

HAVERING AND NEWHAM SHARED BACK OFFICE SUPPORT SERVICE

JOINT COMMITTEE	24 October 2014
Subject heading:	OneSource forecast financial position as at August 2014
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Financial summary:	The oneSource financial forecast shows a balanced position as at August 2014, period 5.
Is this a Key Decision?	No

SUMMARY

The oneSource forecast financial position shows a balanced position as at August 2014, period 5. This is detailed at service level in appendix A.

RECOMMENDATIONS

The Joint Management Team is asked to note the current oneSource forecast outturn position.

REPORT DETAIL

Background

OneSource forecasting is undertaken using the Collaborative Planning (CP) system. Appropriate financial information is extracted from the Councils' ledgers, consolidated and presented to give joined up service financial positions, from which service managers then calculate forecasts.

From an outturn perspective only the consolidated oneSource position is relevant. Actual expenditure incurred within the individual Council's will be adjusted periodically to reflect the shares set out in the Joint Committee agreement. This allows flexibility over where costs are incurred on a day to day basis, although this will be monitored at a summary level, whilst meeting the partnership efficiency aims, and legal and accounting requirements.

August 2014-15 Financial Position

The overall oneSource forecast outturn shows a balanced position; whilst at service level there are 2 significant variances. An overspend of £236k in Asset Management is due to delays in completing the transformation reviews, and associated implementation of service improvements and efficiencies. This is offset by salary underspends in Finance. These variances are not expected to be ongoing and will be removed following the outcome of current and forthcoming service reviews and in meeting future savings targets.

There are no significant issues currently foreseen in meeting the future oneSource savings targets, with these being challenging but achievable.

The variance apportionment within Appendix A is shown at indicative summary level.

Budgets are shown net of recharges and the 2014/15 savings target of £4.1m has been removed.

IMPLICATIONS AND RISKS

Financial implications and risks:

The financial position of oneSource has a direct bearing on the financial position of both Havering and Newham Councils; with any savings or overspends being shared as set out in the Joint Committee agreement.

Robust financial management processes are in place across oneSource. The budget monitoring process is summarised in the body of the report along with the financial position as at August 2014, period 5.

Legal implications and risks:

There are no significant Legal implications and risks associated with 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

OneSource Financial Position

Appendix A

Period 5 - August 2014/15

SERVICE	REVISED BUDGET	YTD ACTUALS	YTD ENCUMBRANCES	ACTUALS + ENCUMBRANCES	YTD REMAINING BUDGET	FY PROJECTED OUTTURN	FY PROJECTED OUTTURN VARIANCE	REASON FOR FY PROJECTED OUTTURN VARIANCE
Finance	567,330	539,968	79,675	619,644	(52,314)	295,070	(272,260)	Staffing Vacancies
Business Services	928,210	478,105	4,860	482,965	795,245	928,210	0	
Exchequer & Transactional Services	15,922,947	4,460,044	170,608	4,630,652	11,292,295	15,963,895	40,948	Slight overspend for P5 forecast - however this includes full savings of £542k being made for 14/15.
Legal & Governance	2,187,640	947,488	50,512	998,000	1,189,640	2,187,640	0	
ICT Services	(153,600)	(391,975)	3,525,114	3,133,139	(3,486,739)	(153,600)	0	
Asset Management Services	(82,401)	2,223,593	43,733	2,267,325	(2,499,726)	153,951	236,352	The projected pressure of £236k represents the inability to achieve full year effect of the Year 1 oneSource saving - hence £946k less anticipated mitigation measures via use of underspends.
Strategic & Operational HR	(163,647)	367,393	113,692	481,085	(644,732)	(168,147)	(4,500)	
TOTAL	19,206,479	8,624,616	3,988,194	12,612,810	6,593,669	19,207,019	540	

Indicative Variance Apportionment

Newham	62%	335
Havering	38%	205