

**ONESOURCE JOINT  
COMMITTEE**

**30 April 2021**

**Subject heading:**

**one source Draft 2020/2021 Outturn Report**

**Report author and contact details:**

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**Financial summary:**

The draft 2020/21 outturn for one source services is £13.073m against a net credit budget (allowing for recharges) of - £1.735m. This is an adverse variance of £14.807m.

**SUMMARY**

The impact of the pandemic on all Local Government services has been acute and one source is no exception. The social and economic conditions that existed throughout 2020/21 impacted on the services' ability to maintain core functions. In addition, elements of the service contributed to the work done by both councils in leading their communities' response both to the pandemic and to the recovery programmes being developed.

As such the focus on essential service delivery and the loss of income relating to Covid had a negative impact on the services' financial position. The draft 2020/21 outturn for one source services is £13.073m against a net credit budget (allowing for recharges) of - £1.735m. This is an adverse variance of £14.807m.

A summary of one source's draft outturn position is set out in the following table:

**One Source - Summary Position - Period 11 (end of February)**

Description	Period 11 (end of January)		
	Budget (£000)	Forecast (£000)	Variance (£000)
Newham Non-Shared	-8,567	-2,387	6,180
Havering Non-Shared	-1,065	3,326	4,391
Shared	7,898	12,134	4,236
<b>Total One Source</b>	<b>-1,735</b>	<b>13,073</b>	<b>14,807</b>

Whilst this is the reported position as at the end of February, it is unlikely that there has been any significant movement since then. The final outturn and confirmation of the cost share arrangement will be reported to the next meeting of the Joint Committee.

The variance has been classified in to three distinct areas: direct impact of the Covid pandemic on source services; delays in the implementation of agreed savings for 2020/21; and variances classified as Business as Usual in terms of general pressures on service delivery. The following table sets out a summary of how the variances have been classified and these are set out in the Report Detail section. In total £7m relates directly to Covid-related issues and a further £3m of savings were not achieved either because they related to income growth compromised by Covid, or the work required to deliver savings was not possible.

Budget	Period 11 Forecast Overspend (£000)				
	BAU	Covid Spend	Covid Income Loss	Savings Unachieved	Total
Newham Non-Shared	2,532	284	1,500	1,864	6,180
Havering Non-Shared	453	637	2,661	640	4,391
Shared	1,584	320	1,622	710	4,236
<b>Total</b>	<b>4,569</b>	<b>1,241</b>	<b>5,783</b>	<b>3,214</b>	<b>14,807</b>

## RECOMMENDATIONS

The Joint Committee is asked to note the adverse variance for 2020/21, the potential impact on 2021/22, the processes put in place to monitor financial performance and delivery of savings, and the actions taken by the one source management team.

## REPORT DETAIL

### 1. Overview and Significant Variances

- 1.1. The impact of the pandemic on all Local Government services has been acute and one source is no exception. The social and economic conditions that existed throughout 2020/21 impacted on the services' ability to maintain core functions. In addition, elements of the service contributed to the work done by both councils in leading their communities' response both to the pandemic and to the recovery programmes being developed. The overall variance was £14.807
- 1.2. The variance has been classified in to three distinct areas: direct impact of the Covid pandemic on source services; delays in the implementation of agreed savings for 2020/21; and variances classified as Business as Usual in terms of general pressures on service delivery. The following table sets out a summary of how the variances have been classified.

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1.3. The most significant Covid related issue was lost income. This related in part to the reduction in expected income to be collected from Council's property portfolio and also loss of enforcement fee income. The following table sets out the main areas of lost income due to Covid.

<b>Covid-related Income Pressures</b>	<b>5,783</b>
Commercial rents (increase to BDP)	1,800
Transport charges	1,227
Enforcement	1,127
Court fees	760
Printing recharges	366
Romford Market	205
MFD recharges	170
Legal fees (Property & Regeneration)	128

1.4. Whilst BAU was the next most significant contributing factor for the adverse variance totalling £4.569 these are the result of a number of issues which are best reviewed at the Service Level Outturn in paragraph 3.

1.5. Additional expenditure related to Covid accounts for £1.241m of the overspending on Health & Safety costs, in the main. The extent to which these will continue to be a pressure in 2021/22 will need to be reviewed.

<b>Covid-related Expenditure Pressures</b>	<b>1,241</b>
Health and Safety social distancing costs - hand sanitisers and protective screens for libraries, children's centres and other council buildings	661
Additional software licences	319
Additional printing & postage (GLA elections)	147
Transport costs (delivering food & PPE)	114

1.6. Unachieved Savings expected to be delivered in 2020/21 of £3.214m are set out below. The one source management team will be putting in place measures to ensure that the implementation of these proposals are monitored throughout 2021/22 and the financial implications will be reported on a monthly basis within the councils' monitoring arrangements.

<b>Unachieved Savings</b>		<b>3,214</b>
Procurement	£1.123m procurement savings shortfall	1300
Asset Management	vacate library and riverside chambers and let commercially	455
Exchequer Services	Enforcement savings not achieved	400
Finance	Centrally held One Source savings	227
ICT Services	Various	548
Legal & Governance	Various	219
Procurement	Miscellaneous	65

## 2. Implications for 2021/22

2.1. Whilst national lockdown will continue to ease and the social and economic freedoms increase, there will be ongoing pressures on one source services and budgets.

2.2. It is probable that one source spending pressure pertaining to Covid are likely to reduce over the coming months, the impact on income is likely to be sustained for a period of time, probably beyond 2021/22.

2.3. As things normalise it does mean that the one source management team need to make sure that there is sufficient attention focussed on addressing ongoing budget pressures. These include the Business as Usual pressures that accounted for £4.569m of overspend in 2020/21 and implementing savings.

2.4. In addition to the savings that were not achieved in 2020/21 of £3.214m there is a further £3.875m of savings to be delivered for 2021/22.

<b>2021-22 Budget</b>	<b>Havering £000</b>	<b>Newham £000</b>	<b>Total £000</b>
Non-Shared	-1,626		-1,626
Shared	-1,546	-703	-2,249
	<b>-3,172</b>	<b>-703</b>	<b>-3,875</b>

## 3. Service Level Outturn

3.1. The Draft 2020/21 outturn at a service level is set out in the tables below:

<b>Newham Non-Shared Description</b>	<b>Period 11 (end of February)</b>		
	<b>Budget (£000)</b>	<b>Forecast (£000)</b>	<b>Variance (£000)</b>
Finance	-1,416	1,114	<b>2,530</b>
Human Resources	888	870	<b>-18</b>
Legal & Democratic	643	714	<b>72</b>
Asset Management	-8,498	-5,237	<b>3,261</b>
LBN Transactional Services	16	58	<b>42</b>
ICT Services	-200	93	<b>293</b>
<b>Total</b>	<b>-8,567</b>	<b>-2,387</b>	<b>6,180</b>

<b>Havering Non-Shared</b>			
<b>Description</b>	<b>Budget (£000)</b>	<b>Forecast (£000)</b>	<b>Variance (£000)</b>
Business Services	2	0	-2
Legal & Democratic Svs	2,474	2,526	53
ICT Services	37	389	351
Technical and Transport Services	572	2,081	1,508
Asset Management	-3,048	-1,490	1,558
Strategic HR & OD	-175	-54	121
Exchequer Services	-1,004	-566	438
oS non Shared Finance	77	441	364
<b>Total</b>	<b>-1,065</b>	<b>3,326</b>	<b>4,391</b>

<b>Shared</b>			
<b>Description</b>	<b>Budget (£000)</b>	<b>Forecast (£000)</b>	<b>Variance (£000)</b>
Procurement	-215	762	977
oS Strategic & Operational HR	296	268	-28
oS Asset Management Services	1,604	1,464	-140
oS ICT Services	-473	454	927
oS Legal & Governance	413	558	145
oS Exchequer & Transactional Services	1,932	3,399	1,467
oS Business Services	474	653	179
Finance	3,867	4,823	956
SFC Compensation		-247	-247
<b>Total One Source - Shared</b>	<b>7,898</b>	<b>12,134</b>	<b>4,236</b>

<b>Total One Source - Overall</b>	<b>-1,735</b>	<b>13,073</b>	<b>14,807</b>
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#### **Legal implications and risks:**

There are no immediate legal implications arising from this report.

#### **Human Resources implications and risks:**

There are no immediate HR implications arising from this report.

#### **Equalities implications and risks:**

There are no equalities implications arising from this report.

**BACKGROUND PAPERS**

None