



Overview & Scrutiny Board 21 July 2020

Subject Heading:

**Remodelling of oneSource Services:
New arrangements for the Finance
function for Havering**

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BACKGROUND

This paper provides members with an update on the future of the Finance service provision to LB Havering following the decision taken at the 26th June 2020 oneSource Joint Committee meeting to vary the current Agreement.

The oneSource Joint Committee, at its meeting on the 26th June 2020, agreed to the request of LB Newham and LB Bexley to make the following changes to the shared arrangement:-

- Bexley to withdraw all services from oneSource.
- Newham to withdraw from all Finance Services except for the Finance services provided currently by the Transactional Team, Treasury and Pensions and the Oracle Systems Support Team (the latter initially for one year only).

The oneSource Joint Committee's decisions was to agree to the amendments to the delegation of services to the oneSource Joint Committee by mutual agreement of the three boroughs and to the changes in the terms on which the oneSource Agreement is varied.

These changes will create additional costs for Havering which will lose some of the economies of scale that have been achieved by sharing services. Under the Partnership Agreement between the three boroughs, the two boroughs requesting

the withdrawal of services must compensate Havering for the additional costs this change creates.

The oneSource Joint Committee decision is dependent on the equivalent individual decisions in each borough to withdraw those delegations and agree the other terms of the agreement so is conditional on these decisions being in place.

Services provided by oneSource are delegated from the three partner boroughs to the oneSource Joint Committee. The oneSource Joint Committee has then agreed a Scheme of Delegation for the delivery of those services by officers, under the management of the Executive Director, oneSource.

There is a need for LB Havering to approve the oneSource Joint Committee decision to the remodelling of oneSource services and related matters. This will take place through a report to Havering Cabinet on the 5th August 2020.

FUTURE SERVICE PROVISION AND IMPACT ON LB HAVERING

In light of the decision made by the oneSource Joint Committee there is a need to review the finance service for LB Havering.

Under the terms of the oneSource partnership agreement, actions by one partner that leads to another partner incurring costs requires that partner to be compensated. The decision by LB Bexley to withdraw from the oneSource partnership and LB Newham to vary the terms under which it accesses the partnership will lead to additional cost being incurred by LB Havering. As such the Council is entitled to be compensated for the additional costs to be incurred for a period of time, agreed to be 30 months.

Compensation payments to LB Havering are based on the continuing need for senior and strategic financial management for the oneSource partnership, the impact on exchequer services, and specifically the need to ensure the quality of professional accountancy services to LB Havering. The annual level of compensation payments required to ensure the continuance of an effective professional accountancy service to LB Havering, Exchequer Services and to support one Source is £346,399 p.a. as set out below:

	Compensation Payments
New Replacement Posts	£90,600
oneSource support	£66,816
Bi-borough Arrangements	£94,564
Sovereign Posts	£94,418
Total annual compensation	£346,399

Impact on LB Havering Service Provision

A dedicated finance service will be established for the LB Havering with a number of additional posts created. This will ensure that there is no diminution in the service following the withdrawal of LB Bexley and LB Newham financial services from the oneSource shared arrangement. Whilst some restructuring and compensation paid by both LB Bexley and LB Newham to LB Havering will address any additional costs incurred by LB Havering to establish a revised Finance service – this compensation is limited to 30 months after which LB Havering will need to absorb the cost or find new savings.

Some bi-borough arrangements will exist in relation to specialist services in the areas of Audit and Insurance; and Pensions and Treasury Management and will be subject to bespoke arrangements – the details of which are currently under discussion.

RECOMMENDATIONS

The Board is requested to note this report and provide comments.

IMPLICATIONS AND RISKS

Financial implications and risks: As detailed in the body of the report.

Legal implications and risk: As detailed in the body of the report.

Human Resources implications and risks: None of this covering report.

Equalities implications and risks: None of this covering report.