

HAVERING AND NEWHAM SHARED BACK OFFICE SUPPORT SERVICE

JOINT COMMITTEE

23 October 2015

Subject heading:

**Additional savings targets –
2016/17 to 2018/19**

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Financial summary:

The oneSource business case identified that savings of £10.6m per annum could be delivered by 2018/19. This reports sets targets for additional savings totalling £3.5m per annum by 2018/19 as part of both partner authorities' budget strategies.

Is this a Key Decision?

No

SUMMARY

The oneSource business case identified that savings of £10.6m per annum could be delivered by 2018/19. This reports sets targets for additional savings totalling £3.5m per annum by 2018/19 as part of both partner authorities' budget strategies.

RECOMMENDATIONS

This report is for information only at this time. A further report will be brought to the committee in February outlining potential options for delivering the further savings required by both councils.

REPORT DETAIL

OneSource is funded by Havering and Newham Councils in order to deliver shared back office support services. The business case approved by both councils in November / December 2014 set out challenging and substantial savings to be delivered by oneSource over a five year period. These savings targets are set out in table 1 below.

	Year 1 2014/15 £000	Year 2 2015/16 £000	Year 3 2016/17 £000	Year 4 21017/18 £000	Year 5 2018/19 £000
Havering	1,460	2,829	3,314	3,566	3,904
Newham	2,652	4,961	5,629	6,182	6,708
Total	4,112	7,790	8,943	9,748	10,612

Table 1: oneSource Business Case Savings

Since the business case for oneSource was originally developed, the financial challenges facing both authorities have continued to increase. As the level of funding available to the councils is reduced and they contract, it is appropriate that the back office contributes further to the savings required, in order to continue to protect front facing services. It is now believed that a higher level of savings will be delivered as the oneSource services and processes are harmonised across the two councils, and to reflect the general reduction in the overall scale of operations across the authorities. Consequently, both Section 151 Officers have included within their budget strategies additional savings requirements from oneSource.

It is proposed, therefore, that oneSource be asked to deliver the additional savings targets set out in table 2 below for the period 2016/17 to 2018/19. The split of the total targets between the two authorities is based on the on the overall cost sharing percentages for oneSource. Once the means of delivery of the additional savings has been determined, this apportionment may vary depending on the relevant mix of services.

	Year 3 2016/17 £000	Year 4 21017/18 £000	Year 5 2018/19 £000
Havering	400	800	1,300
Newham	700	1,400	2,200
Total	1,100	2,200	3,500

Table 2: Additional Savings Targets

As part of the budget setting report due at the Joint Committee in February recommendations for delivery of these additional savings will be submitted.

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. The delivery of the budgeted savings is essential to the partner authorities' budget strategies. There is a risk that these additional savings targets cannot be achieved which would result in budget gaps in the authorities' medium term financial strategies which may need to be met from reductions in other service budgets.

Legal implications and risks:

There are no immediate legal implications arising from this report.

Human Resources implications and risks:

With the scale of the additional savings required by both councils it is likely that the majority of the savings will need to come from staffing budgets. There is therefore a potential for redundancies within oneSource. This issue will be considered as part of the future report to this committee outlined above.

Equalities implications and risks:

There is potential for equality implications and a full equalities assessment will be undertaken as part of any future proposals to restructure any services.

BACKGROUND PAPERS