

ONESOURCE JOINT COMMITTEE

[] 2025

Subject heading:

**OneSource Legal Services –
disaggregation**

Report author and contact details:

**Gavin Milnthorpe, Deputy Director of Legal
and Governance.
gavin.milnthorpe@havering.gov.uk**

DEFINITIONS USED IN THIS REPORT

Agreement:	the joint committee and delegation agreement entered into by the Councils in 2014
Councils	LBH and LBN together
LBH	the council of the London Borough of Havering
LBN	the council of the London Borough of Newham
Legal Services	the legal service provided to the Councils as part of OneSource.
OneSource	the shared service arrangement between the Councils.

SUMMARY

1. OneSource was established by the Councils in September 2014 (by way of the Agreement) for the discharge of various back office and support functions via a shared service. By way of Executive decisions dated 12 April 2023 (LBH) and 4 April 2023 (LBN) both LBH and LBN approved the return of certain services into their sovereign control. Legal Services was one of the few services to be retained as a shared service.
2. However, the LBN Executive report of 4 April 2023 stated:

“Whilst a number of services are proposed to return to the Council, at this stage, it is also proposed that Legal and Governance, Exchequer and Transactional, Corporate Business Systems Team, continue to remain within OneSource as part of the shared services arrangement, though further assessments of benefits achieved will continue to be made.”
3. Subsequent to the further assessment mentioned above, LBN now wishes to reintegrate its proportion of Legal Services into its sovereign control.
4. The Chief Executive of the Councils have agreed the broad terms of the disaggregation in principle, details of which are set out in this report.
5. This report seeks the in principle approval of the Joint Committee to the disaggregation, with a recommendation to each of the Councils that the disaggregation be confirmed by the respective cabinets.

RECOMMENDATIONS

6. The Joint Committee is asked to:
 - (a) Approve the in principle disaggregation of Legal Services,
 - (b) Recommend to the Cabinet / Executive of each council that the disaggregation be approved.
 - (c) Authorise the Director of Law & Governance and the Deputy Director of Law & Governance to commence consultation with the legal services staff in respect of the disaggregation.

REPORT DETAIL

7. LBN have reached the view that their long term strategic and corporate aims would be better served by repatriating its proportion of Legal Services. The Agreement allows for unilateral withdrawal from the shared service upon payment of compensation.
8. The level of compensation has been agreed and reflects the additional anticipated costs incurred by LBH by virtue of the lack of resilience and loss of economies of scale resulting from the disaggregation. LBN has agreed to pay £416,910.46 to LBH by way of compensation, representing increased staffing costs across a period of 2.5 years.

Indicative structures

9. In broad terms, Legal Services has been funded by the Councils on a two thirds-one third basis, with LBN contributing the larger share. The relative amount of work carried out by Legal Services is roughly of the same proportion, albeit with variations as across the specialist teams. Further, each member of staff in Legal Services is employed by either LBN or LBH (rather than OneSource which does not exist as a separate legal entity for the purposes of employing staff). Again, LBN and LBH each employ around two thirds and one third of the staff respectively although this does not necessarily equate to a spread of employees across the specialisms. For example, senior childcare lawyers are employed by LBH whilst procurement lawyers are largely employed by LBN.
10. Legal Services currently has an establishment of 92.6FTE. In preparing indicative structures for the proposed disaggregation it was considered that the most accurate way of establishing workable and efficient structures would be by reference to chargeable hours undertaken by each team. The indicative structures are attached for information.
11. It is proposed to consult as against these indicative structures.

Collaboration

12. Lastly, joint committee will appreciate that any shared service is a complicated arrangement and has significant interconnectedness. It is acknowledged that true separation between the Council may take a period of time, particularly in respect of stored data, archived material and client information. The Councils have therefore entered into a collaboration agreement that ensures the Councils will continue to work together in good faith for as long as necessary to fully realise the disaggregation.

IMPLICATIONS AND RISK

Legal implications and risks:

Whilst there are a number of implications and risks flowing from the disaggregation, they are not triggered by the recommendations of this report. The implications and risks will therefore be fully considered within the Cabinet / Executive reports of each Council.

However, of particular note to the Joint Committee is that the Agreement will need to be varied to reflect the removal of Legal Services and to properly capture the arrangements for the remaining services (Exchequer & Transactional). A further paper will be brought in due course.

Of further note is that the ICT systems currently shared by the Councils will need to be separated. The Councils will seek the most efficient route to achieving the same.

Financial Implications and risks:

Whilst there are a number of implications and risks flowing from the disaggregation, they are not triggered by the recommendations of this report. The implications and risks will therefore be fully considered within the Cabinet / Executive reports of each Council.

HR Implications and risks:

Whilst there are a number of implications and risks flowing from the disaggregation, they are not triggered by the recommendations of this report. The implications and risks will therefore be fully considered within the Cabinet / Executive reports of each Council.

However, joint committee should note that the indicative structures attached to this report may be subject to change as a result of the consultation exercise with staff.

Background Papers

Cabinet reports of 12 April 2023 (LBH) and 4 April 2023 (LBN).

Appendix

Indicative structures.