 2017/2018	(7.790)	24.313	16.629

**One Off Funding – oneSource Shared**

As set out in Table 1, the 2017/2018 net budget for oneSource Shared included non recurrent funding of £3.862m, which has not been included in the base budget for 2018/19. The table below splits this funding down between authority with further explanation provided.

**Table 3 – oneSource Shared one off Funding for 2017/2018**

	Havering	Newham	Bexley	Total
Legal Services - Additional Post	0.143			0.143
Revenue and Benefits – Additional Capacity	0.452			0.452
Redundancies	0.294	0.061	0.030	0.385
Transformation and Projects	0.254	0.156		0.410
ICT	1.055	0.211		1.266
Benefit Admin Grant	1.207			1.207
<b>Total</b>	<b>3.405</b>	<b>0.428</b>	<b>0.030</b>	<b>3.862</b>

ICT – The one off funding received in 2017/18 is likely to be increased in Newham to £0.800m by year end, pending the financial outturn. The Havering contribution was provided through the historic oneSource reserve. The underlying pressures were not limited to 2017/18 and will continue into further years, a base budget adjustment has been made available from 2018/19; Havering £0.905m and £0.800m in Newham.

Redundancies – Have been met by the individual councils reserve funding, and as per the oneSource arrangement their will be a cost share carried out to split the redundancy costs as per the agreed cost share percentages.

Revenue and Benefits – Received a number of one off sources of funding to offset service pressures through demand increases on assessments, this will continue to be reviewed due to the uncertainty the universal credit changes will have on demand on services.

Legal Services – In 18-19 both Newham and Havering contributed to unfunded posts, Havering contributed on a temporary basis on the assumption Legal would be operating a trading model from 2018/19, as this is not the case a funding request will be required for Havering contribution.

### **Growth – oneSource Shared**

As set out in Table 1, the 2017/2018 net budget for oneSource Shared includes additional funding of £2.176m which is funded 51.38% by Havering, 44.39% by Newham and 4.23% Bexley. This funding is recurring and has been agreed by both Councils Senior Leadership Teams and is in respect of:

**Table 4 – oneSource Shared Growth for 2017/2018**

	<b>Expenditure</b>	<b>Funded by Bexley</b>	<b>Funded by Havering</b>	<b>Funded by Newham</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
ICT – Pressures	1.71		0.910	0.800
Finance – Counter Fraud	0.055		0.055	
Finance – 6 months review	0.368	0.092	0.110	0.166
NNDR - Additional Post	0.043		0.043	
<b>Total</b>	<b>2.176</b>	<b>0.092</b>	<b>1.118</b>	<b>0.966</b>

**Savings – oneSource Shared**

As set out in Table 1, the 2018/2019 net budget for oneSource Shared includes additional savings of £1.910m. The £1.910m figure includes savings that were agreed during Havering’s budget development process of £0.145m along with oneSource shared proportion of savings following Havering’s Terms and Condition Review of £0.089m. Netting these two adjustments would leave the original oneSource shared saving target for 2018/19 of £1.676m, the apportionment of this saving is 48.21% Havering and 51.79% for Newham.

These savings are predominantly in respect of a reduction in employee related expenditure as set out in the original business cases for oneSource.

The original savings split by oneSource service are set out in the table below:

**Table 4 – oneSource shared increase in savings for 2017/2018**

	<b>Saving</b>	<b>Saving for Newham</b>	<b>Saving for Havering</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Audit, Risk, Insurance & Fraud	0.074	0.046	0.028
Benefits – Havering	0.066	0.000	0.066
Business Services	0.219	0.078	0.141
Corporate/Strategic/Operational Finance	0.158	0.098	0.059
Council Tax – Havering	0.049	0.000	0.049
Debt Management/Recovery	0.031	0.018	0.013
Directors Support	0.007	0.005	0.003
Facilities management	0.044	0.027	0.017

Health & Safety	0.021	0.013	0.008
HR & OD	0.100	0.063	0.038
ICT / Business Systems	0.497	0.284	0.212
Legal	0.104	0.064	0.039
Management of Schools Capital (Havering)	0.011	0.000	0.011
NNDR	0.015	0.009	0.006
Post Room	0.035	0.022	0.013
Procurement (incl strategic)	0.046	0.028	0.018
Property	0.044	0.027	0.017
Technical Services (havering)	0.019	0.000	0.019
Transactional	0.138	0.086	0.052
<b>Total</b>	<b>1.676</b>	<b>0.868</b>	<b>0.808</b>

**Breakdown by Service – oneSource Shared**

Appendix A to this report provides the split of the 2017/2018 oneSource shared budget by service.

**Reserves**

In previous years where oneSource has underspent a reserve has been set up in the respective Council to hold this balance to fund future year financial pressures or to be utilised as an invest to save funding stream. OneSource shared is projecting an underspend, for the purposes of the report this is not being factored into any closing balance.

**Table 5 – oneSource Shared Reserve for 2017/2018**

	Balance £'m	Funded by Havering £'m	Funded by Newham £'m
Closing Balance 2016/2017	1.058	1.058	0.000
Estimated Used in 2016/2017	(1.055)	(1.055)	
Forecast Closing Balance 2017/2018	0.003	0.003	0.000

The estimated use in 2017/2018 takes into account the drawdown of funding to support the underlying pressures within ICT Services.

**Base Budget 2017/2018 – oneSource non Shared**

The closing budget for the 2016/2017 financial year for oneSource non shared services is £17.593 Taking into account non recurrent funding, growth and savings previously agreed for 2017/2018 this reduces the budget by £1.504m to provide an opening budget of £16.089m for the 2017/2018 financial year. The summarised position is set out in the table below:

**Table 1 - oneSource non Shared Budget Opening Budget (3 councils combined)**

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2017/2018	(228.741)	237.415	8.674
Removal of One Off Funding	(0.018)	(1.299)	(1.317)
Additional Growth	0.000	0.248	0.248
Inflation	(0.133)	0.125	(0.008)
Removal of Savings	0.000	(0.252)	(0.252)
Opening Budget 2018/2019	(228.892)	236.237	7.345

The table above shows to total oneSource non-shared budgets combined. However, it should be noted that these budgets are not part of the cost-sharing arrangement. All three councils' budgets have been combined within the above table to provide information regarding the size of the non-shared budgets for which oneSource managers are responsible outside of/over and above the oneSource cost sharing arrangement resources.

The tables below summaries the movement in budget by Council;

**Table 2a - oneSource non Shared Budget for Bexley Opening Budget**

	Income £'m	Expenditure £'m	Net Income /Expenditure £'m
Closing Budget 2017/2018	(104.087)	109.145	5.058
Removal of One Off Funding			
Inflation		0.125	0.125
Removal of Savings			
Opening Budget 2018/2019	(104.087)	109.270	5.183

**Table 2b - oneSource non Shared Budget for Havering Opening Budget**

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2017/2018	(85.882)	88.674	2.792
Removal of One Off Funding	(0.018)	(1.046)	(1.064)
Additional Growth		0.248	0.248
Inflation	(0.133)		(0.133)
Removal of Savings		(0.204)	(0.204)
Opening Budget 2018/2019	(86.033)	87.672	1.639

**Table 2c - oneSource non Shared Budget for Newham Opening Budget**

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2017/2018	(38.772)	39.596	0.824
Removal of One Off Funding		-0.253	(0.253)
Additional Growth			0.000
Removal of Savings		-0.048	(0.048)
Opening Budget 2018/2019	(38.772)	39.295	0.523

### **One Off Funding – oneSource non Shared**

The one off funding for each of the boroughs relates to transfers from reserves which have taken place throughout 2016/17 for a variety of reasons such as; funding for the Gartner Review, local election funding and the Emergency Assistance Scheme within Exchequer Services.

### **Growth – oneSource non Shared**

Growth has been agreed in all three councils for a number of reasons including pay inflation and contract inflation, although the Newham inflation figures have not been included in the report.

### **Savings – oneSource Non-Shared**

There remain savings for oneSource non-shared by Havering and Newham from the original business case, as a number of service areas have moved from shared to non-shared.



Havering

- Havering Terms and Condition Savings across non-shared, total for 2018-19 £0.245k
- ICT; Wireless and Mobile Infrastructure - £0.050m
- Asset Management; £30k

Newham

- Asset Management; £48k

**Other Considerations**

*Change of Accounting*

With effect from 2018/19 following on from the transition to trading work it was recommended for oneSource to consider business like financial management, therefore to amend how oneSource Shared is accounted for. The accounting change has been agreed by each Authorities Section 151 officers, from 2018/19; all budgets for oneSource shared will sit within one authority and will be funded by corresponding commissioning budgets that will be set up outside of the oneSource budgets. This will allow each authority to have a to align how the contract fee is managed.

**Breakdown by Service – oneSource Shared**

Appendix B, C and D provide the information cited above at service level.

**REASONS AND OPTIONS**

The oneSource budget is developed from the three partner Councils revenue budgets which have already been agreed by full Council for each of the respective of the partners. The content of this report is for noting by the committee and is consolidating the oneSource budget from that held by the respective Councils.

**Reasons for the decision:**

Not applicable.

**Other options considered:**

Not applicable.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

The financial position of oneSource for both shared and non shared has a direct bearing on the financial position of Bexley, Havering and Newham Councils; with any overspends being shared as set out in the Joint Committee agreement. Delivering of oneSource services within the set budget is therefore vital to each council meeting their Financial Strategy.

Robust financial management processes are in place across oneSource and the financial performance against the set budget will be monitored through the Joint Committee inline with current practice.

**Legal implications and risks:**

There are no immediate legal implications arising from this report.

**Human Resources implications and risks:**

There are no immediate HR implications arising from this report.

**Equalities implications and risks:**

There are no equalities implications arising from this report.

**BACKGROUND PAPERS**

None