



CABINET

Subject Heading:

**Remodelling of oneSource Services:
New arrangements for the Finance
function across Havering, Newham and
Bexley**

Cabinet Member:

Cllr Ramsey

SLT Lead:

Jane West

Report Author and contact details:

**Simon Pollock, Executive Director
oneSource,
simon.pollock@oneSource.co.uk**

Policy context:

Financial summary:

The financial implications of the decision are detailed in Appendix 1 in the exempt part of this report.

Is this a Key Decision?

***This is a key decision on the grounds:
(a) Expenditure or saving (including
anticipated income) of £500,000 or more***

When should this matter be reviewed?

Reviewing OSC:

**The subject matter of this report deals with the following Council
Objectives**

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

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Place an X in the [] as appropriate

Confidential Appendix This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

It is in the exempt part of the agenda because it refers to:

Information relating to the financial or business affairs of the Council and its partner councils.

and, in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

SUMMARY

This report seeks Cabinet's approval for the remodelling of oneSource services and related matters. The recommendations arise from a provisional agreement between Havering, Newham and Bexley Councils reached by the oneSource Joint Committee on 26th June 2020, which now requires the formal agreement of each Council to be implemented.

In the lead up to the Joint Committee meeting, detailed discussions and meetings took place with the partner boroughs a number of which were formal meetings comprising the political leadership of the partner boroughs.

All due diligence has been applied to the process and assessing the impact of this decision.

RECOMMENDATIONS

1. Subject to 2 below and for the reasons set out in this report and its appendices, Cabinet, is recommended to agree the variation of the oneSource agreement between the Council and the London Boroughs of Newham and Bexley on the following terms:
 - a. London Borough of Bexley's full withdrawal from oneSource from 31st July 2020, waiving the requirement to give 15 months' notice;
 - b. London Borough of Newham's withdrawal of its delegation to the oneSource Joint Committee of all Finance Services provided by oneSource 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);

- c. The financial compensation payable by the exiting boroughs to Havering as detailed in Table 1 of the oneSource report considered at oneSource Joint Committee on 26 June 2020 (see Appendix 1);
 - d. To vary the oneSource Agreement generally and the remodelling of oneSource services specifically to the extent that the affected services and the relevant delegations are executive functions of the Council;
 - e. To the London Borough of Bexley's withdrawal from the membership of the oneSource Joint committee with effect from 31 July 2020;
- 2. Cabinet is recommended to agree that the decisions in 1 above are subject to the approval by Bexley and Newham of all of the terms of the agreement reached at the oneSource Joint Committee on 26 June 2020 and the formation of a contract between the three boroughs to give effect to the agreement.
 - 3. Cabinet is recommended to delegate the implementation of the agreement reached at the oneSource Joint Committee on 26 June 2020 to the Executive Director of oneSource;
 - 4. Cabinet is asked to note that the other Councils may continue to share some of the proposed withdrawn services for a transitional period beyond 31 July 2020 whilst permanent arrangements are put in place within the sovereign boroughs.

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| REPORT DETAIL |
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The Council is aware that the 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.

All Finance services had been delegated by all three Councils and are operated as an integrated service, with only the section 151 officer function retained by the boroughs. It was always the intention that the delegation of functions to oneSource would be dynamic and change over time. This was one of the advantages of the Joint Committee structure.

Detailed discussions have taken place between the partner boroughs regarding the remodelling of the services that sit within the oneSource model. Following these discussions and diligent assessment of the impact of any changes a report was produced for the oneSource Joint Committee for consideration.

Finance and Transactional Services

All three authorities have recently reviewed the services delegated to oneSource and in addition oneSource has conducted its own review. As a result of these reviews a number of changes have been proposed and agreed in principle by all parties.

A report (attached at Appendix 1) was considered by the OneSource Joint Committee on the 26th June 2020

The report proposed that oneSource returns the delivery of Newham finance functions (except the Transactional Team, the Oracle Systems Support Team plus the Treasury and Pensions Team) back to the Council under the s.151 officer and that all services in Bexley should also return to the sovereign borough.

The oneSource Joint Committee agreed to the LB Newham and LB Bexley requests to make the following changes to the shared arrangement:-

- Bexley wish to withdraw all delegated services from oneSource
- Newham wish 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).

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 agreed the following:

- To agree Bexley's full withdrawal from oneSource from 31st July 2020, waiving the requirement to give 15 months notice.
- To agree Newham's withdrawal 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).
- To agree the financial compensation payable by the exiting boroughs.
- To vary the terms of the oneSource agreement to withdraw the Bexley's membership of the oneSource Joint committee with effect from 31st July 2020
- To agree a joint press release.

In line with the delegation arrangements in place in each borough the decisions of the oneSource Joint Committee are subject to approval by each and all of the authorities in respect of the delegation of powers to the Joint Committee and the other terms of the agreement. The recommendations set out in this report deal with the matters that Cabinet is requested to agree and note.

Members of the oneSource Joint Committee noted that if ratified further work needs to be undertaken to complete these changes to the partnership and

therefore agreed that officers continue this work in the spirit of any agreement reached by the oneSource Joint committee and Cabinet. To this end officers from the three boroughs will work together to implement any ratified changes with a view to achieving an implementation date of the end of July 2020.

REASONS AND OPTIONS

Reasons for the decision:

The Joint Committee arrangement is backed by an agreement under section 101 of the Local Authority Act 1972 between the three authorities, the oneSource Joint Agreement. This agreement provides for the variation of the agreement, which may include the addition or withdrawal of services. The agreement provides for the agreement of compensatory payments arising from any variation of the agreement.

Other options considered:

The proposals followed a long period of negotiation. The oneSource agreement between the Councils set out the process for the variation and withdrawal from oneSource to be followed in the event mutual agreement was not reached.

IMPLICATIONS AND RISKS

Financial implications and risks:

The financial implications are set out in Appendix 1 of this report.

Legal implications and risks:

This report seeks the Cabinet's approval to an agreement between the Council and its oneSource partner authorities, Newham and Bexley, to vary the services provided on a shared basis and the contractual agreement between the councils to undertake sharing.

The three Councils entered into a contractual agreement in April 2016 to share services (varied in March 2018) including terms for its variation and withdrawal

from oneSource. The proposals in this report seek to vary the oneSource agreement by mutual agreement of the three boroughs and thereby waive the contractual provisions on variation and withdrawal.

The Council has various powers to enter into the variation and to continue the shared services agreement with Newham (including but not limited to s.1 of the Localism Act 2011, section 9EB of the Local Government Act 2000 (as amended) and section 101(5) of the Local Government Act 1972). The terms of the agreement are reasonable and it is noted that (a) the agreement is dependent on approval by all three boroughs and (b) will be subject to a contractual agreement between the boroughs.

The oneSource Joint Agreement will require variation to provide for the withdrawal of Bexley and the variation of services for Newham. This may include some transitional provision of shared services and the Councils may use their powers under s.113 of the LGA 1972 to second staff to deliver functions for each other or reach a similar agreement under s.1 of the Localism Act 2011.

It is noted that if the agreement is not reached, the terms of the oneSource Agreement remain in force, including the terms with regard to variation and withdrawal from the agreement.

Human Resources implications and risks:

A number of organisational changes will need to be made to staffing structures. The necessary corporate HR policies and procedures will be followed when implementing these changes. A number of staff will move back to their employer borough by way of a 'lift and shift' arrangement, and some staff will be subject to TUPE arrangements.

Equalities implications and risks:

As any impact will be on staff, and HR procedures will be followed the view is that any equality implications will be neutral.

Health and Wellbeing implications and Risks

None

BACKGROUND PAPERS