

ONESOURCE JOINT COMMITTEE

5 April 2019

Subject Heading:

oneSource Budget 2019/2020

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Financial summary:

The oneSource base budget for 2019/2020 is £46.450m made up of £33.508m for oneSource Shared and £12.942m 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 2019/2020 including the apportionment between the three partner Councils.

The base budget for oneSource shared is £33.508m and £12.942m for non-shared after taking into consideration non recurring funding from 2018/2019 and agreed growth and savings for 2019/2020. Please note that inflation has been agreed within each authority however not loaded into the financial system at the time of the report, so no figures included in this report exclude inflation.

RECOMMENDATIONS

The Joint Committee is asked to note the based budget for oneSource services for 2019/2020.

The Joint Committee is also asked to note the services that have been transferred between shared and non-share during 2018-19.

REPORT DETAIL

Base Budget 2018/2019 – oneSource Shared

At the time of writing this report, the closing budget for the 2018/2019 financial year for oneSource shared services is £35.804m. Taking into account non recurrent funding, growth and savings previously agreed for 2019/2020 this reduces the budget by £2.296m to provide an opening budget of £33.508m for the 2019/2020 financial year.

The summarised position is set out in the table below and a service breakdown is provided in Appendix A.

Table 1 - oneSource Shared Budget Opening Budget

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2018/2019	(10.286)	46.090	35.804
Removal of One Off Funding		(1.493)	(1.493)
Additional Growth		0.140	0.140
Removal of Savings		(0.944)	(0.944)
Opening Budget 2019/2020	(10.286)	43.794	33.508

The net expenditure is funded by the three partner Councils based on set percentages agreed on a service by service basis. The £33.508m is budgeted to be funded overall as follows, however the actual percentage splits are individual to each service.

- 8.10% by the London Borough of Bexley
- 45.49% by the London Borough of Havering
- 46.41% 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

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2018/2019	(0.172)	2.973	2.801
Removal of One Off Funding		(0.118)	
Additional Growth		0.031	0.031
Removal of Savings			
Opening Budget 2019/2020	(0.172)	2.886	2.714

Table 2b - oneSource Shared Budget for Havering Opening Budget

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2018/2019	(1.406)	17.999	16.593
Removal of One Off Funding		(0.945)	(0.945)
Additional Growth		0.052	0.052
Removal of Savings		(0.457)	(0.457)
Opening Budget 2019/2020	(1.406)	16.648	15.243

Table 2c - oneSource Shared Budget for Newham Opening Budget

	Income £'m	Expenditure £'m	Net Income/ Expenditure £'m
Closing Budget 2018/2019	(8.709)	25.119	16.410
Removal of One Off Funding		(0.430)	(0.430)
Additional Growth		0.057	0.057
Removal of Savings		(0.487)	(0.487)
Opening Budget 2019/2020	(8.709)	24.259	15.551

One Off Funding – oneSource Shared

As set out in Table 1, the 2018/2019 net budget for oneSource Shared included non recurrent funding of £1.493m, 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 2018/2019

	Havering	Newham	Bexley	Total
oS Asset Management Services	0.290			0.290
oS Exchequer & Transactional Services	0.256			0.256
oS Finance	0.068	0.191	0.118	0.377
oS ICT Services	0.052	0.147		0.199
oS Strategic & Operational HR	0.279	0.092		0.371
Total	0.945	0.430	0.118	1.493

Asset Management – Digital post room transformation project, £0.120m, was for developing the original business case and a planned £0.150m in 2018-19 for project development costs. The remaining £0.020m was in relation to redundancy costs incurred which was met by Havering's transformation reserve.

Exchequer & Transactional Services - £0.168m for Fiscal Technology project to support Accounts Payable and £0.064m allocated to the Payroll Project which developed the system for new pay tables both projects were met from the oneSource Reserve. The remaining £0.020m was in relation to redundancy costs incurred which was met by Havering's transformation reserve.

It should be noted that redundancies are 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.

Finance – £0.239m cost of the additional Chief Accountant brought in to support 2017-18 closure of accounts in each authority and the costs were split across the three authorities. Interim cover to support the posts supporting the S151 post in Newham £0.038m, Bexley contributed an additional £0.080m for a dedicated resource to support their system team £0.080m. The remaining £0.020m was a transformation project in Havering to support Procurement in reviewing contracts across the authorities.

ICT – projects funded from the oneSource reserve included; Work Allocation £0.035m and e-sourcing portal £0.017m, to help improve the customer experience in logging and raising service requests to ICT and other support services.

Strategic & Operational HR – £0.100m of funding has been allocated to Havering in relation to Sickness Monitoring posts to help managers support employees through sickness. A further £0.100m has been allocated split across Havering and Newham relating to consultancy framework to assist with ensuring more consultancy is made via a framework. Further funding of £0.084m in Havering and Newham allocated to support HR manage the Apprenticeship levy. The remaining £0.087m was used to support havering with its Spans and Layers review.

Growth – oneSource Shared

Confirmed growth for 2019-20, relates to the Head of Finance structure which is planned to go live in early 2019-20 of £0.140m, split as follows

- £0.057m Newham (41%)
- £0.052m Havering (37%)
- £0.031m Bexley (22%)

Savings – oneSource Shared

As set out in Table 1, the 2019/2020 net budget for oneSource Shared includes additional savings of £0.880m. As the original business case for oneSource, outlined a 5 year plan for savings ending in 2018-19, the 2019-20 savings were agreed during Havering and Newham Star Chamber challenge sessions that took place in 2018-19.

The split of these savings were between the two authorities were as follows;

- Havering – £0.357m
- Newham – £0.487m

The savings are aimed to met through overall efficiencies across all of the oneSource services, which will see a review of contracts and staffing.

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 4 – oneSource Shared Reserve for 2018/2019

	Balance £'m	Funded by Havering £'m	Funded by Newham £'m	Funded by Bexley £'m
Closing Balance 2017/2018	1.345	0.633	0.649	0.063
Estimated Used for Projects	(0.334)	(0.334)		
Forecast Closing Balance 2017/2018	1.011	0.299	0.649	0.063

The estimated use in 2018/2019 will look to be reapportioned during the cost share process at year end.

Base Budget 2018/2019 – oneSource non Shared

The closing budget for the 2018/2019 financial year for oneSource non shared services is £13.771 Taking into account non recurrent funding, growth and savings previously agreed for 2018/2019 this reduces the budget by £0.829m to provide an opening budget of £12.942m for the 2019/2020 financial year. The summarised position is set out in the table below and a service breakdown is shown in Appendix B, C and D.

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

	Income £'m	Expenditure £'m	Net Income /Expenditure £'m
Closing Budget 2018/2019	(226.153)	239.924	13.771
Removal of One Off Funding		(1.800)	(1.800)
Additional Growth		2.150	2.150
Removal of Savings		(1.179)	(1.179)
Opening Budget 2019/2020	(226.153)	239.085	12.942

The table above shows the 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	Expenditure	Net Income/ /Expenditure
	£'m	£'m	£'m
Closing Budget 2018/2019	(103.448)	107.282	3.834
Removal of One Off Funding			
Additional Growth			
Removal of Savings		(0.050)	(0.050)
Opening Budget 2019/2020	(103.448)	107.232	3.784

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

	Income	Expenditure	Net Income/ Expenditure
	£'m	£'m	£'m
Closing Budget 2018/2019	(87.385)	90.106	2.721
Removal of One Off Funding			
Additional Growth		0.250	0.250
Removal of Savings		(0.330)	(0.330)
Opening Budget 2019/2020	(87.385)	90.016	2.641

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

	Income	Expenditure	Net Income/ Expenditure
	£'m	£'m	£'m
Closing Budget 2018/2019	(35.320)	42.536	7.216
Removal of One Off Funding		(1.800)	(1.800)
Additional Growth		1.900	1.900
Removal of Savings		(0.799)	(0.799)
Opening Budget 2019/2020	(35.320)	41.837	6.517

One Off Funding – oneSource non Shared

One off funding was allocated during a realignment of budgets across Newham services based on the variances reported as at period 8, the impact was an allocation of £1.8m of budget allocated to Asset Management. The funding was used to offset historic income targets in commercial property and Dockside lettings as well as NNDR budget pressures.

Growth – oneSource non Shared

Newham non-shared will be allocated with growth of £1.9m for 2019-20; this replaces the £1.8m that was allocated following the period 8 budget reset in Newham.

Havering allocated £0.250m for 2019-20, as a result of the move to universal credit, which is estimated to have a direct impact on Housing Benefit collection rates.

Savings – oneSource Non-Shared

There remain savings for oneSource non-shared across each authority;

Havering

- Asset Management; Commercial Property - £0.100m
- ICT; Wireless and Mobile Infrastructure - £0.100m
- Technical and Transport – Transport Income - £0.040m
- HR – Union Support - £0.040m
- Transformation of Post and Print - £0.050m

Newham

- Asset Management; Commercial Property £0.399m
- Asset Management; Commercial Property £0.400m

Bexley

- Exchequer Services – Contract Reduction - £0.050m

Other Considerations

Movement of Services between Shared and Non-Shared

The following transfer of services took place between shared and non-shared during 2018-2019.

Asset Management

- Post Room and Corporate Services; following the ongoing work around the two authorities post room transformation projects.

ICT

- Havering – Education Computer Centre, this is a wholly Havering run service.

Legal Services

- Electoral Registration; As part of the original oneSource business case the plans were for the two teams to combine, but this is yet to take place, therefore teams have been moved to non-shared.

Movement of Services from Non-Shared

Finance

- Director of Finance and General Income and Expenditure will be transferred out of oneSource and moved to Bexley's Corporate and Finance Directorate.

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:

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