



London Borough of Hammersmith & Fulham

Cabinet

30 JANUARY 2012

LEADER

Councillor Stephen Greenhalgh

FUNDING DRAWDOWN FOR ROLLOUT OF SMARTWORKING TO HRD AND PAPER-LESS OFFICE

Wards: All

This report requests funds for the first part of SmartWorking Stage D, which comprises two main projects, HRD and the Paper-less Office.

Recommendation:

CONTRIBUTORS

EDTTS
EDFCS
ADLDSG

That approval be given to draw down funds for the Full Business Case and first phase of implementation of Stage D (SmartWorking HRD and the Paper-less Office) at a cost of £212,660, £144,309 of which is from the Efficiency Projects Reserve and £68,351 from Housing Revenue Account.

**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:

- The vacation of Barclay House in September 2011, generating savings of £675k per annum.
- Achieving a 30% increase in the utilisation of office space, enabling the generation of 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).
- These represent financial benefits beyond the saving of £1.35m already being realised from the vacation of Riverview House in Stage B.

1.2 In July 2011 Cabinet approved a sum of £103k of the remaining SmartWorking allocated budget of £666k to Smart Work Finance & Corporate Services and deliver productivity savings of £90k from 2012/13.

1.3 It was recommended that the remaining £563,334 from the total Stage C budget of £666,334 was held in reserve as possible contribution to the costs of implementing SmartWorking within the Housing and Regeneration department at a later date. H&F Homes had been out-of-scope for Stage C as it was still an independently managed organisation at that time.

1.4 In July 2011 the Programme Sponsor commissioned an Outline Business Case to identify the benefits and indicative costs of further work to promote SmartWorking in H&F. On the basis of its recommendations, this report requests that Cabinet approves the following sums to Smart Work the Housing and Regeneration Department and deliver the Paper-less Office project at a total cost of £791,330, broken down as follows:

- £523,024 General Fund monies from the Efficiency Projects Reserve
- £188,456 HRA
- £79,850 Housing Capital Programme

1.5 It is recommended that Stage D should be managed as two parts:

1.5.1 Part A delivering a Full Business Case with detailed costings and validated benefits for implementation of a Digital Mailroom and electronic outbound mail solution to remove manual paper-based activities from departments; introduction of modern ways of working in HRD and implementation of efficiency changes to invoices and payments at a total cost of £212,660:

£144,309 General Fund
£68,351 HRA

1.5.2 Part B implementing the Full Business Case, trialling a Digital Mailroom solution, EDMS in HRD Tenancy Management and CSD Finance, and a

second phase of work to further automate the processing of invoices. This request will be brought back to Cabinet for approval on submission of the full business case. Indicative figures from the Outline Business Case show a total cost of £578,670, broken down as follows:

£378,715 General Fund
£120,105 HRA
£79,850 Housing Capital Programme

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 policies and procedures for a SmartWorking organisation and delivered a series of pilots to validate the original business case assumptions. It 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 department to enable the vacation of Riverview House, saving the Council circa 1.35m per annum.
- Stage C delivered the corporate rollout of SmartWorking, starting in July 2010, at a total cost of £2.12m. Of this total, Cabinet 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 and all staff groups impacted by the vacation of Barclay House prior to the lease expiry in September 2011.

2.3. In August 2011 Cabinet approved the FCS SmartWorking project at a total cost of £103k. This included review and redesign of paper-based workflow, rolling out the required IT and project resources to manage the SmartWorking of all FCS teams based in Hammersmith Town Hall.

2.4. It is currently anticipated that there will be an estimated £48,000 underspend on this project.

3. STAGE D – HOUSING & REGENERATION AND PAPER-LESS OFFICE PROJECT

3.1. As outlined in the July 2011 Cabinet report, there is no viable business case to contract office space further in the short term. The work now proposed however, will support the realisation of office space savings at a later stage

without requiring further SmartWorking project activities and aligns the organisation with key initiatives in cost reduction, improved information security and tri-borough and outsourced service delivery models.

3.2. The following is recommended as part of Stage D:

- Part A: Full Business Case and Early Implementation:
 - Detailed costings and validated benefits for implementation of a Digital Mailroom and electronic outbound mail solution to remove manual paper-based activities from departments;
 - Introduction of modern ways of working in HRD;
 - Implementation of efficiency changes to invoices and payments

Benefits include:

- Increased productivity delivering cashable savings through an increase in levels of remote and home working
- Co-location of all back office staff currently based in Area Offices with HRD colleagues in the Town Hall Extension
- All staff using Openscape (telephony and collaboration tool), contactable from any location
- Appropriate use of mobile devices, compliant with GovConnect security guidelines
- Consistent behaviours, compliance with corporate standards, systems and policies and assurance against fraudulent activities

- Part B: Implementation of the Full Business Case (pending Cabinet approval):
 - Trialling a Digital Mailroom solution;
 - Digital Mailroom rollout on successful completion of trial;
 - EDMS in HRD Tenancy Management and CSD Finance;
 - A second phase of work to further automate the processing of invoices.

Benefits include:

- Removal of manual paper-based outbound post activities across departments
- Mitigating the significant risk of loss of personal and commercially sensitive tenancy data
- Minimum of 30% reduction in paper storage across department.
- Improved customer service and faster response times
- Electronic access to client files and financial information, linked to workflow for efficient service management
- Removal of manual paper-based processing and reconciliation of invoices and payments
- Increased levels of SmartWorking through the ability to access and send mail from any location and reduction in reliance on paper documents

3.3. The project team will also continue to support departments in challenging existing working practices and identifying opportunities for efficiency

improvements through SmartWorking. This approach ensures that the programme maintains focus on the original vision (“Work is what you do, not where you do it”) and objectives, driving staff and service efficiency benefits as well as increasing the utilisation of office space.

3.4. The Outline Business Case for Paper-less Office is in Appendix A.

4. FUNDING REQUEST AND BUSINESS CASE

4.1. The Outline Business Case has calculated that £622,800 is required to fund the implementation of the two phases of SmartWorking Stage D during 2012/13. These are detailed in the table below and relate to HFBP costs and FM costs as part of existing contracts, and project-dedicated delivery resources. A full breakdown of the projected costs and how these are profiled across the two phases of Stage D has been provided in Appendix B.

Projected Costs	2012/13	2013/14	2014/15	2015/16	2016/17	Total
Total one-off IT costs	£252,630	£0	£0	£0	£0	£252,630
Total one-off Move costs	£12,000	£0	£0	£0	£0	£12,000
Total annual IT costs	£41,450	£41,700	£41,950	£42,310	£42,570	£209,980
Total project team costs	£316,720	£0	£0	£0	£0	£316,720
Total costs	£622,800	£41,700	£41,950	£42,310	£42,570	£791,330
Total cumulative costs	£622,800	£664,500	£706,450	£748,760	£791,330	

4.2. Project costs for the HRD SmartWorking project are calculated at £240,980 during 2012/13, comprising a total IT cost of £118,180, move costs of £12,000 and project resource costs of £110,800.

4.3. Project costs for the Paper-less Office project are estimated at £381,820 during 2012/13, comprising a total IT cost of £175,900 and project resource costs of £205,920.

4.4. The table below shows the return on investment for the project.

Benefits	2012/13	2013/14	2014/15	2015/16	2016/17	Total
Total cashable benefit	£178,139	£464,713	£466,508	£467,790	£467,790	£2,044,940
Total non-cashable benefit	£84,750	£169,499	£169,499	£169,499	£169,499	£762,746
Total benefit (cashable + non-cashable)	£262,888	£634,212	£636,007	£637,289	£637,289	£2,807,685
Total cumulative cashable benefit	£178,139	£642,852	£1,109,360	£1,577,150	£2,044,940	£2,044,940
Costs						
Total one-off IT costs	£252,630	£0	£0	£0	£0	£252,630
Total one-off Move costs	£12,000	£0	£0	£0	£0	£12,000
Total annual IT costs	£41,450	£41,700	£41,950	£42,310	£42,570	£209,980
Total programme team costs	£316,720	£0	£0	£0	£0	£316,720
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Total cumulative costs	£622,800	£664,500	£706,450	£748,760	£791,330	
Investment Appraisal						
Net cashable benefit	-£444,662	£423,013	£424,558	£425,480	£425,220	
Net cumulative cashable benefit	-£444,662	-£21,649	£402,910	£828,390	£1,253,610	
Return on Investment (%)	-71%	-3%	57%	111%	158%	

- 4.5. The cashable benefits identified have been determined through engagement with budget holders in departments. These are currently in the process of being signed off in each department.

5. RISK MANAGEMENT

- 5.1. 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 Project Manager and reviewed on a regular basis by the project team. Where risks require escalation they are reviewed at Programme Board or where appropriate escalated through the Portfolio Board to EMT and appropriate mitigating action taken where prudent to do so.
- 5.2 SmartWorking Stage D risk log – see Appendix C.

6. EQUALITY IMPLICATIONS

- 6.1 An Equalities Impact Analysis (EIA) was conducted as part of the original SmartWorking business case and subsequently updated as part of the July 2011 Cabinet paper. The EIA (see Appendix D) has been updated to reflect experience and lessons learnt on the corporate rollout to date (November 2011).
- 6.2 Proposals do not have an impact on front line services, however where service delivery changes may be enabled through SmartWorking, due regard will continue to be given to the Public Sector Equality Duty as proposals are developed and implemented and appropriate action given.

7. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 7.1. The Council has previously set aside resources of £4.5m, from the Efficiency Projects Reserve, to fund the SmartWorking programme. A phased approach to the use of such funding has been adopted with Cabinet required to approve a satisfactory business case for each tranche of work. To date approval has been given to spend £3.963m.
- 7.2. It is now requested that a further £0.213m be drawn down from the reserve. This will be supplemented by additional funding of £0.144m from the HRA. The HRA funding reflects the benefits that will accrue to the HRA from this phase of works. The overall funding that it is proposed to draw down to 2016/17, subject to approval of the Full Business Case, is £0.792m.

- 7.3. The estimated benefits from this investment, to 2016/17, are £2.044m cashable and £0.762m non-cashable. The annual split of the costs and benefits is set out in section 4 of the report. The broad split of the cashable benefit work streams are set out below:

	Revenue Saving 2012/13 to 2016/17
	£'000
Mail Correspondence	521
Managing the document lifecycle	426
New Ways of Working	507
Invoices and Payments	590
	2,044
Split Between:	
General Fund	1,350
Housing Revenue Account	694
	2,044

- 7.4 The level, and split, of the cashable savings will be subject to final confirmation as the scheme proceeds. They will need to taken account of within the Council's forward financial plans. With regard to the saving for invoices and payments and EDMS in CSD Finance, this is already accounted for within the MTFS as part of the World Class Financial Programme. The investment required in this area, £0.172m, will help ensure the saving is delivered more effectively.

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

- 8.1. The work will be procured through the Council's existing arrangements with the HFBP and there are therefore no direct legal implications.

9. COMMENTS OF THE ASSISTANT DIRECTOR (PROCUREMENT & IT STRATEGY)

- 9.1. There are currently no procurement related issues identified in the report.
- 9.2. The technology investment proposed in the report is in line with the direction of travel of the tri-borough ICT strategy and will contribute to delivering the objectives of this strategy.

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. 14 th July 2008	Andrew Richards, SmartWorking Programme Manager, Ext 5989	SmartSpace / HTH
2.	Business Case for SmartWorking at H&F SmartSpace / HTH	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.	Cabinet paper – Funding drawdown for Corporate Rollout of SmartWorking (Stage C). 1st July 2010	Andrew Richards, SmartWorking Programme Manager, Ext 5989	SmartSpace / HTH
5.	Cabinet paper – Request for funds for SmartWorking project in Finance & Corporate Services	Andrew Richards SmartWorking Programme Manager, Ext 2123	SmartSpace / HTH
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