

HAVERING AND NEWHAM SHARED BACK OFFICE SUPPORT SERVICE

JOINT COMMITTEE

12th July 2019

Subject heading:

oneSource shared savings

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Financial summary:

oneSource shared savings for 19/20 are £943,000. Existing future years savings across 2020/21 – 2022/23 are £2,456,000. Potential additional future years savings across 2020/21 – 2022/23 are £4m.

Is this a Key Decision?

No

SUMMARY

oneSource has delivered in the region of £13m since its inception in 2014/15 for the three partner authorities.

Its current 2019/20 controllable budget is £31.8m net of income and 2019/20 savings.

There are savings planned for future years totalling £1,058,000 in 2020/21, £1,092,000 in 2021/22 and £306,000 in 2022/23 which have been built into the partner councils' MTFS.

In addition to this as part of their work to close their future year budget gaps, Newham and Havering councils have outlined aspirations to build in a further £3.8m and £200k respectively into their oneSource shared budgets.

RECOMMENDATIONS

The Joint Committee is asked to: -

- Consider the size of the savings due from oneSource shared budgets between 2019/20 – 2022/23;
- Note the plans for delivery of savings;
- Consider the split of the savings between authorities and the impact that this could have on the partner boroughs.

REPORT DETAIL

oneSource 2019/20 Shared Savings

The total 2019/20 oneSource shared saving is £943,000 which is split between the authorities as outlined in Table 1.

Table 1: Shared 2019/20 savings per authority:

19/20 Savings	Havering	Newham	Bexley	Total
oneSource Reduction in oneSource support	- 100,000	- 150,000		- 250,000
oneSource Investment in ICT and automations	- 100,000	- 212,000		- 312,000
oneSource General Efficiency	- 125,000	- 125,000		- 250,000
Sale of oneSource services	- 64,000			
Enforcement Income	- 67,000			
TOTAL	- 456,000	- 487,000	-	- 943,000
%	48%	52%	0%	

oneSource plans to deliver the 2019/20 savings on an ongoing basis, in full, in this financial year via the following actions:

- £200k business improvement restructure;
- £200k enforcement income;
- £200k savings within ICT;
- £143k review of budgets/ZBB exercise;
- £100k release of prior years savings;
- £50k funding swap re training budgets;
- £50k court fee income

It should be noted that none of the planned actions impact on areas to which Bexley contribute budget/receive services (other than enforcement which is shared based on caseload percentages) therefore Bexley will not experience a reduction in service provision as a result of oneSource delivering the 19/20 savings on behalf of Havering and Newham. The impact of future years savings could result in savings to Bexley dependent on where the savings are coming from.

oneSource Existing Future Years Shared Savings

The oneSource savings for future years total £2,456,000 between 2020/21 – 2022/23. These have been built into each authority's respective MTFS.

Table 2: Future years' savings by item

Existing Future Years Savings	2020/21	2021/22	2022/23	Total
oneSource Reduction in oneSource support	- 200,000	- 198,000	- 48,000	- 446,000
oneSource Investment in ICT and automations	- 300,000	- 388,000	-	- 688,000
oneSource include more services into model	- 200,000	- 200,000	-	- 400,000
oneSource General Efficiency	- 250,000	-	-	- 250,000
<i>Sale of oneSource services</i>	- 64,000	- 279,000	- 214,000	- 557,000
<i>Enforcement Income</i>	- 44,000	- 27,000	- 44,000	- 115,000
TOTAL	- 1,058,000	- 1,092,000	- 306,000	- 2,456,000

Table 3: Future years' savings by authority

Year	Havering	Newham	Bexley	Total
2020/21	- 583,000	- 475,000		- 1,058,000
2021/22	- 756,000	- 336,000		- 1,092,000
2022/23	- 306,000			- 306,000
TOTAL	- 1,645,000	- 811,000	-	- 2,456,000
%	67%	33%	0%	

Being further into the future, the plans for delivering the savings outlined above are not as fully developed as those for 2019/20, however, several work streams are being followed up with a view to realising the savings as per their profiled years. These work streams include:

Saving	Description
Integration of existing teams and addition of other services	Potential for closer integration of existing teams within oneSource, and explore appetite for bringing additional services into oneSource to deliver savings from management duplication and efficiency.
Strategic Corporate Commissioning	Scope for reviewing council wide spend across; legal services, advertising/recruitment, Finance, Asset Management to ensure council is providing services in house where possible and off frameworks at cheapest/most appropriate level where outsourced.
Demand Management	Improving client performance – ‘Right First Time’ – training the wider council to complete all of their responsibilities fully and correctly to minimise demand on back office support function through awareness raising and general and/or bespoke training.
oneSource review	Refresh of the original oneSource business case to ensure the organisation is aligned with its partner authorities’ aims and objectives.
Integrated Workflow	Integration of workflow between Legal, Finance, Property, HR etc to ensure work is not duplicated, work is done at the most appropriate level and an improved customer experience.

oneSource additional Future years Shared Savings

As part of their work to close future years’ budget gaps, Havering and Newham have all outlined potential future years savings figures for oneSource shared budgets.

- As part of their ‘opportunities’ theme board Havering has earmarked a further £200k of enforcement income from oneSource shared in 2020/21;
- As part of their July cabinet report Newham has indicated oneSource shared budgets will be asked to deliver £2.1m in 2020/21, £1m in 2021/22 and £0.7m in £2022/23 totalling £3.8m over the three year period;

If the future savings are deducted from the existing £31.8m budget it would leave a budget of £25.3m. However, as noted, there are some inequities around the application of savings across boroughs. Historically, 2014/15 – 2018/19 business case, savings have been applied to the oneSource shared budgets broadly in line with the proportion of budget contributed by each authority under the assumption that the service delivered to each authority would also be broadly in line with those percentages.

The latest round of savings appear to be deviating from that original premise and so consideration needs to be given to bringing the savings back in line with contributions by:

- grossing up the savings across authorities where required which would result in total future years savings in the region of £10m i.e nearly a third of the existing budget; and/or if this results in savings in excess of the appetite for any of the partner authorities
- seeking a new approach whereby oneSource looks to depart from providing services to each authority in line with those initial percentages.

oneSource recognises the level of savings required by each of its partner authorities over the next few years in order to bridge their respective budget gaps, however, it is equally aware of the central role back office services play in supporting services to deliver these savings.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial risks or implications inherent within the consideration of savings which is the purpose of this report, however, risks might materialise as and when the savings are implemented.

With regards to the savings illustrated in this paper these are at a formative stage for later years especially where dependent on delivery of other projects such as oracle.

Significant savings are likely to impact on the level and range of services delivered and this needs to be agreed by the partner Councils.

There could be aspects of the partner Boroughs Transformation and Change Programmes that require oneSource to play a key role in their delivery. This support and capacity will be particularly critical in key areas such as ICT, Finance, HR, Procurement and Property where their input is necessary to realise efficiency across the whole Council/s and underpin key community and place facing strategies such as regeneration. oneSource needs to have the capacity to deliver change for the Council as a whole especially in strategic finance & HR, ICT etc.

Savings based on sharing are dependent on partner council agreement.

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