

Overview & Scrutiny Board

27th September 2023

REPORT

Subject Heading:

One source returning services - position statement

SLT Lead:

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Policy context:

This report provides an update on the return of a number of services within one source shared services, to sovereign borough control of Havering.

Financial summary:

There is no significant financial impact from the processes as these requirements are being met by existing budgets.

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

People - Things that matter for residents

Place - A great place to live, work and enjoy X

Resources - A well run Council that delivers for People and Place X

SUMMARY

On 12th April 2023, Cabinet approved the return of a number of one source shared services to borough control. The report provides the Board with a position statement on progress. to date A separate report will be presented to the Board on IT, and is therefore not included in this report.

RECOMMENDATION

That the Board notes the contents of this report, and makes any recommendations it considers appropriate.

REPORT DETAIL

1. Background

- 1.1 One Source was established in 2014 by way of a Joint Committee and Delegation Agreement (the "Agreement") as a joint arrangement between The London Borough of Newham and The London Borough of Havering to provide most of the back office support functions that the councils depend on to deliver services, including Exchequer & Transactional, Finance, Asset Management, Legal, HR & OD, Procurement, and ICT.
- 1.2 It was always the intention that the delegation of functions to One Source would be dynamic and change over time, and over the last eight years there have been several service changes to the delegated functions. For example, Audit and Strategic Property returned to Newham in 2020. The arrangement delivered considerable savings on inception and was considered a relatively ground-breaking innovation at the time.
- 1.3 The future of One Source was considered by both councils, culminating in proposals and recommendations approved by Newham Cabinet on 4th April, and Havering Cabinet on 12th April 2023.

<p>1. <u>Withdraw</u> delegation from One Source of the following shared services:</p> <ul style="list-style-type: none"> • Human Resources and Organisational Development (HROD) • Procurement • ICT • Asset Management • Finance: Pensions Accountancy and Treasury, Reconciliations 	<p>2. <u>Retain</u> existing delegations to those functions that remain within One Source, namely:</p> <ul style="list-style-type: none"> • Legal and Governance • Exchequer and Transactional • Corporate Business Systems Team • Print Services
<p>3. <u>Authorise</u> the Corporate Director of Resources (Newham) S151 Officer (Havering), in consultation with the Chief Executives, to make all necessary arrangements to give effect to 1 & 2 above.</p>	<p>4. <u>Waive</u> the right to any compensatory payments</p>

- 1.4 The arrangements to implement the withdrawal and retention of services in 1.3 include but are not limited to:
 - a. Implementing the HR and other operational processes to implement the recommendations.
 - b. Agreeing the dates for the withdrawal of those services listed.
 - c. Agreeing, amending and finalising any variation or variations to the Agreement and the delegations contained therein as necessary to give effect to the recommendations, and thereafter to sign and complete any variation on behalf of Havering.
 - d. Making arrangements to receive staff into Havering as a result of the amendments to the Agreement.

- e. Making arrangements to allow Havering to share some of the proposed withdrawn services for a transitional period beyond the agreed date of implementation whilst permanent arrangements are put in place within Havering.
- f. Making arrangements to provide a support service to the retained One Source services.
- g. To prepare and / or receive and thereafter agree and set the investment case for the ICT function.

2. Implementation progress

- 2.1 Delivery has been underway since April, mapping and implementing the return of services to boroughs, and the work required for the remaining services within one source. The overall programme plan is being monitored via an officer Programme Board, attended by senior officers from each Council and by the oneSource Directors. Progress is reported to both councils internally as requested, and to Joint Committee. See Appendix 1 for current roadmap.
- 2.2 Underpinning the return of services to each borough and the reshaping of the remaining one source services is transition and change management, including communications and engagement with staff, trade unions, and each borough.

3. Return of services to boroughs

- 3.1 Employees will return to their employing borough and within the revised and signed off organisation structure that is implemented after due consultation and application of the organisational change policies for each council. Should future further changes be necessary these will be made with the required consultation and change process and policy applied. All the usual HR processes are being applied, including consultation with Trade Unions, and with staff (45 days).
- 3.2 Almost all of the services which the two councils agreed to remove from the oneSource arrangement will have returned to each borough by December 2023. Formal consultation for services commenced from April, and most have completed the formal staff consultation and selection processes required to effect the practical change. The exceptions are the small reconciliations team, where some necessary software upgrades are being applied first, and the ICT function, which is on a longer time-frame.
- 3.3 Given the nature of shared IT infrastructure, ICT is being managed as a separate programme, and is operating to a different timeline. ICT internal restructure consultation launches in November 2023, with indicative go live date of March 2024. This includes Print Services and Information Assurance. The IT modernisation and split programme will be reported on to this Board at a future date.
- 3.4 Property returned to borough 4th September, and HROD will return 2nd October 2023.

Service	Consultation launch	Consultation close	Return to borough
Property	28 th April	9 th June	4 th September
HROD	24 th April	19 th June	2 nd October

- 3.5 Capital Development and Corporate Estate, Pensions and Treasury, and Procurement have completed staff consultation, and are due to return to the individual boroughs between November and December.

Service	Consultation launch	Consultation close	Return to borough
Capital Delivery and Corporate Estate	10 th July	29 th August	Late October
Pensions and Treasury	12 th July	15 th September	Early November
Procurement	19 th July	4 th September	Early December

- 3.5 All services returning to Havering will be located within 'Place' and 'Resources' Directorates. All Havering non-shared services will be assimilated into the new Havering structure, and is being managed as part of the Havering Operating Model Programme. The remaining one source services will report to the Resources Directorate. See Appendix 2 Havering Structure.

4. Services remaining within one source

- 4.1 The remaining one source services have confirmed their support requirements, and proposals have been developed for the future provision of a central support function appropriate to the remaining size of oneSource. The future governance arrangements are also being completed.
- 4.2 Legal Services continue to operate as normal and is undertaking a service improvement exercise. This plans to complete by December 2023, with a report measuring the success of the plan following thereafter. The progress of the plan is reported to the OneSource Programme Board on a monthly basis.

5. Next steps

- 5.1 To complete the return of shared services to each borough, and finalise the governance arrangements for one source.
- 5.2 To implement the transition plan, and communications and engagement plan, to support the return of staff and services to each borough, and for the remaining shared services.
- 5.3 To continue to engage with staff and trade unions, by service, and all-staff briefings.
- 5.4 To report back to Joint Committee on 10th November.

Financial implications and risks:

- A finance work-stream working group was established to oversee the smooth transition of services from oneSource to the sovereign boroughs and to ensure due consideration is being given to the ongoing financial arrangement for those areas remaining within the sharing partnership.
- Although some references to ICT costs are made here for contextual purposes, ICT will be reported separately to Board.
- Financial principles being worked to include (but are not limited to):

Each borough returns its share of its oneSource budget back on the date of the split to reside within which ever directorate is most appropriate	Post-split structures to be designed to be containable within existing budgetary envelope and where that was not possible budget will be transferred from the £1m provision made for this purpose as part of 23/24 budget setting (Havering only)
Actuals will be shared up to the date of split in line with agreed cost share percentages and then post-split each borough picks up 100% of its own costs.	Final cost share invoicing to take place on a service by service basis on the date they exit the sharing arrangement rather than one net invoice capturing all services.
All redundancy costs will be shared in line with the relevant cost share percentage for that area, however, pension strain costs will be born 100% by the employing authority	No compensation/penalties are being levied by one authority or the other as a result of returning services to sovereign control

Ongoing Budgetary Implications

- Havering included within its 23/24 budget a provision of £1m to meet the ongoing costs arising from the split of oneSource. The table below outlines the ongoing financial impact which will be met via budget transfer from this £1m budget:
 - £90k Asset Management;
 - £230k Procurement;
 - £300k HR;
- It is expected that the pensions and treasury and the oneSource finance business partnering restructures will be contained within the existing budget envelope, however, this cannot be confirmed until close of consultation;
- It is expected that the business services restructure will deliver a significant saving to Havering; this will be used to offset unmet prior years savings which are currently being held in this area. It's possible a residual £50k saving will remain unmet and compensating savings will be identified to redress this shortfall.
- Fusion Subject Matter Expert funding requests have arisen during the course of the year totalling approx. £70k for Havering; these will be met from the £1m allocation and will be used to improve business processes pertaining to the Fusion system.
- The financial implications pertaining to the post-split structure of transactional reconciliations are not yet known.

- The total likely call on the £1m to date is £680k with the remainder being earmarked to contribute towards the anticipated growth required within the ICT service.

One-off Costs

Delivery of the split essentially takes the form of a series of complex restructures in a relatively short space of time and therefore some additional HR, establishment/hierarchies, payroll and programme management support will be required to ensure services are returned within agreed timeframes. Where possible these costs are being managed within existing resources but there may be the need to fund a small amount from one-off funding where demand exceeds existing capacity.

Legal implications and risks:

Whilst there are no implications arising from the recommendations in this report the following sets out some of the legal background on the arrangements between the two councils.

The agreement

By way of an agreement dated 1 September 2014 (the "Agreement"), Havering and Newham established the Joint Committee under s.101(5) of the Local Government Act 1972 for the discharge of various functions via a shared service, known as OneSource.

Once the Returning Services have been returned to Newham and Havering, it is envisaged that the Agreement will be restated in its entirety so as to properly reflect the governance and management processes required to administer the Retained Services.

Clause 13 of the Agreement allows for the Agreement to be varied from time to time with the consent of the parties. It is envisaged that the Agreement will be restated in accordance with this clause.

In the meantime, the Joint Committee shall continue to apply to the Retained Services and those Returning Services until the date upon which they are formally returned to Newham and / or Havering, as notified by the s.151 officers.

The Agreement shall continue in full force and effect except as detailed in this report. Where there is any discrepancy or contradiction within the Agreement, arising for whatever reason, the s.151 officers from Newham and Havering shall jointly determine the issue. If they are unable to resolve the issue between themselves, the dispute resolution mechanism within the Agreement shall apply.

The Scheme

The Scheme shall continue in full force and effect in relation to the Retained Services and any of those Returning Services up to and until they are formally returned to Havering and / or Newham as notified by the s.151 officers.

As both Newham and Havering are currently undergoing internal constitutional reviews and given the reduced scope of OneSource with the Retained Services, it is envisaged that the Scheme shall no longer be necessary.

The variation to the Agreement as referred to above shall formally bring the Scheme to an end.

Human Resources implications and risks:

All staff within the One Source service remain employed by their "home" borough under the joint committee arrangements and there are no "One Source employed" staff.

In the majority, staff in the affected services will start to work for a single borough (where their contract states is their base) once the agreement is implemented and 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. Union engagement has already begun and will continue throughout the consultation and implementation process. Appointment procedures that applies in each council are applied. Continuous service and green book provisions that apply to contractual and employment matters are all adhered to as appropriate and applicable.

People are being supported through the organisational change with interview preparations, inductions, teambuilding and cultural change development. An Employee Assistance Programme is also available for individuals should they feel they need to avail themselves of this.

The principles for change underpinning this return of services to sovereign boroughs are as follows:

Where teams are returning to Boroughs they will return to their employing borough (stated in their contract of employment)	TU meetings continue as is including One Source and will be chaired by one of the Directors of One Source and both HRD/Head HR or delegated officers for HR will attend
No one will be forced to go to the other Borough	Each council team will provide a lead point of contact for One Source
If someone wants to move (or stay in a role they have been doing) to the other Borough they will need to apply, we will do our best to accommodate	During the period of change and transition all vacancies will be advertised internally first ahead of external recruitment
Any move to the other Borough will be done on the receiving borough's standard terms and conditions. Pay protection will not apply neither will mileage allowances	Secondments and acting up provisions will be reviewed and if change is needed notice periods will be given for change
A standard 45-day consultation period will apply	It's possible some teams will split back in phases
2017 protocol was for the creation of One Source and does not need to apply for the disbanding of teams – council policies will apply	VR applications not in scope for this change at the outset.



Havering

LONDON BOROUGH

Equalities implications and risks:

Under section 149 of the Equality Act 2010, Havering has a duty when exercising its functions to have “due regard” to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

“Due regard” is the regard that is appropriate in all the circumstances. The weight to be attached to each need is a matter for Havering. As long as Havering is properly aware of the effects and has taken them into account, the duty is discharged.

Any staffing implications are being assessed in accordance with procedure. As all One Source employees have remained as employees of their “home” borough, there is very limited impact on employment rights and any staffing changes will be carried out in accordance with HR procedures and following an assessment of the Council’s public sector equality duty. It is unlikely that there will be any significant impact on the Council’s equalities duties.

Environmental and Climate Change Implications and Risks: None of this covering report.

Background documents:

- Future of one source cabinet report 12th April 2023
- Future of one source programme update to Joint Committee 28th July 2023
- OneSource – amendment to the joint committee agreement and scheme of delegations – Joint Committee 28th July 2023

Appendix 1 – Programme Roadmap

Work-streams			JUL - SEP			OCT - DEC			JAN - MAR			
			JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
RETURNING SERVICES	1	Property			◆ Go Live 4 th Sep							
	2	Capital Delivery and Corporate Estate					◆ Go Live Early Nov					
	3	Human Res Org Dev				◆ Go Live 2 nd October						
	4	Procurement						◆ Go Live End Dec				
	5	Pensions & Treasury						◆ Go Live End Dec				
	6	Reconciliations			◆ position paper to Programme Board 18 th Sept							
	7	IT internal restructure					◆ Consultation launch Nov			◆ Go Live March '24		
REMAINING SERVICES	8	Business Systems Team			◆ Moved to IT Sep							
	9	Business Services / one source Finance BPs			◆ Consultation launch Sep			◆ Go Live Jan				
	10	Legal Improvement Plan						◆ Implemented Dec				
COMMS AND ENGAGEMENT	11	All staff briefings			◆ Staff briefing Sep		◆ Staff briefing Nov			◆ Staff briefing Feb		
	12	Endings and beginnings, Induction sessions				◆	◆	◆	◆	◆		
BOROUGH TRANSITION	13	borough engagement and briefings – pre return		→								
	14	borough engagement and briefings – post return			→							
	15	Borough service initial review – 3 months after return						→				

Appendix 2 – Havering Structure

