	London Borough of Hammersmith & Fulham
h&f the low tax borough	**CABINET** **22 JULY 2013**

PROPOSAL FOR THE NEXT PHASE OF TRI-BOROUGH CORPORATE SERVICES	
Report of the Leader of the Council – Councillor Nicholas Botterill	
Open Report	
Classification - For Decision **Key Decision:** Yes	
Wards Affected: None	
Accountable Executive Director: Jane West, Director of Finance and Corporate Governance	
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1.   **EXECUTIVE SUMMARY**

1.1.   The Tri-Borough corporate services programme has been successfully
        working for over a year to bring together services across the three councils
        in order to deliver savings and to oversee the procurement of Managed
        Services and TFM. It is on track to deliver its savings targets.

1.2.   However, it is recognised that much still needs to be accomplished and
        that further to successful mobilisation and a number of successes, the
        programme is now in a more complex delivery phase.

1.3.   This paper outlines a proposal for the next phase of Tri-Borough Corporate
        Services and the resourcing required to deliver these ambitions.

2. RECOMMENDATIONS

2.1. That expenditure of £142,706 be approved for Hammersmith and Fulham's contribution to the cost of the Tri-borough Corporate Services programme for one year (to July 2014), to be funded from the Efficiency Projects Reserve.

3. REASONS FOR DECISION

3.1. Funding for the current structure of the Corporate Services Programme is due to cease. Approval is requested for a new model of programme support that enables the three councils to agree the future direction of corporate services whilst providing a robust means of managing a variety of complex delivery programmes.

4. INTRODUCTION AND BACKGROUND

4.1. Since its inception, the corporate services programme has successfully delivered a number of Tri-Borough initiatives. In particular the programme has:

- Procured and commenced the implementation of the Managed Services framework contract
- Procured and signed the TFM Contract and commenced mobilisation
- 'Gone live' for Tri-borough Innovation and Change Management, Bi-borough Audit and Anti-Fraud and Bi-borough Procurement services;
- Agreed a Tri-borough Procurement protocol to increase the efficiency of decision making
- Delivered a Tri-borough ICT Strategy and infrastructure to support Tri-borough working
- Issued the Invitation to Tender for a Tri-Borough framework agreement for ICT and progressed the development of an operating model for retained and client ICT services
- Completed the ICT Enterprise Architecture blueprint design exercise (Fordway) and now preparing a series of business cases to seek cost savings from ICT infrastructure

4.2. Four of the programmes within the overall programme have had their own support, in addition to the Corporate Services programme resources. For Managed Services, the ICT procurement and TFM this is quite extensive and for the main ICT programme this has been simply an additional programme manager. Funding for these additional programme support resources has already been secured, business case by business case. As a result of these robust programme resources, the programme is currently on-track to deliver against its savings targets.

4.3. Under the current arrangements, Tri-Borough corporate services is responsible for co-ordination between the various corporate services

programmes and for reporting to the Corporate Services Board and Members. The primary accountability for the successful delivery of each individual programme or project rests with the sponsoring board member and their programme teams. Under the proposed new structure, this arrangement would continue.

4.4.   However, the nature of the programme has changed as it has progressed. Corporate Services workstreams could previously be run on a relatively isolated basis and facilitated using consultancy skills and resources.   As the workstreams have moved from procurement towards implementation, the programme has generated significantly greater levels of complexity and interdependency between its workstreams.

4.5.   As a result, the programme currently exhibits the following risks:

• The potential that the four core programmes of activity will not deliver all that is expected of them as a result of insufficient resource to handle the complexities involved across Reporting, Benefits, Dependencies, Planning, Risk Management, Communications and so on
• Day-to-day issues across the different programmes are not addressed as they arise due to a lack of capacity within the programme
• The potential that some programmes will not deliver over the coming year as a result of a lack of structured programme management techniques
• The programme does not deliver against the expectations of (internal) customers of corporate services due to the lack of a shared goals for corporate services
• Programme teams across the three councils may not develop appropriate team behaviours and decisions may not be made in a timely fashion as a result of different values and objectives

4.6.   It is therefore proposed to create a stronger core to the corporate services programme. The aim is to ensure that a balance is made between defining the overall objectives of Tri-Borough corporate services whilst ensuring that sufficient day-to-day progress is made on more practical and operational matters. Three key changes are recommended.

4.7.   First, it is proposed that the programme enables greater strategic alignment and shared goals between participants. It is therefore proposed to create a corporate service 'blueprint' that outlines how corporate services will support its customer in the future and which provides direction and strategic context for the individual workstreams.

4.8.   Second, it is proposed that the programme would benefit from a greater level of cultural alignment. The intention is to ensure that there is sufficient commitment and communication of the changes together with behaviours that reflect the desire for success at all levels of corporate services.

4.9.   Third, it is proposed that a greater emphasis is placed upon structured programme management in order to manage the complexity of the programmes involved and the dependencies between them.

4.10.   As a result of these changes, it is proposed to recognise Tri-Borough Corporate Services as a portfolio of programmes and projects rather than simply as a programme.

5.   PROPOSAL AND ISSUES

Scope of Corporate Services Portfolio

5.1.   The scope of the programme is proposed to include the following programmes and business change projects.

Programme/ Project	Description	Lead Council	Savings Target
Delivery Programmes			
ICT Infrastructure	Covers the implementation of a series of strategic infrastructure projects.	H&F	£3m
ICT Procurement	The procurement of a Tri-Borough framework for ICT services	WCC	
TFM	Covers the implementation of the new Total Facilities Management contract	RBKC	£2m
Managed Services	Implementation of transactional HR/Finance services plus procurement of remaining lots.	WCC	£5.7m
Working from Anywhere	Implementation of new ways of working to provide more flexible resource management.	H&F	TBC
Property and Asset Mgmt	Covers the design of a property TOM and the implementation of strategic property options with other associated projects	H&F	£1m
Business Change Projects			
Retained ICT	Design and creation of a single TOM for the ICT service	H&F	TBC
Strategic HR	Construction and implementation for case management support (excl. Managed Service)	H&F	£0.2m
Legal Services	Implementation of improved case management and structural changes. Could be Tri-Borough.	RBKC	£0.3m
Revenues	Development and implementation of a Target Operating Model for the Bi-Borough revenues service.	RBKC	TBC
Fraud	Covers the development of a mixed economy Fraud service. Could be Tri-Borough.	RBKC	TBC
Customer Services	Covers the development of bi-borough customer services function post the existing contractual arrangements (2014).	H&F	TBC

5.2. Delivery programmes are those workstreams that are complex, often have supplier relationships, hold a significant savings target and require dedicated programme management and/or programme teams. Although accountability for the delivery of the change rests with the individual programme, they require support from the corporate services portfolio to ensure that dependencies between programmes are managed and that they progress in a manner consistent with the overall objectives for Tri-Borough Corporate Services.

5.3. Business Change projects are those workstreams that can be designed and implemented using existing service structures and require facilitation and guidance in the use of business change methodologies. For these projects, the corporate services portfolio will take a more traditional approach to programme management.

5.4. In addition to the above services, it is proposed that a pipeline of services will be created for future inclusion within the scope of the programme. These could, for instance, include Tri-borough Anti-Fraud or Internal Communications as well as potentially centralising elements of corporate services that are currently devolved to departments.

Portfolio Activities

5.5. The portfolio will undertake a series of activities to co-ordinate between the above programmes and projects of change and to ensure that they meet Tri-Borough objectives.

Activity	Description
Management of Business Change Projects	▪ The programme will undertake programme management of individual corporate services business change projects (named above) ▪ The work will include facilitation and guidance in the use of the existing Target Operating Model methodology ▪ The business change projects will be resourced through service staff with supplementary use of the ICM team agreed through separate business cases
Portfolio Dependencies	▪ Construction of initial high level dependencies between programmes and projects ▪ Identification of where resource capacity problems exist ▪ Identification of the impact of dependencies – both individually and collectively to customers across the portfolio ▪ On-going monitoring of dependencies between programmes and business change projects and seeking resolution of dependencies
Programme Support	▪ Encouraging the adoption of project/programme management disciplines within projects and programmes ▪ Active monitoring of key programme risks and issues ▪ Establishment and tracking of a milestone plan across all programmes ▪ Tracking the realisation of financial and customer benefits across the portfolio

Tri-Borough Corporate Services Blueprint	▪ Create an outline model for how Tri-Borough Corporate Services will support its (internal) customers in the future ▪ Engage services in the design of the blueprint ▪ Develop design principles for Tri-Borough Corporate Services ▪ Establish the case for change and supporting narrative that explains the reasons for change ▪ Establish case-studies of other similar initiatives across Public and Private Sectors – enable conversations where appropriate ▪ Establish the appropriate split between Strategic, Advisory and Transactional corporate services ▪ Create options for the commercial model for relevant services ▪ Develop pipeline of future corporate services transformation ▪ Provide the high level phasing for the transformation of corporate services
Cultural Alignment	▪ Work with the councils to create a customer focused culture ▪ Run workshops with the aim of creating a collaborative working environment at all levels of corporate services ▪ Creating a collaborative environment amongst programmes and projects ▪ Assessing the organisational commitment and capacity to absorb the change (both for customers and staff) ▪ Creating champions for the programme within departments and communicating the benefits of the change
Voice of the customer	▪ Ensure that customer priorities and feedback are incorporated into the design of corporate services ▪ Run the annual voice of the customer survey ▪ Interview key stakeholders ▪ Agree improvement actions and facilitate implementation within programmes
Reporting to programme board and members	▪ Create a simplified and rationalised reporting structure across councils ▪ Report to Corporate Services Members Board ▪ Report to Corporate Services Programme Board ▪ Feedback to programmes on decisions
Communications and Stakeholder Engagement	▪ Engagement with (internal) customers and other stakeholders ▪ Create an overall communications plan across Tri-Borough Corporate Services ▪ Ensure co-ordination of messages and target audiences ▪ Provide overall corporate services communications ▪ Undertake communication activity for business change projects (nb programmes undertake their own communications)

Portfolio Roles

5.6.   A number of key portfolio roles are required in order to adequately manage the portfolio. These are to be resourced through a combination of internal and external positions.

Role	Internal or External	FTE	Responsibilities
Portfolio Manager	Ext	1.00 FTE (5 Days Per Week)	▪ Overall management of portfolio ▪ Works with workstreams and customers to ensure delivery of expected outcomes of Tri-Borough Corporate Services ▪ Seeks to resolve issues and problems that inhibit progress across workstreams as they arise ▪ Management and reporting to senior stakeholders/attendance at boards ▪ Primary link with significant programmes (Managed Services, Working From Anywhere, Property Programme, TFM, ICT) ▪ Advocate for Tri-Borough Corporate Services ▪ Managing pipeline of services joining programme ▪ Managing regular status meetings with workstreams ▪ Handling significant risks/issues ▪ Facilitates role of the Business Design Authority for the programme
Business Change Delivery Lead	Int	0.5 FTE (2.5 Days Per Week)	▪ Day to day management and co-ordination across business change workstreams (e.g. Legal, Revenues, Fraud, ICT TOM etc.) ▪ Undertaking a business impact assessment across programmes and projects to determine customer capacity and capability to absorb the change ▪ Embedding business change disciplines in projects/programmes ▪ Working with business change consultants to ensure projects deliver their intended outcomes ▪ Other aspects of the role of the portfolio manager as agreed on a case by case basis
Blueprint Design	Int	0.4 FTE (fixed period of 5 months)	▪ Agree case for change for Tri-Borough Corporate Services ▪ Construction of design principles ▪ Agreement upon key constructs of the blueprint (e.g. commercial model, standard process, organisational design principles, business partners etc.) ▪ Obtain case studies of practice in other organisations e.g. outcomes / lessons learned ▪ Potentially arrange site visits or visits from

			other organisations ▪ Run a series of workshops with Steering Board to agree key elements of blueprint ▪ Run workshops with key stakeholders (staff and customers) to ensure blueprint incorporates their priorities ▪ Agree the 'stepping stones' and phases to the end vision ▪ Development of corporate services blueprint ('storyboard' not long written report)
Comms Co-ordinator	Int	0.3 FTE (1.5 days per week)	▪ Identify stakeholder groups and communications plan ▪ Co-ordinate across corporate services programmes and projects to ensure consistency of messages and timing to stakeholder groups ▪ Issue monthly communications from the programme
Programme Support Manager	Ext	1.0 FTE	▪ Embedding project/programme management disciplines in projects and programmes – ensuring projects and programmes are suitably planned and resourced ▪ Day to day management of key risks/dependencies upon programmes and actions to resolve ▪ Developing and maintaining a milestone plan across programmes ▪ Co-ordination change control process ▪ Co-ordination of planning and dependencies ▪ Handling programme reporting ▪ Co-ordination of risks/issues – setting framework and ensuring complete ▪ Reporting benefits (financial and customer)

5.7. Please note that the above resources exclude those that are necessary to run or facilitate individual programmes (e.g. the programme managers for ICT infrastructure or property) as well as any support associated with facilitating business change projects (e.g. organisational development). The need for these resources will be established on a case by case basis.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. A number of options were considered prior to proposing the one contained within this paper.

6.2. Option 0 considered suspending the Corporate Services in order to allow further time to consider the most appropriate next step. This reduced the cost of running the portfolio but would not allow adequate management or oversight of the Tri-Borough programmes in the meantime and would limit the savings available. For these reasons it was discounted.

6.3. Option 1 covered continuing the current arrangements as a more facilitative programme that primarily offers consultancy and programme

assurance. This would reduce the costs slightly but does not recognise the change in the nature of Tri-Borough programmes, the risks that it faces from inter-dependencies or the expectations that are placed upon it. For these reasons it was discounted.

6.4. Option 2 is the option proposed within this paper and suggests moving to portfolio management in order to more appropriately resource Tri-Borough Corporate Services and to manage a complexity of different programmes with a greater emphasis upon developing shared goals and objectives.

6.5. Option 3 considered centralising Programme Support across the various Tri-Borough programmes. This option would the most cost-efficient of all the options and could also assist to provide a sense of urgency and focus amongst the projects and programmes. However, this option would increase the level of bureaucracy, would restrict ownership of changes by individual services and would also bring the risk of creating a 'single point of failure' for the delivery of Corporate Services savings. For these reasons it was discounted.

7. CONSULTATION

7.1. There is no legal requirement to consult with the public. Single, bi and tri-borough services (the 'customers' of Corporate Services) have been consulted upon the proposals within this paper through their membership of the officer-led corporate services programme board and the business board.

8. EQUALITY IMPLICATIONS

8.1. There is considered to be little or no impact on equality as a result of the issues in this report. Equality Impact Assessments are completed as part of the work undertaken by individual projects and programmes within the Tri-Borough Corporate Services portfolio.

9. LEGAL IMPLICATIONS

9.1. There are no direct legal implications in this report. Legal implications will be completed as part of the work undertaken by individual projects and programmes within the Tri-Borough Corporate Services portfolio.

9.2. A separate authority to enter into Bi and Tri-Borough legal agreements has been agreed for a range of Corporate Services following the decision of the three authorities' Cabinets in June 2011.

9.3. Implications provided by Tasnim Shawkat, bi-borough Director of Law, tel. 020 8753 2700.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The significant programmes (ICT Infrastructure, ICT Procurement, TFM, Managed Services) each have their own separate business case and associated costs. They are not included within the financial and resource implications of this paper.

10.2. However, it is expected that the Tri-Borough Corporate Services Portfolio will continue to support such programmes and that they will gain enhanced benefit from the structure proposed within this paper.

Savings

10.3. Excluding the programmes named above, the following savings have been achieved in 2012/13 or represent planned savings in 2013/14.

	2012/13 Annual Savings (£000s)	2013/14 Annual Savings (£000s)
Finance	£110	£0
HR	£102	£0
Legal	£50	£50
Audit	£0	£130
ICM	£0	£214
Insurance	£65	£40
Total (All Councils)	**£327**	**£434**

10.4. The figures above represent savings across all three councils. Of these totals, Hammersmith and Fulham achieved £170k savings in 2012/13 and will achieve £354k savings in 2013/14.

10.5. These savings are annualised and are gained in perpetuity - for every year that budgets remain reduced.

10.6. In addition, savings will be available through the inclusion of further services within the corporate services portfolio. These include retained ICT, Strategic HR, Legal Services, Revenues, Fraud and Customer Services. Business cases and targets will be developed for these savings as part of the initial work on these projects.

Costs

10.7. The cost of the programme for twelve months (to July 2014) is outlined below.

	Int / Ext	Daily Cost	Days	Cost (£)
External Spend				
Portfolio Manager	External	£678	231	£156,618

Programme Support Manager	External	£500	231	£115,500
Maximum Backfill Costs				
Communications	Internal	£500	72	£36,000
Blueprint Design	Internal	£600	100	£60,000
Change Delivery Lead	Internal	£500	120	£60,000
Total External				£272,118
Maximum Backfill costs				£156,000
Total Cost				**£428,118**

10.8. Backfill costs are included for those staff who, if they were not working upon Tri-Borough Corporate Services, could otherwise have been resourced upon alternative projects. An allowance has been made for the extra resourcing costs for these staff should it be required and represents a maximum figure that may not need to be utilised.

10.9. The cost of the core team for one year is £428,118 across all Councils (£142,706 per council) which includes an allowance of £156,000 (£52,000 per council) for backfilling internal staff. For H&F, it is proposed that this expenditure is met from the Efficiency Projects Reserve.

10.10. Implications provided by Jane West, Executive Director of Finance and Corporate Governance, tel. 020 8753 1900.

11. RISK MANAGEMENT

11.1. Risk Management will form an inherent part of the means by which the portfolio will operate. This includes maintaining risk logs for each project and programme as well as for the overall portfolio. Risks will be reported to the officer-led board as well as with the member's steering group as appropriate.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. There is no direct procurement or IT Strategy Implications as a result of this paper. Procurement and IT Strategy are projects and programmes that are included within the Corporate Services portfolio. In particular, an IT Strategy has been developed and will be implemented through the development of a series of business cases.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		