
ONESOURCE JOINT COMMITTEE 14 December 2018

Subject Heading:

oneSource Interim CEO Report

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Financial summary:

**The report contains a specific update on
oneSource shared and non shared
budgets.**

Is this a Key Decision?

No

SUMMARY

The report is to provide a strategic overview and update for the oneSource Joint Committee on key priorities and developments since the last meeting of the Joint Committee on 3rd August 2018.

The Interim CEO's Report that was discussed at the above meeting is provided at Appendix 1 as background as a number of issues presented in this paper relate to initial discussions that were held at the last meeting.

A revised set of Key Performance Indicators is set out in Appendix 2.

The outcome of the most recent customer satisfaction survey (along with action plan) that was carried out in the spring 2018 is attached at Appendix 3.

There is an update provided relating the financial position on the various oneSource budgets

RECOMMENDATIONS

The Joint Committee are recommended to agree:

- The overall strategy and priorities for the oneSource shared service as set out in the report.
- The development of an action plan as set out in the report to ensure the effective delivery of the strategy.
- The performance indicators and proposed approach to customer satisfaction as set out in the report and relevant appendices.
- The financial position of the various oneSource budgets as detailed in the report
- The position relating to the recruitment of the Director of Human Resources and Organisational development and the update relating to the future managerial leadership of the oneSource shared service

REPORT DETAIL

1. Strategic Overview and Priorities

1.1 At the last meeting of the Joint Committee the future strategic direction of oneSource was discussed. This was necessary as prior to the May 2018 elections there were different visions of the future direction for oneSource from the perspectives of the partner Councils. Given the change in Administrations post May this was revisited with the broad conclusions reached as follows:

- That oneSource should remain as a local authority shared service and not develop into a separate organisation or company.
- That the focus should predominately be on supporting the existing partner Councils rather than on expansion or trading.
- That the priorities for oneSource would be on service quality and improvement and on supporting the transformation, modernisation and savings agendas of the Councils.

1.2 Although the broad direction set out above was noted at the last meeting it was agreed that there would be a Mayor and Leader meeting between Newham and Havering to discuss the above which took place on 12th October. In addition there have been further internal discussions within the Councils at member and officer level. This has included a specific discussion with Bexley Council about their priorities for improvement for oneSource. The outcome of these meetings has confirmed the direction of travel outlined above and influenced the proposed way forward as set out in this report.

1.3 As a result of the discussions the proposed way forward is as follows:

- That the oneSource should continue in its current form as a shared service governed by a Joint Committee for the medium-term with the focus on improving the quality of services and satisfaction with them.
- That given the decision to retain a shared service rather than develop a company model that there should be a move away from oneSource as “brand” within the Councils in order to reinforce the message that the staff in the shared service are as much a part of the Council as any other in-house service. This approach to be reinforced within the partner Councils both politically and managerially so that staff in the shared service were seen as colleagues rather than as a “contractor.”
- That emphasis and culture within the shared service staff was to clearly understand the political and managerial priorities within each of the individual Councils and to work in that context rather than to work to “oneSource priorities”.
- That a detailed action plan be developed to highlight the priority areas for improvements either within individual services or relating to the priorities of individual Councils.
- To develop a clear set of performance measures that identify strategic priorities, key performance and quality indicators and satisfaction.
- To develop and deliver a further level of savings for the respective medium-term financial strategies of the partner councils.
- To be integral to the development and delivery of the respective improvement, transformation and modernisation programmes of the partner Councils.

1.4 There was clear recognition that given the approach taken to maximising savings from the shared service over the past four years that the remaining funding only enabled the delivery of a “business as usual service”. Therefore, given the increased demands for additional capacity to support improvement, transformation and modernisation that either on a joint basis or single council basis that additional one-off resources would need to be identified to deliver specific projects or tasks.

2. Implementing and delivering the strategic direction and priorities

2.1 There are a number of important aspects to the delivery of the strategic direction and priorities outlined above. These are as follows:

- The Interim CEO is leaving at the end of January and this requires a plan for the future in the context of the proposed strategic direction for the shared service. The options and plans relating to this key aspect of the future

strategy are currently being developed and it is proposed to provide an update on progress at the Joint Committee on 14th December. It is advised that given the proposed way forward for oneSource as set out in this report the future focus of the managerial leadership should be on driving service improvement and supporting the delivery of the transformation and modernisation agendas in the Councils. It is hoped that it will be possible to come forward with detailed proposals for early in 2019 and regular updates will be provided to the Joint Committee. A formal recruitment process is currently underway for the role of Director of Human Resources and Organisational Development which will involve the Joint Committee.

- That as set out in Appendix 2 a revised set of Key Performance Indicators are approved and subsequently reported and managed by the Joint Committee and the individual Councils as they feel appropriate.
- That in respect of customer satisfaction in line with the focus on oneSource as a shared service that the emphasis on customer satisfaction should be on achieving 80% satisfaction for each individual service rather than a combined target for oneSource overall, although that will still be measured.
- That in developing a detailed improvement plan priority is given to the following service areas which are seen as being integral to delivering the transformation and modernisation agendas for the Councils:
 - Strategic Finance including Business Partnering
 - Human Resources and Organisational Development
 - ICT and Digital
 - Procurement
 - Property and Asset Management

Further detailed plans of the “what and the how” of the improvement and development of these areas will be undertaken by the oneSource Management Team (OMT) in conjunction with the lead officers of the three Councils. This will subsequently be developed into a formal action plan progress on which will be reported to the Joint Committee at future meetings.

- That in line with the targets agreed within the Council’s individual budgets for 2019/20 and MTFS that the savings targets identified and agreed for the budgets within the shared service are delivered.
- That additional investment for key priorities either across the Councils or on an individual basis are agreed and implemented.

3. One Source Budget

- 3.1 Following on from the **oneSource shared** underspend position of £1.342m in 2017-18, it was agreed that the underspend will be transferred to an

earmarked reserve within each of the partner authorities. As a result of the agreement oneSource would use the reserve for service improvement and transformation spend and going forward the outturn position would transfer to or from the reserve as required. In addition, as the Joint Committee will see from the detailed summary below, there are challenging savings targets for oneSource in 2019/20 and beyond. It is proposed to use the balance of the reserve to support the delivery of these savings and to assist with smoothing the reduction of funding as it will not be possible to deliver all the savings from the beginning of the financial year.

3.2 Therefore the oneSource shared forecasted outturn position, is being reported to each of the three authorities is breakeven. However the oneSource reserve will be partly used to offset the oneSource shared in year pressure of £0.298m. The projected overspend is being regularly monitored and necessary actions put in place to manage the pressures throughout the year. Detailed below are the key reasons for the reported variance.

- Finance are reporting an overspend position of £0.306m, as a result of difficulties recruiting to a number of key finance posts has meant interim resources have been employed, at a higher rate to meet the demand. It is expected if successful recruitment takes place, the overspend will not occur in 2019-20. This may remain a pressure as recruitment in this area is proving a challenge
- Property Services continue to highlight a pressure of £0.141m against fee income, as a result of previous year's income targets. The planned HRA appropriation of properties to the general fund is expected to reduce this pressure, however whilst there is uncertainty the appropriation will take place within 2018-19, the pressure is being reported.
- The overachievement of savings achieved in previous years, (£0.139m), is able to part offset the pressure reported in Procurement, resulting from unachieved savings targets following the savings deducted as per the initial oneSource business case.
- Minor variances are being reported in other services.

3.3 The outturn forecast position for Newham Non-Shared is an overspend of £0.339. A detailed below are the key reasons for the reported variance.

- Asset Management, continue to report the increased cost £0.500m to NNDR rates as a result of the 'Staircase Ruling', the expectation is that the ruling will be reversed and backdated. However due to the delays in the process of reversing the legislation, the prudent approach has been adopted to report the impact of the ruling continuing for 2018-19.
- In addition to the stair case tax, there remains an element of historic NNDR pressures across the Property Services portfolio of c£100k.
- Technical Services, report a pressure of £0.228m in relation to an unachievable savings target allocated, on the basis of Havering and Newham Technical teams being able to generate efficiencies from working together.

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- A further pressure is reported within Basic Needs of £0.200m, following delays to a number of projects, affecting the level of fees that can be generated in 2018-19.
- The ongoing litigation within Stratford Workshops, continues to generate external legal fees which is an unfunded pressure of c£0.150m for 2018-19.
- As a result of the reversing of the over receipting of school's PFI payments which took place in 2017-18, a corresponding one-off benefit has been reflected for 2018-19, £1.087m).
- Work is ongoing to seek to minimise and potential overspend between now and year end

3.4 The outturn forecast position for Havering Non-Shared is an overspend of £0.432m. A detailed below are the key reasons for the reported variance.

- Exchequer Services are reporting a pressure of £0.250m, this is in part a result of the implementation of Universal credit, which removes the authorities ability to directly deduct overpayments at source from client's benefit payments. However due to the number of complexities around Housing Subsidy, there are a number of other factors which may still effect the year end position in both a positive and negative way.
- Asset Management are reporting a pressure of £0.042m, as a result of the continued shortfall of income generated within Romford Market of £0.250m. The saving target of £0.096m against the abandoned Land Restoration continues to be a pressure. The overall pressure is being part mitigated by the overachievement of Commercial Property Income of £0.325m.
- ICT report a pressure of £0.051m, in relation to the borough wide wifi saving target, which continues to be reported as unachieved.
- The remaining pressure is within Technical and Transport as a result of the impact of the Terms and Condition Review c£0.60m, and following a tender by external customers a number of routes were lost, however the expectation is this pressure will be mitigated by year end, as further routes are agreed.
- Work is ongoing to seek to reduce and minimise any potential overspend between now and year end

3.5 The outturn forecast position for Bexley Non-Shared continues to report a nil variance.

3.6 In setting the MTFS' the boroughs have identified a number of additional savings that are required from the oneSource budgets in addition to the savings agreed in the oneSource business case of £14.88m. Below is a summary of the savings that will be allocated from 2019-20, as part of the councils MTFS programmes. As the Joint Committee will see these savings targets are challenging and to some extent are not entirely in the control of the management of oneSource. In particular, there are potential savings predicated on additional services from the partner Councils being brought into the shared service and if this does not happen the saving will not be

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possible to achieve. It is also the case that the ambitious income targets set for the sale of oneSource services which is income in excess of expenditure may prove impossible to deliver particularly as the strategic direction being proposed sees a priority to be given to service improvement rather than income generation. These issues will be kept under review on a regular basis and reported to the Joint Committee at future meetings.

Shared Savings

Saving Title	Incremental Savings				Total Cumulative Savings
	2019/20	2020/21	2021/22	2022/23	
One Source Reduction in oneSource support	£0.250	£0.200	£0.198	£0.048	£0.696
One Source Investment in ICT and automations	£0.312	£0.300	£0.388		£1.000
One Source include more services into model		£0.200	£0.200		£0.400
One Source General Efficiency	£0.250	£0.250			£0.500
Income Debt Management and Enforcement	£0.067				£0.067
Total	£0.879	£0.950	£.0786	£0.48	£2.663

Havering Non-Shared

Saving Title	Incremental Savings				Total Cumulative Savings
	2019/20	2020/21	2021/22	2022/23	
Commercial Property Income	£0.100	£0.100	£0.100	£0.100	£0.400
One Source Union Support Time	£0.035				£0.035
One Source Transport Income	£0.050				£0.050
Transformation of Post and Print	£0.050				£0.050
Total	£0.235	£0.100	£0.100	£0.100	£0.535

Newham Non-Shared

Saving Title	Incremental Savings				Total Cumulative Savings
	2019/20	2020/21	2021/22	2022/23	
Commercial Property Income	£0.400				£0.400

Bexley Non-Shared

Saving Title	Incremental Savings				Total Cumulative Savings
	2019/20	2020/21	2021/22	2022/23	
Capita Contract Reduction	£0.050				£0.050

4. Other Developments or Issues

- 4.1** Following the customer satisfaction survey in the Spring 2018 that was reported in summary form to the Joint Committee on 3rd August, a more detailed report (which contains action plans) has been developed which is attached in Appendix 3 to this report.
- 4.2** Two members of the OneSource Management Team have been seconded to partner Councils. Paul Thorogood to Bexley as Interim Director of Finance and Corporate Services. Mark Hobson has been recruited as Interim Director of Finance and Transformation to cover Paul's role. Sandy Hamberger has been seconded to Havering as Assistant Director Policy with Danny Caine leading the oneSource policy, programmes and performance service on an interim basis.

The ability to provide capacity to the partner Councils is an important aspect of the role of the shared service.

REASONS AND OPTIONS

Reasons for the decision:

This report requests the Joint Committee to agree the overall strategy and priorities for the oneSource shared service.

Other options considered:

Not applicable.

IMPLICATIONS AND RISKS

Financial implications and risks:

The financial implications and risks are set out in the body of the 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

None