London Borough of Hammersmith & Fulham

Cabinet

18 JULY 2011

LEADER	**REQUEST FOR FUNDS FOR SMARTWORKING PROJECT IN FINANCE AND CORPORATE SERVICES**	**Wards: All**

Councillor Stephen Greenhalgh

This report provides an update on Stage C of the SmartWorking programme, presents a business case and requests funds for a SmartWorking project in Finance and Corporate Services.

CONTRIBUTORS

DENV
DFCS
Programme Manager
AD H&F Direct
ADLDS

Recommendations:

1. **That progress of the programme to date be noted.**

2. **That approval be given to draw down a sum of £103,000 from the Invest to Save fund, specifically to pay for the SmartWorking FCS project, including the required IT.**

HAS A EIA BEEN COMPLETED? YES

HAS THE REPORT CONTENT BEEN RISK ASSESSED? YES

1. EXECUTIVE SUMMARY

1.1. In July 2010 Cabinet approved a sum of £2.12m for SmartWorking Stage C and £1.45m was drawn down to help deliver savings of £2.3m annually from 2012/13 through:

- Vacating Barclay House in September 2011, generating savings of £675k per annum.
- Reducing the Corporate ICT budget by £125k per annum through desk sharing (fewer desktop computers).
- Achieving a 30% increase in the utilisation of office space. This will enable the Council to exploit any opportunities across the in-scope buildings to free-up space to generate further potential income and savings equating to £679k per annum.
- Enabling departments and services to exploit flexible working arrangements to increase productivity (equating to £780k). The Programme is working with departments to agree benefits and associated targets to drive changes to ways of working and improve productivity during 2011/12.

These benefits represent cashable benefits beyond the saving of £1.35m already being realised from the vacation of Riverview House in Stage B. See Appendix A for an update on the status of programme benefit realisation.

1.2 The original plan was to implement SmartWorking in Finance and Corporate Services (FCS) and the Town Hall as the next step. However, there is currently no business case to contract office space further in the short term because:

- There are no easy opportunities to make savings through the vacating of buildings due to lease expiries.
- H&F is now at a crossroads with Tri-Borough Working, meaning there is considerable uncertainty as to future accommodation requirements until further decisions are taken on combining services and the location of combined service staff.

1.3 Despite this, it still makes sense to move forward with SmartWorking in FCS due to the following drivers:

- FCS needs the productivity benefits enabled through SmartWorking to be able to efficiently meet the increased demands on its services:

  o Changes from WCFM to a more centralised model mean that Finance staff will need to provide support to managers based across different sites.
  o A smaller Finance function will have to do more with less and therefore needs to maximise opportunities to improve productivity through more flexible working arrangements.

> o   Fee-earning services such as Legal are faced with excessive workloads and pressure to maximise billable hours. SmartWorking presents an opportunity to improve efficiency and reduce non-productive time, e.g. travel.

- Corporate services may inhibit others from SmartWorking if they do not have the required tools and have not adopted the new ways of working.
- FCS will eventually need to implement SmartWorking anyway, prior to any move to the new Civic building.
- Running a SmartWorking project now would benefit from the experience of the team currently in place.

1.4   It is recommended that accommodation requirements are kept under review. Physical works to the Town Hall enabling more staff to be accommodated within additional open plan areas can be brought forward once we have greater certainty on:

- Tri-Borough and accommodation sharing requirements with partner organisations.
- Lease expiry opportunities.
- Availability of office space in the proposed new civic office building when it comes online.

In order to be able to rapidly implement works to facilitate more open plan space and increased capacity when needed, plans are being prepared now and listed building consent for the potential works will be sought.

1.5   This report now requests £103,000 out of the remaining SmartWorking allocated budget of £666k to deliver the non-accommodation benefits of SmartWorking to Finance & Corporate Services. This will include:

- Change Manager support to help FCS drive new ways of working and maximise the productivity benefits from SmartWorking.
- A review and redesign of paper-based workflow processes in Legal (Child Protection and Childcare) and Finance (Payments and Treasury Management teams) to align to a SmartWorking organisation and paperless office.
- SmartWorking IT – User Personalisation across FCS, delivering an improved user experience in roaming between PCs – e.g. consistent settings and reduced logon times.

1.6   It is recommended that the remaining £563,334 from the total Stage C budget of £666,334 be held in reserve. It could, for example, be used to contribute to the costs of implementing SmartWorking within the Housing and Regeneration department at a later date to the extent that such costs are not chargeable to the HRA. H&F Homes has been out-of-scope for Stage C as it was still an independently managed organisation at that time.

2.   BACKGROUND

2.1.   SmartWorking is the Council's programme to manage the implementation of new ways of flexible working and to enable significant savings through the improved utilisation of Council office space. The programme started in July 2008 and completed the delivery of Stages A and B at a total cost of £2.2m in July 2010.

- Stage A established the required remote IT and telephony infrastructure, developed the required policies and procedures for a SmartWorking organisation and delivered a series of pilots to validate the original business case assumptions. This stage also included the delivery of a full business case and plan for the corporate rollout in Stage C.

- Stage B involved the implementation of a light level of SmartWorking in the Environment Services department (and Regeneration division) to enable the vacation of Riverview House saving the Council circa £1.35m per annum.

2.2.   In July 2010 Cabinet gave in principle approval to Stage C, the corporate rollout of SmartWorking, at an anticipated total cost of £2.12m. Of this total, approval was given to draw down an initial sum of £1.45m for the first phase of Stage C, which included the full SmartWorking of Environment Services and all staff groups impacted by the planned vacation of Barclay House prior to the lease expiry in September 2011.

2.2.   Stage C started in July 2010 and has achieved the following to date. See Appendix D for the results of a pan-London survey on mobile and flexible working showing the status of Hammersmith & Fulham in comparison to other authorities.

- SmartWorking Environment project: Increasing the level of home and flexible working have enabled the department to move from three to two floors in the Town Hall Extension. This has in turn made the 4th floor available for the PCT, generating £358k in annual rental income. Highlights of other benefits achieved so far include:

  o 30% reduction in paper storage across department.
  o 40% increase in levels of remote and home working. On average around 20% of staff time is now worked from home and remotely as agreed with their managers.

- SmartWorking Barclay House project: This project includes the implementation of new flexible ways of working to drive efficiencies and increase the utilisation of office space within Residents Services, Community Services, Housing Options and the parts of Children's Services impacted by the Barclay House moves. The project is on track

to enable the vacation of Barclay House in July this year, generating £717k in annual savings.

- SmartWorking (light) H&F Direct project: A light level of SmartWorking on the 2nd floor Town Hall Extension has achieved a 30% saving in space, enabling 40 desks to be made available for flexible use.

- Technology: The following represent the key IT enablers being delivered during Stage C:

  - User Personalisation (Powerfuse) IT roaming solution (required for staff to be able to work effectively from any desk): A "Proof of Concept" pilot was successful and the full rollout is on track to complete in August 2011 to all current in-scope teams.
  - Openscape (telephony and collaboration tool required for staff to be contactable from any location in a managed way): The rollout is underway and on track to complete across all in-scope departments (including FCS) by the end of July 2011.
  - GovConnect compliance for laptops (Manual Y): A wireless laptop security solution has been developed to comply with GovConnect guidelines. Deployment completed in early June 2011.
  - Other technical enablers delivered as part of Stage C are shown in the table in Appendix B

2.4.   Funds are being managed to ensure that the first phase of Stage C will complete within the planned budget of £1.45m. See Appendix C for budget status on current Stage C projects.

3.   STAGE C – FINANCE & CORPORATE SERVICES (FCS) PROJECT

3.1   If there was a business case to contract office space further in the short term, a recommendation to convert more of the Town Hall to an open plan layout thereby accommodating more staff, based on the proven Stage C project approach, would have been proposed. This would have included more extensive investment in SmartWorking at a cost of £545k plus the cost of physical alterations. This approach would have included:

- FCS project team resources and required IT and telephony.
- Programme management, benefits and communications support until the end of 2011/12.

3.2   A substantial short-term increase in efficiency of office accommodation utilisation is not yet required, given the significant surplus capacity in leased buildings whose leases have yet to expire. But as FCS still need the productivity improvements enabled by SmartWorking, the following is recommended:

- A Change Manager will facilitate and support a FCS SmartWorking Implementation Team to drive new ways of working and the achievement of productivity benefits. This will include:

  - Identification of the SmartWorking benefits that each division wishes to achieve to help meet their business objectives (e.g. increased productivity through reduced travel, Tri-Borough).
  - Development of the required actions that each division will need to deliver to achieve their benefits (e.g. introducing more virtual meetings thereby reducing the need to travel to meetings).
  - Support to enable teams to deliver their actions and adopt new ways of working (e.g. SmartWorking HR and Performance Management briefings, coaching in conference calling and using Fastviewer).
  - Initial reporting of SmartWorking benefits realisation to FCS DMT to track progress, highlight successes and identify areas requiring further support.

- A review and redesign of paper-based workflow processes to align to a SmartWorking organisation and paperless office:

  - This review will be focused on the following areas: Legal (Child Protection and Childcare) and Finance (Payments, Treasury Management teams).
  - This review will identify Quick Wins for early implementation (at minimal cost) and deliver business requirements to inform the Paperless Office programme.

- User Personalisation across FCS, delivering an improved user experience in roaming between PCs in terms of consistent settings and reduced login times.

3.3. SmartWorking FCS project activities will be delivered so as to align to and support the objectives of the Paperless Office programme and also Business Support Review project.

4.   FUNDING REQUEST & BUSINESS CASE

4.1 Project costs for the FCS SmartWorking project are estimated to be £103,000 during 2011/12, comprising a total IT cost of £55,000 and project resource costs of £48,000.

4.2 The table below shows the best case return on investment for the project. It is based on the expected increase in productivity enabled through new smarter ways of working. The productivity calculation is based on the same assumptions used in the SmartWorking Stage C business case.

Return on investment (£'000s)

	11/12	12/13	13/14	14/15	Total
Cashable element of increased productivity (home & mobile working)	58	90	90	90	328
Total cost for FCS project	103	0	0	0	103
Net cashable benefit	-45	45	135	225	

NOTE: Productivity benefits based on SmartWorking Stage C business case assumptions

4.3   A total of £103,000 is required to fund the SmartWorking FCS project during 2011/12. This amount comprises the following:

- £48,000 for a Change Manager to lead the following:
  - Support and facilitate a team of local SmartWorking Implementation Team members to drive the realisation of productivity and other desired benefits from SmartWorking.
  - A review and redesign of paper-based workflow processes in Finance (Payments and Treasury Management teams) and Legal (Child Protection and Childcare) to align to a SmartWorking organisation and paperless office.
  - To coordinate with HFBP to ensure a smooth rollout of User Personalisation to FCS teams.

- £55,000 to pay for User Personalisation licences and the costs of implementation across FCS.

7.   RISK MANAGEMENT

7.1.   Risks are identified and recorded on the programme risk register with mitigating actions and ownership assigned to named individuals to ensure the project is delivering expected financial, efficiency and operational service benefits. This register is managed by the Programme Manager and reviewed on a regular basis by the programme team. Where risks require escalation they are reviewed at Programme Board or where appropriate escalated through PMO to EMT and appropriate mitigating action taken where prudent to do so.

7.2   SmartWorking Stage C risk log – Please see Appendix E

8.   EQUALITY IMPLICATIONS

8.1   An Equalities Impact Analysis (EIA) was conducted as part of the original SmartWorking business case and subsequently updated for the full business case in July 2010 for the corporate rollout. The attached EIA (available electronically) has been updated to reflect experience and lessons learnt on the corporate rollout to date (June 2011).

8.2   The attached EIA indicates that flexible working arrangements enabled by SmartWorking are believed to have a largely positive impact or no specific impact on the employee and customer equalities groups considered.

9.   COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

9.1.   Finance agrees with the content of this report and agrees with the figures set out in the Funding Request & Business Case section. The Finance & Corporate services department is committed to delivering the cashable savings enabled by SmartWorking as identified in the body of this report.

10.   COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

10.1.   There are no direct legal implications.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Cabinet paper – Funding Request for the SmartWorking Programme. 14th July 2008	Andrew Richards, SmartWorking Programme Manager, Ext 5989	SmartSpace / HTH
2.	Business Case for SmartWorking at H&F	Andrew Richards, SmartWorking Programme Manager, Ext 5989	SmartSpace / HTH
3.	Cabinet paper – Funding drawdown for the SmartWorking programme and removal expenses related to the decant of Riverview House	Andrew Richards, SmartWorking Programme Manager, Ext 5989	SmartSpace / HTH
4.	Business case for SmartWorking Stage C	Andrew Richards, SmartWorking Programme Manager, Ext 5989	SmartSpace / HTH
5.	Cabinet paper – Funding drawdown for the corporate rollout of SmartWorking	Andrew Richards, SmartWorking Programme Manager, Ext 5989	FCS, Organisational Development, HTH
CONTACT OFFICER:		**NAME: John Collins EXT. 1544**	
CONTACT OFFICER:		**NAME: Andrew Richards EXT. 5989**	

APPENDIX A: UPDATE ON STAGE C BUSINESS CASE

A.1   The Stage C business case was approved by Cabinet in July 2010. It was calculated based on the full cost of the programme, including Stages A, B, C and ongoing TCO and support costs to departments. The total cost comes to £5.167m, to deliver £10.7m cumulative net cashable benefit by 2014/15.

A.2   The table below shows the current status of delivery against the Stage C business case and indicates that the programme is on track to deliver the expected hard accommodation and IT savings within budget. The following other savings require realisation management:

- Further accommodation savings due to a reduced office space requirement. Annual rental income from the PCT of £358k is already being realised but further opportunities need to be identified to make savings or generate rental income from freed-up office space.
- Cashable element of increased productivity. Productivity benefits from existing SmartWorking projects need to be incorporated in the MTFS Challenge process for gains to be realised as cashable savings.

Return on investment (£'000s)		Stage C business case (to 2014/15)	Benefits realised (current status)	
Hard saving	Property costs saved from Riverview House	6,863	6,863	On track
	Property costs savings from Barclay & Cambridge Houses	2,727	2,727	On track
	IT savings due to reduced number of workstations	500	375	On track to deliver £125k p.a. saving from 2012/13
Requires realisation mgt	Further accommodation savings due to reduced office space requirement	2,718	360k	PCT rent: £360k pa. Further opportunities need to be identified
	Cashable element of increased productivity (home & mobile working)	3,041	TBC	MTFS Challenge required to realise cashable savings
	Total cashable saving	15,849	10,325	
	Total cost for Stages A & B	2,202	2,202	Stages completed
	Forecast Stage C costs – (2010/11 – 2014/15)	2,967	2,000	On track (Current projects. **Excludes FCS**)
	Total cost to organisation	5,167	4,202	
	Total net cashable benefit	**10,682**	**6,123**	

APPENDIX B: STAGE C PROJECT PROGRESS

B.1   The following table shows progress to date on all Stage C projects, with a note of work still to do (as of May 2011).

#	Project	Completed	Outstanding work
1	SmartWorking Programme team	✔ Core programme team established and SmartWorking Department Leads appointed ✔ Defined, gained agreement to and implemented benefits realisation approach ✔ Defined standard SmartWorking implementation approach for use across projects ✔ Programme-level communication including intranet site	• Support for monitoring of SmartWorking benefits. • Ongoing programme-level communications • Ongoing coordination of programme dependencies across suppliers and supporting business units (HFBP, OD, HR, H&S, SmartFM)
2	SmartWorking Environment Project	✔ Delivered OD activities to support managers in new ways of working ✔ Environment moved from 3 to 2 floors in the Town Hall Extension (THX) ✔ Enabled PCT to move onto 4th floor THX generating £358k in annual rental income ✔ SmartWorking divisional benefits plans and targets agreed with DMT (to drive continuous improvement) ✔ Completed Openscape rollout to Environment	• Monitor progress in delivery of benefit plans and review quarterly at DMT • Rollout User Personalisation roaming profile solution across in-scope divisions
3	SmartWorking Barclay House project	✔ Delivering OD activities to support managers in new ways of working ✔ SmartWorking divisional benefits identified across RSD, Housing Options, CSD (to drive continuous improvement) ✔ Planning and negotiation with departments on accommodation requirements for SmartWorking ✔ Building works underway at 145 King Street and moves scheduled. ✔ Openscape rolled out to Housing Options, CSD, RSD.	• Identify divisional benefits within CHS • Agree benefits plans and targets with Department management teams • Complete Openscape rollout across CHS • Complete rollout of User Personalisation across in-scope departments • Complete series of SW moves enabling CHS to vacate Barclay House in July.
4	SmartWorking H&F Direct project	✔ SmartWorking (light) in H&F Direct freeing-up 40 desks for use flexible use in THX	• Revisit H&F Direct as part of SmartWorking FCS project to embed new ways of working
5	Corporate IT	✔ Powerfuse (User Personalisation) roaming profile Proof of Concept successful	• Powerfuse (User Personalisation) roaming profile implementation across users included within Stage C scope

		✓ Powerfuse rollout to in-scope departments underway ✓ Development and deployment of Manual Y laptop wireless security for GovConnect compliance ✓ Product investigation & implementation of a remote service desk support tool (VNC) ✓ Lynx+ pilot (Stage A) completed. Enables remote upload of photos and docs from local PC to network ✓ Network Access Control pilot (Stage A) completed ✓ Network switch upgrades to main buildings, a dependency for Barclay House project	
6	Telephony	✓ Openscape Fastviewer to enable remote document collaboration ✓ Openscape software & hardware upgrades to meet capacity requirements for corporate rollout ✓ Openscape e-learning package and rollout approach agreed ✓ Corporate rollout of Openscape commenced	• Openscape Outlook plug-in implementation, enabling access to Openscape features via Outlook • Complete corporate rollout of Openscape by July '11

APPENDIX C: UPDATE ON STAGE C BUDGET POSITION (May 2011)

The table below shows the Programme's Stage C budget position updated in May 2011 and showing the projected spend to fund the Programme Manager role and current projects to completion on 31st July.

	Project	Original budget	Deliverables	Spend to date (May '11)	Forecast spend to complete	Projected spend	Variance	Variance %
1	User Personalisation	192,227	Proof of concept - complete (£20,879.94) Rollout to 1000 users (£215,867)	88,324	153,923	242,247	50,020	26%
2	Manual Y	33,434	Laptop wireless security to comply with GovConnect standards	22,465	12,214	34,679	1,245	4%
3	NAC LAN servers	16,700	Further server capacity to support more than current capacity of 300 laptops	0	16,700	16,700	0	0%
4	Openscape licences procurement & account set-up	111,604	Openscape licences and account set-up for Stage C (1,871 users)	39,591	108,700	148,291	36,687	33%
5	Openscape training development & delivery	12,826	Development of training package (e-learning) Development of Conference Calling and Fastviewer guides	9,900	0	9,900	-2,926	-23%
6	Openscape support (HFBP)	27,047	HFBP support for Openscape during 2010/11 and 2011/12	0	40,150	40,150	13,103	48%
7	Support for upgraded Cisco switches	8,350	Support for additional Network switches required for Barclay House moves	0	8,350	8,350	0	0%
8	WiFi implementation & support	62,620	On hold. Current forecast based on implementation in two locations	0	33,460	33,460	-29,160	-47%
9	Connection Manager	19,875	On hold	0	0	0	-19,875	-100%
10	VNC Pilot	3,600	Pilot and implementation of tool for HFBP service desk to provide remote diagnosis IT support to staff at home	4,480	0	4,480	880	24%
11	SmartWorking of laptops	48,225	NAC LAN enablement of existing Mobile Worker laptops	0	25,620	25,620	-22,605	-47%

12	Lynx tokens	107,822	SmartWorking contribution to department Lynx token costs for 2010/11 and 2011/12	27,500	41,976	69,476	-38,346	-36%
13	Lightweight laptops	118,316	SmartWorking contribution to department laptop costs for 2010/11 and 2011/12	12,198	59,708	71,906	-46,410	-39%
14	3G	38,064	SmartWorking contribution to department 3G costs for 2010/11 and 2011/12	4,080	19,092	23,172	-14,892	-39%
15	Home Worker kit	31,005	Home PC and broadband for Home Workers	0	0	0	-31,005	-100%
16	SmartWorking Programme Team	248,728	Resource costs and miscellaneous expenses	183,860	61,918	245,778	-2,950	-1%
17	SmartWorking Environment project	81,901	Environment project team resources Includes 3 new Citrix Servers for one year	82,439	0	82,439	538	1%
18	SmartWorking Barclay House project	292,168	Barclay House project team resources Includes support provided for H&F Direct project	273,347	61,918	335,265	43,097	15%
	TOTAL	£1,454,512		£748,184	£643,729	£1,391,913	-£62,599	-4%

APPENDIX D: London Mobile & Flexible Working HEAT map

Croydon Council, in association with Capital Ambition, ran a survey across all London Boroughs between January and March 2011 to assess where they are in the change lifecycle of mobile new ways of working.

Fifteen Local Authorities responded to the survey and the results are shown in the "HEAT" map below. Hammersmith & Fulham is one of four Local Authorities identified as being at an advanced stage of their change journey. Other authorities identified as advanced include Barney, Enfield and Barking and Dagenham.

Key
- **Start Up** - LA's who are about to or have not yet embarked on mobile/flexible working – looking for advice on how to get started
- **In progress** - LA's who are in progress of mobile/flexible working and looking to get hints tips and network
- **Advanced** - LA's who have implemented and are on to their next phase of their journey and can share best practice