
CABINET

Subject Heading:

Smart Working Programme

Cabinet Member:

Councillor Damian White

SLT Lead:

Andrew Blake-Herbert

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Policy context:

The proposed rollout of the Smart Working programme will support delivery of the Council's digital and efficiency aspirations as set out within the Havering Vision and Corporate Plan.

Financial summary:

The proposals set out within this report will cost £5.4m capital and £0.577m revenue (one-off). These costs will be met from a mixture of existing budgets and additional borrowing for which the ongoing revenue implications are £0.463m per year. The benefits derived from the programme comprise a range of tangible and non-tangible savings, the nature of which are set out within the report

Is this a Key Decision?

Yes

(a) Expenditure or saving (including anticipated income) of £500,000 or more

When should this matter be reviewed?

September 2019

Reviewing OSC:

Overview and Scrutiny Board

The subject matter of this report deals with the following Council Objectives

Communities making Havering

Places making Havering

Opportunities making Havering

Connections making Havering

SUMMARY

This paper sets out proposals for a corporate Smart Working programme across all services to advance the Council's corporate aspirations towards becoming a digital-enabled organisation. The programme is aimed for delivery over the next 12 months and seeks to build upon the forthcoming ICT refresh of hardware and software to successfully embed agile working and support a series of organisational efficiencies and service improvements serving with a programme of organisational design activities as the building blocks to bringing about a change of culture for the council, its staff and therefore service to residents.

The proposals seek Cabinet approval to undertake some improvements to working environments and facilities as an interim measure in the short to medium term, pending the potential longer term delivery of future accommodation proposals as envisaged within Havering's Asset Management Strategy. The proposed investment represents an 'invest to save' opportunity providing a financial return both in the form of 'hard' savings from property rationalisation and softer savings delivered through reductions in agency, recruitment and sickness absence costs. The detailed organisational development activities will follow in the People Strategy to Cabinet in October.

RECOMMENDATIONS

1. That the Cabinet recommend Council to approve additional capital budget of up to £4.637 million funded from borrowing for the proposed rollout of the Smart Working programme, across the 19/20 and 20/21 financial years, to deliver all elements of the programme, which will support delivery of the Council's digital and efficiency aspirations as set out within the Havering Vision and Corporate Plan and will be funded by invest to save.
2. The Cabinet approve £410k from Business Risk Reserves
3. That Cabinet approve the award of a contract for the supply of laptop equipment and associated peripherals to **XMA Ltd** via the Crown Commercial Services Framework CCS National Aggregated call off (EA16) from RM1054 Lot 1.

REPORT DETAIL

1. The challenge and the response

Whether so-called 'austerity' has been the cause of or the catalyst for the scale of change in local government over the past decade is in many ways a moot point: what is inescapable is that change has been dramatic and has affected the entire system.

While the symptoms are simple to recognise – demand for services both statutory and discretionary increasing while funding to provide those services decreases year on year – the prescription is more complex. The prescription requires both the retention and improvement of what local government does best and new skills and technology more akin to private sector companies operating at the cutting edge of innovation and responsiveness.

Just as importantly, because the breadth and depth of the challenge is like nothing seen in public administration in peacetime, embedding the changes necessary to effective, convenient, efficient services for council tax payers in 2019 and beyond, getting it right requires a generational shift in strategy, tactics, activities and, underpinning all of that, the attitude, behaviours and culture of the organisation.

2. The transformation journey

This does not mean starting from a blank sheet of paper: local government began 'austerity' as one of the most efficient and innovative public services and has only enhanced that reputation since.

Havering Council has transformed services, not shirked tough choices and has approached the challenge with creativity, determination and a focus on balancing budgets while providing good services and spending every penny of public money wisely.

The new Council administration has a clear mission statement of "*Cleaner, Safer, Prouder, Together*" setting the context for the Council's Corporate Plan and medium term financial strategy. Underpinning that is a shift away from a service/silo focus – a legacy of the diversity of local government responsibility – and the creation of four 'theme boards' which unite the various council services, improvement and savings plans and innovations.

Havering Council has responded well to the challenge since 2010. We have enhanced reputation during austerity and through skilful and far-sighted management and the dedication, energy and bravery of staff avoided the tribulations of many councils as chronicled in trade and national media.

However, we have arrived at a crucial intersection where the recipe for what brought us to this point will not suffice to respond to the challenges we face now and in the future. Indeed, and put bluntly, if we keep doing in the future what we are doing now – and how we are doing it – we will ultimately not succeed in our obligation to do the very best for residents and staff alike and deliver the priorities of the current and future administrations.

How the council responds to change – the demographics of the borough, the need for infrastructure-led regeneration across the borough, the re-setting of new public expectations about service delivery and availability, the expectations of and demands on staff, the revolutions in technology that provide opportunities for more effective and convenient local government than residents have ever had the opportunity to enjoy – will determine our success at navigating the risks and opportunities that lie ahead.

3. Plotting a course for the future: investing in the culture and capacity of the Council

Fig 1. What we need to do

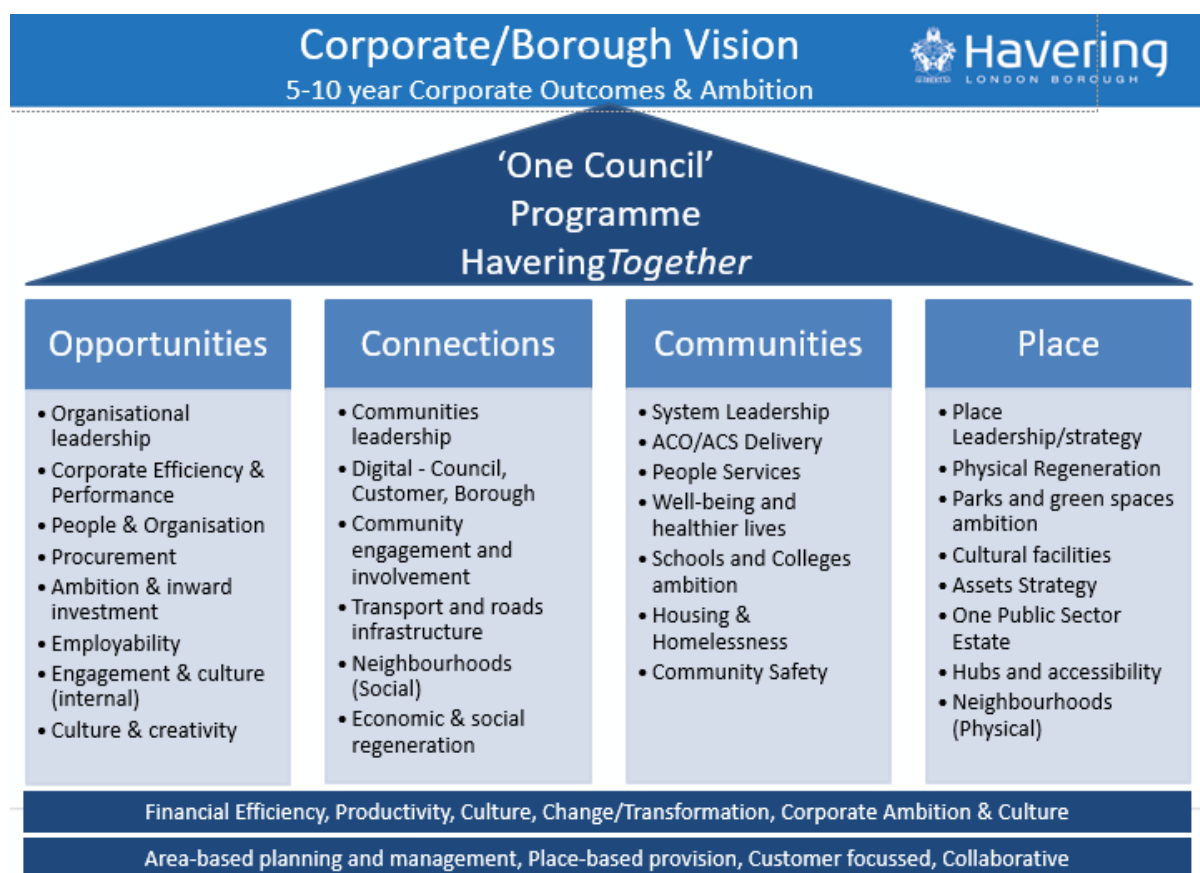


Fig. 2: How we need to work in order to do it

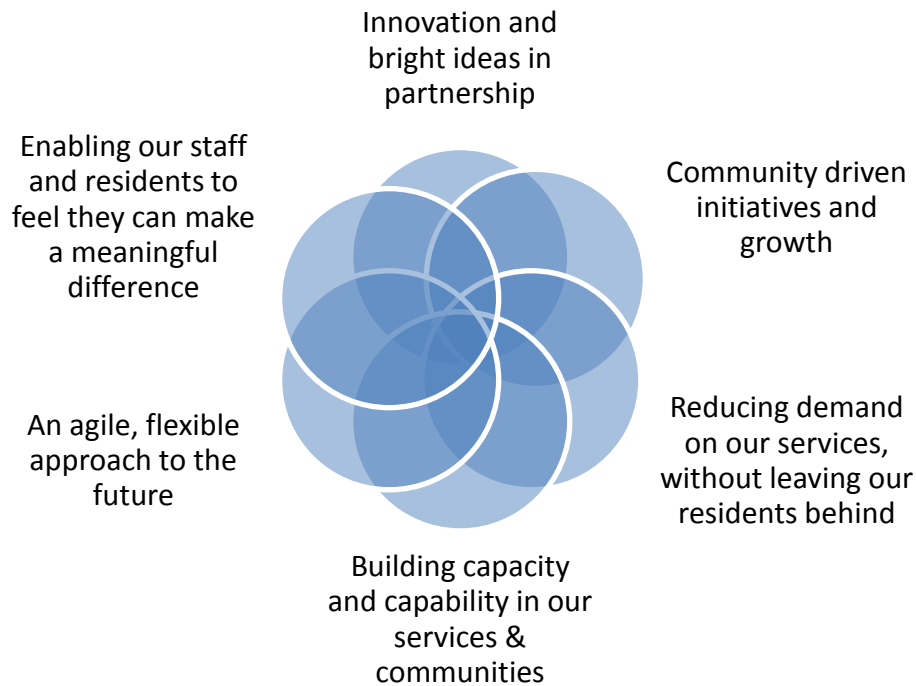
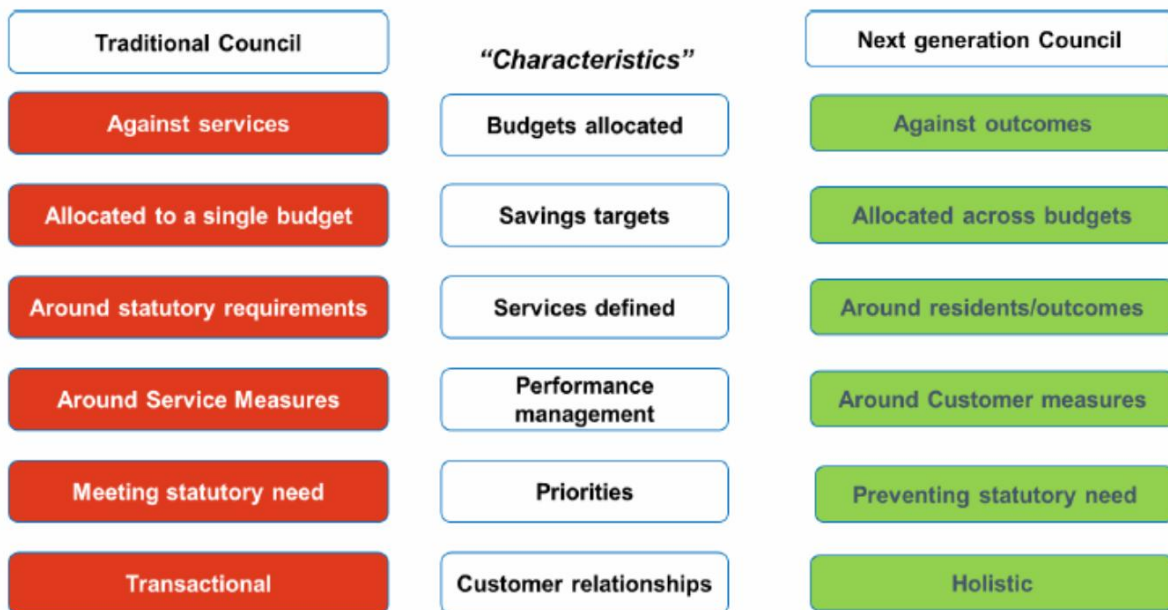


Fig.3: the trajectory of change necessary to be a modern Council



The above diagrams set out the connected drivers of a modern council, essential to achieving the outcomes as set out in the council’s Corporate Plan¹

The Council is taking forward the developmental work that will prepare the organisation for the future. By moving to the four themes of outcomes, rather than

¹ https://www.havering.gov.uk/download/downloads/id/3117/havering_corporate_plan_2019_-_2020.pdf

the silo-based directorate structures, we are now starting to set budgets against those themed outcomes, with budgets managed by theme rather than by service.

Our performance indicators are beginning to change to be about outcomes for residents rather than inputs, and a lot of transformational savings are about prevention rather than meeting need. All of this was viewed positively by the Local Government Association (LGA) in its peer review of this council in 2019 which highlighted our work as best practice and independently confirmed that Havering has the right pieces of the jigsaw in the right place.

During our journey, we have taken learning from different places. We have taken inspiration from Silicon Valley companies and businesses like Netflix, which are built on freedom and responsibility, innovation and self-discipline, instead of a culture of process adherence. We have also taken learning from the Dutch home care company Buurtzorg, whose success is based on redefining relationships between those in receipt of care, those who provide it and the wider community, in a structure characterised by reduced layers of management, self-managing teams and continuous cycle of increasing efficiencies and bearing down on costs. Of course, we have also looked across the public sector in the UK for examples of best practice where organisations have harnessed the capacity and capability of the workforce to make step changes in delivery and operating models, commercialisation and rationalisation.

4. Next steps

None of the above can be achieved without a whole system pulling together with clear focus and measurement. But neither can we expect staff to work with a forward-facing attitude and mentality, ask them to embrace data and technology, be brave and innovative, operate at increased risk while learning all the time to hone and improve services, listen to residents and build resilience in communities that increases capacity and reduces demand, if the environments, cultures and practices and equipment we provide in the workplace are rooted in the past.

Investing in that future for Havering will require incremental changes over time in some areas but big, disruptive change at pace in others. To do that, we must continue to focus on two specific but linked areas.

People, Values and Behaviours

This is a crucial area and getting it right means supporting the workforce to meet new demands and develop the skills and behaviours across a portfolio of statutory and discretionary responsibilities unrivalled across the public sector.

We start in a strong place: as measured through the 2019 colleague survey, Havering Council staff have a strong connection to the borough, a clear public service ethos and most colleagues experience good support and challenge from managers.

But there are some stark challenges too. The Council will need to demonstrate to the workforce that, if it expects staff to **take more responsibility** and develop new skills,

search for innovative solutions, involve residents more in planning and delivering services and empower teams at all levels to work more flexibly, senior leaders will need to enable that and **give more support**.

Our developing People Strategy provides that support by putting our colleagues at the heart of our plans, setting out ambitious proposals across human resources, training and development and the ongoing vision, values and behaviours that drive a positive and productive workplace culture.

The strategy will provide a signpost for current staff to know where they fit in to the transformation journey and how to develop the skills that will get us there and will inspire potential new recruits to recognise in Havering Council an employer that can help them achieve their career goals.

Our People Strategy will be underpinned by a detailed action plan which sets out clear actions, timescales and measures of success. The strategy will be brought to Cabinet in October 2019.

People based benefits:

- The Councils approach is to head to a 5:10 desk ratio which will reduce the size of office space required and enable staff to work when and where necessary. Any time, any place and anywhere – guidance will be provided on this new style of working.
- Increased success in staff recruitment and retention, particularly for key workers (where working environment can be a differentiating factor).
- Reduction in staff sickness absence and improved wellbeing (evidence-based from other councils)
- Reduction in agency costs covering vacancies/long term sickness absence. Evidence in other organisations indicates that a 5% reduction should be achievable – this would equate to a saving of £950k p.a. based on Havering's current annual agency spend. Other initiatives are underway to mitigate agency spend but the adoption of Smart Working would support and compliment these other measures.
- Increased optimism, trust, confidence and sense of empowerment from staff (measured via bi-annual staff survey)
- Reduction in unnecessary staff travel time
- Reduction in need for lone working
- Increased work;life balance

Staff will be decanted from accommodation as the place element of the programme is delivered, ensuring that no one is affected by works during this time

Work is ongoing with the Head of Health & Safety to help mitigate any of the potential issues which might arise with such a new approach

There are planned culture change interventions and help for managers, teams and individuals

Research considered includes review case studies of several Local Authorities including Wolverhampton, Wokingham, Redcar, Westminster and Nottinghamshire

where they have progressed Smart Working. Research has also taken place on several areas of the Civil Service, the LGA and Children's Social Care (which revolves around technology).

Workplace and workspace

A best in class workforce delivering best in class services requires the workplace and workspace to drive quality, not constrain it.

Our proposals for investment span digital and physical infrastructure, giving staff the working environment and tools they need for that innovative, ambitious and outcomes-focused culture to thrive.

Our *Smart Working* programme offers a potential step-change to harness new technology, increase flexibility and bring down silos within the workforce and enhance the customer experience through a 'control shift' putting them in the driving seat.

The programme will deliver through:

a) Digital Infrastructure:

The renewal of ICT hardware and software is largely the subject of an existing refresh programme being rolled out incrementally across services. The replacement of older desk-top PCs with laptops and other mobile devices will offer much greater service flexibility, responsiveness, and more effective use of resources (particularly building assets) as the Council progresses its digital ambitions.

The adoption of Windows 10 and Office 365, now standard across public and private sector, will offer greater flexibility for staff to work collaboratively across teams and collect, analyse and understand data in new ways.

The new Smart Working tools will enable the majority of employees to work in a truly agile manner, with the ability to access work resources, line-of-business and generic applications (e.g. Oracle, Microsoft Office) from any location.

The ongoing programme of service reviews and transformation programmes like the automation programme will look at end-to-end processes within services to consider where further efficiencies and service improvements can be achieved through the application of digital technology, where appropriate.

'Digital' benefits:

- Embracing digital functionality and cloud-based technology to drive service improvement, productivity, self-serve
- Ability for staff to work 'on the go' without being constrained to work from conventional office or home and to work at any time e.g. social workers being able to spend longer within the community without the requirement to return to the office to access or update client data.

- Improvements in business resilience and contingency planning resulting from more mobile workforce and reduced dependency to access offices
- Enhanced scope for collaborative working across teams and with partner organisations resulting from dedicated 'collaborative spaces'
- Reduction in staff travel time and costs as a result of mobile working
- Approach and technology that meets increasing expectation from residents in how they navigate everything from networking to shopping online but not leaving behind those who do not.

b) Physical infrastructure:

The Council's Asset Management Strategy and One Public Estate initiative offers longer-term opportunities to review comprehensively the Council's administrative estate. However the nature of these proposals are such that they are unlikely to be fully realised within the next 5 years. A full refurbishment of Mercury House to meet contemporary office standards has been estimated in the order of £6.4m

The aim of the 'Place' element within the programme is accordingly to deliver a more modest reconfiguration and refurbishment of existing workspace/meeting facilities in the short to medium term to better support agile and collaborative working throughout the interim period, the benefits of which can be carried through to longer term proposals.

We want to focus 'Place' works on Mercury House, where a majority of the Council's operational staff (approx. 900) are currently based, to provide a more modern and agile working environment. A comprehensive refurbishment of Mercury House would not be financially viable within the context of the Council's Asset Management Plan and so it is proposed to target investment into areas considered to have the highest impact including:

- Enhancements to meeting facilities, expanded wi-fi connectivity and audio/video-conferencing facilities
- Greater diversity in working environments to provide quiet areas, collaborative spaces in addition to general hot-desking areas
- Scope to increase desk/staff ratios from 7:10 currently, to 5:10

Including an allowance for modest improvements to the Town Hall office areas also, this level of reconfiguration/refurbishment has been estimated in the sum of £3.3m.

Examples for the types of proposed changes can be seen at Appendix A.

Place based benefits:

- Reduction of accommodation 'footprint' to facilitate delivery of savings within the Asset Optimisation project – potential income streams from letting surplus space. It is projected that Havering Council will be able to realise annual property savings of £520k p.a. as a consequence of proposals within this paper.
- Unlocking potential to achieve longer term asset proposals around One Public Estate

Cabinet, 18 September 2019

- Environmental benefits – progression towards paper-less organisation, reduced carbon footprint from staff travel and building energy consumption
- Reduction in off-site storage costs
- Consideration will be made to “Sick Building Syndrome”, however, the drive for LB Havering is not just around buildings and the environment but the much more liberated choice of where to work – so for some they may only enter a building very rarely – other might do more frequently – and this is where the consultancy phase of the Place work will highlight what would work best in Havering.

REASONS AND OPTIONS

Reasons for the decision:

The broad adoption of the Smart Working programme including the related 'People' and 'Place' proposals will deliver a wider range of service improvements operational and organisational benefits than simply the rollout of new ICT hardware and software in isolation.

Experience both in Havering and other organisations confirms that the co-ordinated delivery of the complementary activities proposed within the 'People' and 'Place' strands of the programme will ensure that organisational change is fully embedded and opportunities are realised in full.

Other options considered:

'Do Nothing'

– from an ICT perspective, the fact that the current corporate operating system (Windows 7) will have support withdrawn from Microsoft by the end of 2019 means that there is little alternative but to proceed with the ICT refresh including the rollout of Windows 10, if business resilience is to be maintained across Council services.

'Progress the ICT refresh without the supplementary 'Place' and 'People' elements of the Smart Working Programme'

– whilst this would maintain business resilience, the Council would fail to fully exploit the digital potential presented by the ICT refresh. Working practices would be likely to remain as existing in many service areas with the results that few of the benefits outlined in this paper would materialise.

'Comprehensive refurbishment of Council administrative buildings'

- A more comprehensive refurbishment of Council office accommodation could theoretically be considered but the more significant level of investment required would not provide an attractive return on investment when considered in the context of the Council's longer term accommodation proposals as set out within the Asset Management Strategy.

IMPLICATIONS AND RISKS

There is a corporate requirement to set out the implications and risks of the decision sought, in the following areas

Financial implications and risks:

Estimated Costs & Funding for the project are set out below:

	Capital £	Revenue £
One off project costs		
ICT	2,000,000	167,000
Place Fees	3,300,000	
	150,000	
People		210,000
Programme Support		200,000
TOTAL	5,450,000	577,000
Funded by		
Existing ICT budget	813,000	167,000
Allocation from Transformation Reserve		200,000
Allocation from Business Risk Reserve		210,000
Additional Capital Funding requirement	4,637,000	
TOTAL	5,450,000	577,000

Note – revenue costs do not represent permanent growth and are for the duration of the project only

There is no approved allocation identified in the current capital programme to fund the £4.637m therefore Cabinet are asked to recommend to Full Council that an allocation of £4.637m is included in the Capital Programme, which would need to be funded from borrowing.

The table below outlines the annual cost of that capital borrowing, showing the MRP and interest charges for this capital allocation.

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Ongoing revenue implications of capital financing	Annual cost £
Minimum Revenue Provision	
ICT - 5 year asset life (£1.187m)	237,400
Building works - 40 year asset life (£3.45m)	86,250
capital financing interest @3% (PWLBR rate)	139,110
Total revenue costs of capital financing	462,760

The building works would be funded over an asset life of 40 years. The ICT equipment would be funded over a 5 year asset life, and these assumptions have been used to calculate the MRP above.

However under this assumption the ICT kit rolled out as part of this project could be obsolete after 5 years and would need to be replaced. There needs to be consideration given to the strategy for the replacement and refresh of this technology as part of the future capital strategy and MTFS planning process.

Funding

The revenue costs of borrowing identified above can be funded from the cashable savings of £520k per annum delivered as part of the asset optimisation savings.

Summary of potential savings delivered/supported by Smart Working

Item	Potential annual saving
<i>Budgetary Savings</i>	£m
Savings from property rationalisation*	0.520
<i>Other Savings</i>	
Reduction in recruitment costs (assumes 10% reduction on previous year)	0.010
Reduction in agency costs (assumes 5% reduction on previous year)**	0.950
Reduction in sickness absence (assumes 5% reduction on previous year)***	0.179

Total potential savings per annum	£1.659m
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* Saving is already expected within Asset Optimisation workstream

** spend is generally funded from budgets for vacant posts which will be needed if the posts are filled

*** Based upon 18/19 total staff sickness absence of 29,617 days and assuming an average hourly pay rate of £16.83 for all staff (Grade 4). In many areas staff sickness is not covered by agency and therefore a reduction in sickness levels would increase staff productivity in the first instance. Should such a longer term increase be sustained staffing levels could be reviewed.

Risks

Costs for building reconfiguration are provisional estimates and have not yet been formally procured – hence there is a risk that costs could increase, although this can be mitigated by adopting the project contingency contained within the cost estimate (10%). Furthermore, there would be the opportunity to value-engineer the works specification with the successful contractor prior to issuing the contract.

Asset optimisation savings are in part subject to securing a letting for any surplus accommodation released.

Legal implications and risks:

Part 1 Chapter 1 of the Localism Act 2011 gives the Council the same power to act as that of an individual, subject to any statutory restrictions which may apply. The recommendations in this report are compatible with these statutory powers.

Laptop Procurement

This report seeks approval to award a contract to XMA Ltd for the supply of laptop equipment and associated peripherals via the Crown Commercial Services Framework CCS National Aggregated call off (EA16) RM1054 - Lot 1. The estimated expenditure of this contract is £1,596,830.

Crown Commercial Service (CCS) have undertaken a collaborative Further Competition (EA16-NFC39) to put individual contracts in place with Local Authorities right across the country utilising the Technology Products Framework Agreement - RM1054 Lot 1 for items such as desktops, laptops, monitors, windows tablets, hybrid tablets and thin clients. The successful bidder of the further competition for laptops was XMA Ltd.

Monitor Procurement

It is intended to commence a mini competition via the CCS Technology Products RM3733 - Lot2 for the supply of monitors. The estimated expenditure of this contract is £476,000.

The framework appears to be compliant with the Public Contracts Regulations 2015. The Contract Award Notice (2016/S 220-401822) was dispatched on 11 November 2016 and the decision to award the framework agreements to the

supplier was made on 14 October 2016. Participating authorities therefore have until 13 October 2020 to call-off a supplier from this Framework.

This is a multi-supplier framework with provision for further competition. Therefore, in accordance with the Council's Contract Procedure Rules, officers intend to follow the express framework provisions for choosing a supplier for the works. Officers will call-off services from Lot 2 (Combined Hardware and Software) and the contract will be awarded after further competition.

Human Resources implications and risks:

The 'People' aspects within this paper recognise the requirement to review existing Corporate and HR policies to ensure that agile working benefits can be fully realised and a coaching and training strategy is developed for managers and staff to successfully embed the new technology and working practices. A series of Smart Culture Working workshops is also recommended to fully engage the workforce on this programme. If there is a requirement to temporarily 'decant' staff this will be planned and managed and staff will be fully engaged with during this process.

Equalities implications and risks:

Digital access and agile working will offer benefits to the workforce by reducing reliance on gaining daily access to Council buildings and providing greater flexibility, both in terms of working hours and locations, benefitting a potential wide spectrum of employees.

Any works to Council buildings will be fully compliant with Part M of the building regulations relating to disabled access.

A full agile Employee Impact Assessment will be completed throughout the programme and updated at key milestones.

BACKGROUND PAPERS

None