



London Borough of Hammersmith &  
Fulham

**OVERVIEW AND SCRUTINY BOARD**

**DATE**

7 December 2011

**TITLE**

**H&F Bridge Partnership performance annual report**

**Wards**

**All**

**SYNOPSIS**

This report sets out the performance of H&F Bridge Partnership in both service and financial terms and establishes its value for money to the council over the period 2010/2011.

IT is critical to service delivery improvements for the council. The IT service provided by H&F Bridge Partnership (HFBP) is of a high calibre as demonstrated by industry standard benchmarking. Nonetheless, active management of HFBP is required to ensure value for money is maintained and improved.

A separate report on the exempt Scrutiny Board agenda provides information relating to the financial or business affairs of HFBP and the Council.

**CONTRIBUTORS**

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**RECOMMENDATION(S):**

The Overview and Scrutiny Select Board is asked to note the report.

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**NEXT STEPS**

HFBP performance is used in the planning process for Continuous Service Improvement.

## **1. INTRODUCTION**

- 1.1 This report is being submitted to ensure that the council is satisfied with the value for money to the council and performance, both service and financial, of H&F Bridge Partnership.

## **2. BACKGROUND**

- 2.1 In 2004, the Council initiated a programme for Customer First and Service Transformation, to improve services to residents in a cost effective way. Invest to Save funding was available to fund the first phases of the work but a balance of £8m was needed to fund the full implementation of H&F Direct, H&F Advice and other strategic programmes including Business Continuity. In order to achieve the required funding, the council agreed in July 2006 that a Joint Venture Company, H&F Bridge Partnership (HFBP), be set up between the council and its strategic partner, Agilisys.
- 2.2 HFBP was established to deliver a good IT service to the council, while making efficiency savings from the inherited operation in order to fund the strategic programmes. It offers the ability to innovate, economies of scale through shared services, access to private sector expertise, the transfer of delivery risk, potential for new business opportunities in the public sector across London and the capacity to manage major change cost effectively across the Council.
- 2.3 The operation of HFBP is governed by a Joint Venture Agreement and Service Agreement, both operative for ten years from 1 November 2006.
- 2.4 Since the start of the contract, new services have been added into it and its performance management regime including the council's contact centre (March 2009), the Children's Services IT service (September 2008), the Out of Hours service and the Project Management resources of the Business Transformation team (April 2011).
- 2.5 Governance arrangements were put in place to ensure its management fitted within the council's existing decision-making system, including an EMT and HFBP strategic partnership board that takes place on a quarterly basis which has proved a useful seed bed for service transformation ideas.
- 2.6 The Council is currently represented on the HFBP Board by the Leader, Councillor Stephen Greenhalgh, and Nigel Pallace, Director of Environment Services. Jane West, Director of Finance and Corporate Governance, also attends these meetings in a non-voting capacity.

## **3. FINANCIALS**

- 3.1 Shareholding in HFBP is split 80.1% Agilisys and 19.9% Council but, to maintain balance, the Council has a right of veto over a number of key control issues, including change of ownership, issuing of shares and entry into major contracts. The Council is thus able to exercise a

degree of influence over HFBP without falling foul of technical accountancy and procurement requirements which might otherwise limit the practical financial and commercial benefits of the HFBP option.

- 3.2 HFBP delivers the Council's IT services and has committed contractually to ensuring that the additional investment currently deemed necessary is made available, to ensure the Council's strategic programmes are implemented and provide expertise to ensure the transformation programmes are delivered efficiently and sustainably to the Council.

#### **4. DELIVERING EFFICIENCY AND COST SAVINGS**

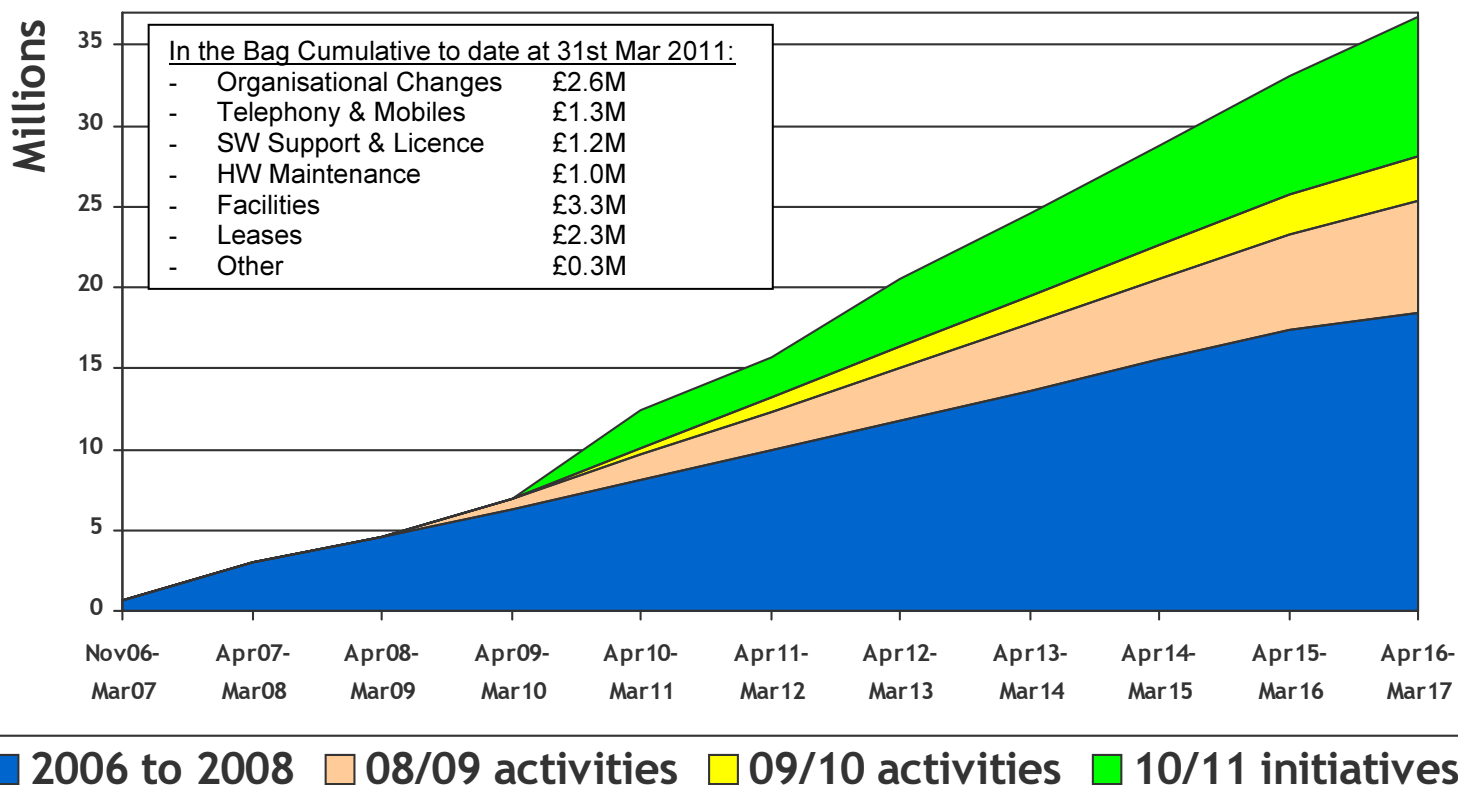
- 4.1 Regular reports are made by HFBP management to the HFBP Board on progress against the ten year financial model. The ten year Profit and Loss financial model has been revised regularly and reviewed by the Director of Finance and Corporate Services.
- 4.2 Key savings HFBP have delivered include data centre virtualisation; streamlined services; business office transformation; reduced workstation cost through a London-wide e-auction; an outsourced bulk printing service; tough contract negotiation with providers of key applications which have driven down the cost of the service. HFBP's ability to negotiate good deals on behalf of the council has been proved in various deals including Microsoft Licensing.
- 4.3 Savings have also been realised from a number of areas including process improvements leading to reductions in headcount and to northshoring; strong contract negotiations leading to reduction in the cost of hardware maintenance, telephony, desktops, leasing, applications and software support, licensing, telecommunication and property services. These have been realised while improving the level of service.

#### **Table 1**

IT Spend	£,000			
	2008/09	2009/10	2010/11	2011/12
Unitary charge	13,539	15,652	17,373	17,631
Projects and other procurement	4,139	4,023	3,069	2,110
<b>Total</b>	<b>17,678</b>	<b>19,675</b>	<b>20,442</b>	<b>19,741</b>

4.4 In 2010/11 the good news is that financial performance has improved from that of an operating loss to a profit-making position, at an earlier date than that originally envisaged in the financial plan and projections.

**Table 2 Savings**



4.5 The Director of Finance and Corporate Governance is content that the financial plan projected in the financial model complies with the requirements of the Joint Venture Agreement.

4.6 In view of the current economic situation and the Comprehensive Spending Review settlement, an additional savings target of £2.7m over the next three years was negotiated with HFBP, of which potential initiatives totalling £2.6m have been identified to date.

4.7 H&F need to ensure savings do not undermine the capacity of the joint venture company and that appropriate investment is available to undertake potential cost savings initiatives through key IT enablers, as these have the potential to generate significant and sustainable savings elsewhere in the council.

## **5. DELIVERING BUSINESS BENEFITS**

5.1 HFBP have delivered key projects in the last year which enable the council to gain critical benefits both cashable and non cashable. These include:

- Sparkle - improving the website and improving the customer experience online
- Corporate asset management including computer aided design and delivery
- SmartWorking, Openscape telephony and collaboration, network access control and Lynx Plus
- World class financial management consultancy
- Cedar OLAS financial bank reconciliation implementation
- Cedar upgrade - initial analysis and scoping
- e-Invoicing
- Payments processing kiosk
- Compliance with the Payment Card Industry standard development and implementation
- InTouch corporate complaints, requests for information and members enquiries implementation
- Transfer to an external supplier of the variable data bulk printing service
- Geographic Information System upgrade for the website
- Children and family directory
- Enabling IT to assist CHS in safeguarding children
- Home care charging phase 2
- Adult Learning and skills IT service support transfer to HFBP and upgraded telephony
- PCT move to HTHX and consolidation of EnvD accommodation from three floors to two
- Implementation of Govmetric monitoring customer feedback on services
- Corporate network refresh and replacement of security services
- Electronic document management SQL and Information@Work upgrades
- Client index upgrade and improvements

## **6. ACCOUNT MANAGEMENT**

6.1 This year HFBP were not able to provide at all times the full complement of Business Delivery Partners to assist the council with the

strategic development of its service delivery through IT. RSD, CHS and, to a much lesser extent, EnvD, have not been completely satisfied with the service they receive through this channel. Although HFBP now have better intelligence on service developments and can better align resources with council priorities, the lack of key resource in this area has some impact on the ability of the council to develop in the ways it needs to, especially with regard to the Transformation portfolio.

- 6.2 This has however been acknowledged by HFBP and a newly titled Strategic Relationship Manager to replace the current post of Business Delivery Partner has been created in recognition of the more transformational role and the changing needs of the Council. To date only two posts are fully staffed with the other three being interim appointments, albeit of staff who are familiar with council and its processes. The council rates highly Adam Evans and Rob Murphy, the two SRMs who have been in place for some time now.
- 6.3 The Council has recognised the need to involve the HFBP Strategic Relationship Managers at an earlier stage to encourage innovation and transformation.
- 6.4 H&F acknowledge that HFBP have presented a number of initiatives in the form of Cost Saving Initiatives and, through the Medium Term Financial Strategy challenge, have added value though innovation and shown the value of the SRMs.
- 6.5 Accuracy and timeliness of presentation of charges has improved with a new process for ordering IT work. This provides better visibility the status of commitment and of pre bought days, but some issues are still to be resolved with the real time delivery.
- 6.6 Expected improvements in account management systems however have been slower to materialise than expected in respect of physical assets with the inventory as ever being an issue. HFBP have now allocated new resource to resolve this issue.
- 6.7 A new Starters, movers and leavers portal has devolved accountability for ensuring personnel changes and related inventory (mobile phones, laptops) are processed by the manager responsible,. It is anticipated that this new initiative will both mitigate risk round data loss (laptops leaving the organisation) and control costs better by the ability to retrieve and recycle key inventory.
- 6.8 The Smart IT work ordering portal supported by the use of the council's purchasing system, Civica, has given better visibility of commitments to departments. Departmental staff however have a poor record of usage and cause considerable re-work for both HFBP Business Office and the council's contract monitoring office (CMO). Additional training is being offered to departmental staff.

- 6.9 The Change Control Notice process which largely governs changes to ongoing charges is now less of an issue in terms of timely production and approval by the council, than in previous years.
- 6.10 The need to improve business office processes and systems however is still a key item in the current year's continuous service improvement plan.
- 6.11 The HFBP leadership team under Susan Rossam has been positively strengthened by the recruitment of Mike Perrett in the role of HFBP Programmes Director and Peter Brooke into the role of Service and Application Director. Ian Marsden has changed role from that of a Strategic Relationship Manager to Vendor and Contract Manager to bolster this area.
- 6.12 The infrastructure team including David Green, Adrian Dewey, Peter Brooker, Brian Shaw, Andy Prior and Veronica Barella along with Katrine Nowicki in her role as Operations Manager provide a consistently excellent service.
- 6.13 This however highlights another and continuing issue with the lack of retention of key staff. Recruitment has largely been successful in recent years but a theme is still that continuity of service seems to be undervalued by HFBP management team and efforts to retain staff have not been entirely successful.
- 6.14 During the first part of the year the application team have consistently achieved and exceeded the targets set in the H&F IT Service Contract for core services.
- 6.15 The existing governance model has been reviewed and a joint Strategic Partnership Board is now meeting quarterly to set strategic direction, evolve innovative ideas, support the tri-borough integration plans and communicate strategic transformation initiatives.
- 6.16 The Metrics that Matter dashboard published on the H&F and HFBP intranets under IT Matters, provides a range of extended performance measures being used to monitor IT performance and satisfaction ensuring performance is consistently maintained - for details see [http://theintranet/IT Matters/Metrics That Matter/](http://theintranet/IT_Matters/Metrics_That_Matter/).

## **7. BENCHMARKING THE IT SERVICE**

- 7.1 Benchmarking is a central part of the council's approach to demonstrating value for money. It is complemented by other comparisons which are undertaken by CMO including day rate comparisons and those on specific projects. This year CMO did in depth reviews of several projects including email to SMS for housing, the shared parking back office, DVLA changes to Transfer parking information and the H&F Lifestyle card.

- 7.2 The SOCITM Benchmarking the ICT service 2011 reviews the performance and cost of IT services in the period 2010/2011. It is the eleventh year that H&F have been involved in benchmarking the IT service. This year provides a large amount of comparative data with 15 London organisations participating, unsurprisingly a lower figure than last year with some LA's opting out due to financial pressures.
- 7.3 In addition to this year's data, the results from previous years enable H&F to have a year-on-year comparison in the service here. In this year's benchmark Key Performance Indicators (KPIs) have been better in 6 out of 10 areas compared to the previous year.
- 7.4 H&F have been singled out as an indicator of good practice on 9 of the benchmark criteria:
- **User satisfaction** - users of the service desk indicated a satisfaction of 6.41 out of 7 (upper quartile was 6.38) when completing the short incident satisfaction survey.
  - **Successful projects** (KPI 3) - project management based on sponsor assessed performance. H&F used a formal methodology for 27 major projects exceeding £50,000 (the upper quartile was 18). Of these 22 were perceived as being within budget and specification, and 21 delivering business benefits. This is a very good response, particularly as it is provided by the project sponsors themselves. H&F achieved an excellent 86% success rate on projects consistent with last year's figure.
  - **Flexible working** - H&F reported a significant increase on the number of staff using remote access from last year from 44% to 64%. This council has the highest number of SmartWorking users regularly using remote access. Two other organisations had higher potential access but one used it less than 64% and the other was unable to measure how much it was actually used.
  - **Governance and IT strategy** - there were two new measures this year where H&F achieved the maximum possible score of 100. Whilst other organisations also demonstrated the maximum governance, H&F were the only one to also score 100 for IT strategy and on management practices responses ranged from 49 to 100 vs. a median of 77, with H&F being the only participant to demonstrate a perfect score of 100.
  - **Support cost per workstation** - H&F had the lowest support costs by far, reporting a cost of £60 per workstation compared to the next lowest at £100 against an upper quartile of £122.
  - **Workstations supported per support specialist** - again, H&F were by far the best, supporting 548 workstations compared to the second best of £499 against an upper quartile of 435. Both these measures reflect the widespread usage of thin client devices known as Standard PCs.



- **Training days per IT specialist** - HFBP staff received 5.16 days training, including all professional development and recognising that learning is not necessarily limited to attending a formal training course.
- **Cost per connection to data network** - H&F were the only organisation investing significantly in the data network, reporting a capital spend of £56 per connection.

7.5 Areas for improvement include customer satisfaction which, although it improved from 4.56 to 4.65, is still below the median of 5.01, and far short of the upper quartile of 5.37; resolution of reported incidents within 0-4 hours; resolution at first point of contact; cost of PCs and laptops (though as HFBP reduced costs this year, further reductions should be possible); and service availability.

7.6 On H&F's main data centre, HFBP advantageously locked in power pricing for three years from the contract inception in a period where energy costs have risen significantly. Last year, the temperature of the shared data centre was lower than the median, 18.5, compared to a median of 21. HFBP has worked with the data centre management to minimise power usage and reduce carbon emissions and the data centre temperature is now on the median.

## 8. IMPROVEMENTS IN SERVICE

8.1 Were HFBP not to deliver the service required in the service specification (the contract between the council and HFBP), then the council has the right to apply service credits in respect of IT and contact centre performance. Service bonuses are applied to mitigate service credits and both have been applied for a number of key service levels.

**Table 3 KPI's**

Key Performance Indicators		2009	2010	2011
(score out of 7)	H&F - Customer satisfaction with IT	4.77	4.56	4.65
	Upper quartile for participating London boroughs	5.11	4.64	5.37
H&F - Percent of calls resolved within agreed timescale within H&F SLA		95%	98%	97%
Upper quartile for participating London boroughs		98%	96%	98%
H&F – Service availability critical applications and network*		99.90%	95.12%	98.51%

\*H&F measure service availability in more detail than SOCITM and it is not possible to provide a like for like comparison with the Upper Quartile of other participating London Boroughs.

8.2 The performance targets are reviewed each year through a continuous service improvement plan (CSIP) process. The delivery of

improvements through this CSIP process are tracked through regular meetings between the council and HFBP.

- 8.3 The business as usual IT service is good. H&F has enjoyed a reliable efficient service where staff are largely able to rely on the systems they use to do their jobs being available and, where problems do occur they are remedied by HFBP well within target and to customers' satisfaction. In the 2010/2011 period only three partial network outages were experienced.
- 8.4 H&F is increasingly reliant on IT for the provision of all services. Consequently the council has had to improve its service resilience and HFBP have been instrumental in achieving this.
- 8.5 On project delivery the picture is improved again this year. HFBP have assisted the Council to achieve excellent outcomes. One way in which customer satisfaction has been monitored is by the introduction of an automatically triggered questionnaire on project closure. HFBP staff who deliver projects have appraisal targets to achieve upper quartile ratings in the survey.
- 8.6 In the SOCITM Benchmark, project success is measured at 7.1 out of 9. However the council has continued to both measure project success as a percentage and to lobby for the reinstatement of this measure which was naively replaced because of pressure from the Audit Commission. It is H&F's expectation that this will be reinstated next year. The percentage of projects was 86% overall on target, meeting budget, timescale, requirements and delivering benefits. The response here is very good, particularly when compared to other sectors results.
- 8.7 The pipeline view of projects to come and the joint programme and project register maintained by H&F and HFBP enables visibility of progress and issues on projects which can then be escalated where appropriate to EMT. HFBP also have successfully increased resource utilisation in the projects team.
- 8.8 On project delivery, the overall KPI improved from 3.67 last year to 4.14. Seventy-six percent said that projects met requirements and 70% said projects were delivered on budget, however 55% said that their projects weren't delivered on time.
- 8.9 The number of staff who said they could work from home if needed remained stable at 73% this year. Forty-six percent said they had used the SmartSpace, more than double the number last year.
- 8.10 Overall satisfaction with applications increased from 4.91 last year to 5.04 this year with a number of key applications scoring better, including the Trent personnel, payroll and self-service, CeDar OLAS financials and Confirm highways, waste, street cleansing and grounds maintenance.

- 8.11 HFBP is addressing the issues highlighted with the applications that had lower scores in the annual customer satisfaction
- 8.12 Firm plans will be made to improve IT performance in the following areas:
- Projects to deliver to timescale, whilst maintaining good cost control.
  - Addressing the issues highlighted with the applications that had lower scores - Academy Revenues and Benefits, Information@work, ICPS Parking and Spydus Libraries
  - Providing better triage of work package requests so customers can be clear on whether costs will be incurred and, if so, an early idea of the level of cost
  - Better communication and timeliness on requests for work
  - Ensuring the service desk delivery is consistent
- 8.13 The strategic input by HFBP to the council is still valued, as demonstrated by the implementation of the My Account portal and improved customer experience online as well as the eServices proposals in the making at the moment.

## **9. NEW BUSINESS**

- 9.1 Whilst the primary purpose of establishing HFBP in 2006 was to provide services to H&F, the vision was also to create a platform from which to pursue revenue generating opportunities by offering services to other public sector clients as shared services. This creates further efficiencies in IT service delivery for H&F and provides career progression for the IT staff, while increasing the range of skills available, and provides access to a broader pool of innovative ideas on which to draw.
- 9.2 The Joint Venture Agreement includes provision for the Council to benefit from profits arising through external business and/or from savings in excess of the minimum level. The agreement provides for a guaranteed level of profit share in the first five years.
- 9.3 Significant new business has been won by Agilisys with HFBP this year including the award by the London borough of Barking and Dagenham. of the Elevate contract Board members are regularly supplied with information on the broader business development options which are available. This is linked to a development plan jointly owned by the Assistant Director Procurement and IT strategy and the HFBP Partnership Director.
- 9.4 Currently when H&F commissions any work from HFBP it automatically acquires the Intellectual Property Rights (IPR) of such work. The recent Improving the Customer Experience Online was commissioned from

HFBP and has been delivering transactional service on the website since October 2010.

- 9.5 Demand for such services that embed local government know-how in IT services is increasing, Many authorities, including LB Barking and Dagenham, are considering Virtual Council or Digital by Default strategies and are keen to procure the services that H&F have already established via the Carousel (sharing and thus reducing cost of new developments) procurement route.
- 9.6 The IPR for the Improving the Customer Experience Online have been licensed to Agilisys in order that they can market the software originally created for the council in return for a share of proceeds. Based on the prospects pipeline which Agilisys have shared it is thought that income to the Council in the region of £300,000 over the next three years can be anticipated.
- 9.7 Even in the current economic situation, it is expected that HFBP with Agilisys will continue to win new business in the public sector, as the level of change local authorities are facing will drive more sharing of services over time. This should become an element of revenue to the council in future years.

## **10. CONCLUSION**

- 10.1 IT is critical to service delivery improvements for the council. The IT service provided by H&F Bridge Partnership (HFBP) is of a high calibre as demonstrated by industry standard benchmarking. Nonetheless, active management of HFBP is required to ensure value for money is maintained and improved.
- 10.2 Spend on IT is targeted to areas based on council priorities and is actively managed to ensure H&F receives the services it needs. IT is a key enabler for the transformation agenda and liberates H&F staff to concentrate on delivering high quality cost effective services to residents.
- 10.3 Areas for improvement are to be delivered in a timely way as described in the above paper. Service improvements are identified through several channels, including the SOCITM results, customer satisfaction surveys and other targeted feedback. Firm plans will be made to improve IT performance in the following areas:
- Strategic relationship management to ensure H&F are better advised and aware of new opportunities
  - Development of IT Matters to encourage self serve and better communication
  - Project delivery, particularly to agreed timescales coupled with reviews of lessons learned and remedial action to minimise risk
  - Improve the accuracy of the IT asset register.

- Address outstanding perceptions of application issues as identified in last year's customer satisfaction survey, including Academy Revenues and Benefits, Information@work, ICPS Parking and Spydus Libraries
- Better management of incidents and requests for new work to ensure controlled and timely delivery within agreed timescales, and ensuring the customer is kept informed throughout
- Consistent delivery from the Service Desk.
- Strive to improve customer satisfaction by increased engagement with client contact, fortnightly floor walking, increased emphasis on the process and improved resolution at first point of contact.

10.4 The above improvements are monitored in the Continuous Service Improvement Plan, agreed annually between HFBP and H&F, and reviewed on a monthly basis until implemented.

10.5 In a time of unprecedented change, such as that engendered by the Tri-borough initiative, H&F Bridge Partnership offers this council the flexibility and innovation as well as the investment needed to respond to the transformation facing it.

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name / Ext of Holder of File Copy</b>	<b>Department / Location</b>
	NONE STATED		