

## HAVERING AND NEWHAM SHARED BACK OFFICE SUPPORT SERVICE

<b>JOINT COMMITTEE</b>	12 <sup>th</sup> July 2019
<b>Subject heading:</b>	<b>oneSource 2018-19 Outturn Position</b>
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<b>Financial summary:</b>	<b>The overall oneSource shared 2018/19 outturn position shows an underspend of (£0.727m).</b>  <b>The Havering, Newham and Bexley non shared outturn positions are underspends of (£0.835m), (£1.193m) and (£0.445m) respectively.</b>
<b>Is this a Key Decision?</b>	No

### SUMMARY

The overall oneSource shared outturn position shows an underspend of (0.727m), split between Havering, Newham and Bexley as follows; (£0.307m) to Havering, (£0.418m) to Newham and (£0.002m) to Bexley. Havering and Newham transferred their share of the 2018/19 underspend into their respective oneSource reserves. Bexley's share of the underspend was not material enough in nature to transfer to their oneSource reserve.

The non-shared areas closed with the following variances:- Havering non-shared (£0.835m), Newham non-shared (£1.193m) and Bexley non-shared (£0.445).

## **RECOMMENDATIONS**

The Joint Committee is asked to: -

- note the 2018-19 oneSource outturn position and transfer to reserves;

<b>REPORT DETAIL</b>
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### **Background**

oneSource shared areas are funded by Havering, Newham and Bexley Councils in order to deliver shared back office support services. Joint working has delivered savings of £12.2m to the partner councils up to the end of 2018/19 and is set to realise an additional £0.950m in 2019/20 taking savings to over £13m since inception.

oneSource is also responsible for the management of non-shared areas within each council, including the delivery of a large number of savings within the non-shared budgets (for example lettings income generation) and across the wider councils (for example procurement contract savings).

The 2018/19 financial position set out in this report is still subject to the external audit process within each Council however no adjustments are anticipated.

The budget, spend and outturn figures included controllable budgets only ie those which service managers directly influence and control through the delivery of their services. The non-controllable elements, which have been excluded, largely relate to corporate activity and technical accounting adjustments e.g. recharges, capital charges etc. No significant variances occur at the year end in relation to these as the expenditure incurred is matched by the necessary budget.

### **oneSource 2018/19 Outturn Position**

#### **Shared**

The 2018/19 total oneSource controllable outturn position is an underspend of (£0.727m). The underspend is split between Havering, Newham and Bexley in the following amounts; Havering (£0.307m), Newham (£0.418m) and Bexley (£0.002m).

The Havering and Newham underspend was transferred into their oneSource reserve at year end for use in future years. Bexley's underspend was not material enough to transfer into their oneSource reserve.

The underspend of (£0.727m) is made up of a number of overspends and underspends across services. Exchequer and Transactional's underspend of (£0.916m) was derived in the main from over-achievement of income against target in relation to enforcement services (£0.450m) and vacancy management. The service is currently recruiting to a number of vacant posts and the enforcement income target is increased for 2019/20 as part of delivering the 2019/20 savings both of which will reduce the forecasted underspend for 2019/20. Legal services' underspend of (£0.338) was in the main a result of legal cost income which is sporadic in nature and recharge income as well as some staffing underspends. HR had a small underspend of (£0.081) which was an aggregation of a number of smaller underspends across a number of different budgets. Business services had an underspend of (£0.386m) due to vacancies and a budget pertaining to prior years overachievement of savings against original oneSource business case. Both the prior year savings budget and the vacancies are due to be offered up as on-going savings in 2019/20.

Partly offsetting these underspends was an overspend within finance of £0.373 which was largely due to the cost of agency staff over and above the vacant permanent posts being covered. Recruitment is currently underway and it is hoped that the outcome of this will be to reduce this pressure in 2019/20. ICT overspent by £0.255m due to an inability to recover printing costs owing to a reduction in the use of print. Asset Management overspent by £0.363m due to a shortfall in recharge income against target. Processes have been put in place which aim to maximise recharge income from 2019/20 onwards which is hoped will mitigate this pressure going forwards.

### **Havering non-shared**

The 2018/19 outturn for Havering non-shared is an underspend of (£0.835m). The main underspends within the Havering non-shared outturn relate to commercial property income and housing benefits overpayments. Additional savings have been loaded into the budget relating to commercial property income for 202019/20. The underspend within Exchequer services has not been profiled into the budget for 2018/19 because it is expected that Universal Credit will adversely impact on the amount of overpayment income able to be recovered in the future.

### **Newham non-shared**

The 2018/19 outturn for Newham non-shared is an underspend (£1.193m).

Corporate Landlord reported a (£1.5m) underspend following delays to a number of repairs and maintenance works. A framework and plan is being put in place to ensure works are carried out and spend takes place in 2019/20. Commercial Property reported an underspend of (£0.770m), as a result of in-year rent reviews and lease renewals generating increased income. This area has seen an additional £0.799m of savings profiled into its budget for 2019/20. In 2017/18 a number of invoices were receipted in error relating to PFI. This was reversed in 2018/19 resulting in a one-off favourable benefit of £1.1m. This one-off benefit was

partly offset by pressures relating to the increased cost of NNDR due to the stair case ruling and pressures within technical services around savings and income targets both of which are ongoing in nature.

Finance reported an overspend due to the pension deficit costs of the externalised small businesses and the additional audit fees incurred following the overrun of the 2016-17 year end audit as well as increase costs relating to card processing fees.

### **Bexley non-shared**

The 2018/19 outturn for Bexley non-shared in an underspend of (£0.445m). The underspend related to favourable performance against budget with regard to housing benefit subsidy as well as some unbudgeted grant income.

### **oneSource reserve**

The table below shows the oneSource reserve position after the contribution of the 2018/19 underspend:

	<b>Bexley £</b>	<b>Havering £</b>	<b>Newham £</b>	<b>Total £</b>
<b>Closing Balance as at 31st March 2019</b>	<b>(63,112)</b>	<b>(867,880)</b>	<b>(995,042)</b>	<b>(1,926,034)</b>

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

There are no financial risks or implications inherent within the noting of the 2018/19 outturn position for oneSource.

### **Legal implications and risks:**

There are no immediate legal implications arising from this report.

### **Human Resources implications and risks:**

There are no significant HR implications and risks associated with this report.

### **Equalities implications and risks:**

There are no significant Equalities implications and risks associated with this report.

**BACKGROUND PAPERS**