
ONESOURCE JOINT COMMITTEE

7 February 2020

Subject heading:

oneSource finance forecast –
period 9

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Financial summary:

oneSource shared is currently
projecting an overspend of £0.793m
for 19/20

oneSource non-shared areas are
currently projecting underspends of
(£0.287) for Havering and (£0.114)
for Bexley and an overspend of
£1.871m for Newham

SUMMARY

The overall oneSource shared outturn position shows an overspend of £0.793m. This is projected to be split between the three authorities as part of the year-end cost share calculation as follows; £0.433m Newham, Havering £0.239m and £0.121m Bexley.

The oneSource non-shared budgets are forecasting overspends of £1.871m for Newham and underspends of (£0.287m) for Havering and (£0.114m) for Bexley.

Management action is underway to attempt to reduce the forecasted overspends within Newham non-shared and oneSource shared by year-end.

RECOMMENDATIONS

The Joint Committee is asked to: -

- note the oneSource forecast outturn position as at December 2019

REPORT DETAIL

This report provides Members of the Joint Committee with the forecast outturn position of both the oneSource shared budgets (Appendix A) and the non shared budgets that oneSource manages on behalf of the individual partners (Appendices B, C and D).

Shared

The current shared overspend is £0.793m. This is projected to be split between the three authorities as part of the year-end cost share calculations as follows; £0.433 Newham, £0.239m Havering and £0.121m Bexley.

Newham's share of the projected overspend, £0.433, relates to an outstanding zero based budgeting exercise and apprentice levy funding swap, £0.087m, interim costs within Legal Services, £0.057m, demand exceeding establishment within Human Resources, £0.140m and shortfalls of income against recharge income target within property services in relation to the HRA, £0.087m. Furthermore, due to a reduction of approx. £0.400m in income as compared to last year owing to software issues within the Newham Parking service, there is a shortfall against income target relating to enforcement services of £0.099m, this is offset by (£0.045m) of staffing underspends within transactional services.

Havering's share of the projected overspend, £0.239m, also relates to an outstanding zero based budgeting exercise and apprentice levy funding swap, £0.084m, as well as the aforementioned issues within Human Resources, £0.072m and Legal, £0.034. In addition to this, a reduction in the number of disposals has resulted in a pressure concerning capitalisation recharge income targets within Asset Management of £0.047m.

Bexley's share of the projected overspend, £0.121m relates in the main to a shortfall of income against target relating to enforcement services, £0.077m. The cost share income in this area is based on caseloads and early indications suggest that there are insufficient numbers of cases being passed to oneSource's enforcement team in order to meet the Bexley income target. The remaining £0.044m of the projected overspend relates to a number of smaller variances across several areas.

Newham non-shared

Newham non-shared is forecasting an overspend of £1.871m, the majority of which, £1.6m, is within Asset Management. The pressure within Asset Management is largely within commercial property services and is comprised of an in-year allocation out of previous centrally held fees and charges savings target, £0.200m, a reduction in the amount of one-off income as compared to

prior years, £0.200m, a shortfall of £0.400m against an £0.800m increase in income targets as part of 19/20 budget setting and a £0.200m increase in voids. Furthermore, there is a pressure relating to the 'Staircase Ruling' at Dockside which has resulted in an increase in business rates of £0.520m. Smaller overspends are reported in HR due to salary overspends within the Trade Union cost centre, £0.072m as well as Finance due to inadequate funding for the pension deficit caused by externalised small businesses, £0.077m. Lastly, Democratic services are forecasting an overspend of £0.103m which is largely due to a proportion of European election costs not being funded by central government.

Havering non-shared

Havering non-shared is forecasting an underspend of (£0.287m). This is made up of an underspend within Asset Management of (£0.578m) due to one-off commercial property income in relation to a recent investment and an underspend of (£0.196m) within exchequer services relating to Housing Benefit Subsidy where the budget provided to mitigate against the anticipated adverse impact of Universal Credit on housing benefit overpayment recoveries has not been required due to the slower than expected roll out of the scheme. Offsetting these underspends are pressures on income due to the loss of a number of transport routes, £0.158m and an unmet savings target within ICT relating to borough wide wifi, £0.151m as well as pressures within the Trade Union cost centre of £0.150m. The remaining £0.030m is made up of a number of smaller variances across a range of areas.

Bexley non-shared

Bexley non-shared is forecasting an underspend of (£0.114m). This is due to retained New Burdens funding of approximately (£0.120m) and an assessor vacancy of (£0.026m). Offset against this is a clawback of corporately awarded inflation growth of £0.034m.

Management Action Plans to mitigate against projected overspends

There are a number of initiatives underway aimed at bringing the forecasted overspend within shared and Newham non-shared back in line. The actions along with a quantification of their impact, and an estimate around their time-frame and risk factors is outlined below:

Directorate	Service	Action	Impact	Time-Frame	Risk Factor
Shared	Exchequer	Exchequer services are in close contact with colleagues in parking regarding the resolution of the software issue which is causing the number of cases being passed to enforcement services to	£400k	If the software issue is resolved in 19/20 the backlog of cases could be progressed immediately.	The resolution of the software issue resides with the provider.

		have reduced in 19/20.			
Shared	Human Resources	Service redesign and development of recruitment team.	£300k	HR have approached Havering and Newham with plans for £20/21 which have resulted in £300k being built into HR's 20/21 budget. There won't be any impact in 19/20.	N/A
Shared	Legal Services and Finance	Recruitment drive.	£200k	Both Legal and Finance are in the process of progressing recruitment campaigns with the aim of releasing costly agency staff – although some benefit might be experienced in 19/20 it is likely the bulk will be in 20/21.	There is always a risk that suitable candidates don't apply, however, the campaigns are being constructed in such a way as to ensure the broadest possible reach.
Newham Non-shared	Asset Management	Reprioritisation of Corporate Landlord spend.	£400k	Spend to date is £700k against a budget of £1.8m. The current forecast assumes a year end spend of £1.3m, however, the reprioritisation of works in 19/20 could bring this down further to £0.9m.	The benefit of reducing the projected overspend would have to be offset against any longer-term costs this might incur from deferring repair works.
Newham Non-shared	Asset Management	Application to the VOA re 'Staircase Ruling'	£3m one-off £500k ongoing	Property Services have instructed agents to apply to the VOA for a reassessment of Dockside's business rate liability in light of the recent overturning of the 'Staircase Ruling'.	VOA might not rule in favour of over-turning.
Newham Non-shared	Asset Management	Rent Reviews and Lease Renewals	£180k	Based on a recurring rent roll income of £6m an average of a 3% increase would equate to an additional 180k in	Actual rent review and lease renewal increases will depend on local market

				20/21.	conditions.
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Legal implications and risks:

There are no immediate legal implications arising from this report.

Financial Implications and risks:

The financial position of oneSource shared has a direct bearing on the financial position of Havering, Bexley and Newham Councils with any variances being shared as set out in the Joint Committee agreement.

The financial positions of non-shared services affect the relevant Council only.

The budget, spend and forecast figures included within Appendix A, B, C and D include controllable budgets only as controllable spend reflects the expenditure and income which services managers directly influence through the delivery of their services and financial management activity.

The non-controllable elements, which have been excluded, largely relate to corporate activity and technical accounting adjustments eg depreciation etc. No significant variances should occur at year-end in relation to these budgets as the expenditure incurred is matched by any necessary budget adjustments. These adjustments are largely notional and do not affect each council's individual financial position.

HR Implications and risks:

There are no immediate HR implications arising from this report.

Background Papers

None