

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 07 November 2016

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>Vanguard Progress</b>
<b>Report of:</b>	Director of Finance and Resources
<b>Strategy/Policy:</b>	Efficiency Plan
<b>Corporate Objective:</b>	Dynamic, prudent and progressive Council

**Purpose:**

To provide an update on the Council's achievements as a result of the introduction of the Vanguard method, including financial savings achieved and improvements in customer satisfaction, and to propose that the existing contract be extended to allow for a further phase of works.

**Executive summary:**

Works on phase four of the Vanguard interventions are well under way with further interventions proposed, however the contract with the Vanguard Consultancy is nearing its completion. This most recent phase has focused on introducing the Vanguard method within the Streetscene and ICT departments, as well as looking at purchasing and payments within finance and resources and the cash office function.

Significant lessons have been learnt from each intervention to date and new ways of working have been implemented, which have resulted in a more responsive, customer focused approach. Services are being tailored to suit the individual customer, rather than using a 'one size fits all' approach.

The main purpose of the initial contract was to improve the overall customer experience; the interventions have however generated unplanned savings of £956,400 per annum, with further savings likely in the future.

Whilst the Vanguard approach is working well, there is a possibility that the rollout of interventions could lose its momentum as the consultancy contract nears its completion.

To keep up the momentum and to rollout the Vanguard method in further areas, it is proposed that the Council awards the Vanguard Consultancy a further contract extension. This will enable additional interventions to be carried out with the advice

and guidance of a specialist consultant.

The contract extension should continue to be viewed as a “spend to save” initiative, with additional annual savings expected as new ways of working are implemented. This means that funds would be used from the spending reserve, with the reserve being replenished with any additional savings made.

**Recommendation/Recommended Option:**

That the Executive agrees:

- (a) to waive Contract Procedure Rules in order to extend the existing contract with the Vanguard Consultancy; and
- (b) to fund the extension of the existing contract from the spending reserve surplus to be replenished by subsequent savings from further interventions.

**Reason:**

To continue the programme of transformational change within the Council, improving the experience of our customers, empowering our employees, and identifying savings through improved efficiency.

**Cost of proposals:**

£100,000 revenue expenditure, funded from revenue reserves, with a view to replenishing the reserves when savings are realised.

**Appendices:**

- A: Building Services intervention
- B: Parking Services intervention
- C: Development Management intervention
- D: Benefits intervention
- E: Recruitment intervention
- F: Environmental Health intervention
- G: Insurance Claims intervention
- H: Tenancy intervention
- I: Housing Options intervention
- J: ICT intervention
- K: Intervention summary and plan

**Background papers:** None

**Reference papers:**

- Executive Report on 13 May 2013
- Executive Report on 6 October 2014
- Full Council Report on 11 December 2014
- Executive Report on 20 April 2015

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	7 November 2016
<b>Subject:</b>	Vanguard Progress
<b>Briefing by:</b>	Director of Finance and Resources
<b>Portfolio:</b>	Policy and Resources

#### INTRODUCTION

1. The purpose of this report is to provide an update on the progress of the work being undertaken under the guidance of the Vanguard Consultancy and, due to the success of the programme, propose that the existing contract be extended to allow for a further phase of works.

#### BACKGROUND

2. The Council has a good track record of providing high quality services. When customer satisfaction levels were measured in 2011 via a postal survey, 92% of respondents indicated that they were happy with the way in which the Council runs things.
3. Whilst this was an excellent result, and a reflection of the hard work and commitment by both members and officers, there was still room for improvement. With a view to maintaining and increasing customer satisfaction and avoiding complacency, the Chief Executive Officer investigated different approaches to the way services are designed and delivered, specifically those aimed at improving levels of customer satisfaction.
4. As a result of this investigation, the Executive considered a report on 13 May 2013, outlining a new management approach to improving customer satisfaction, which would require the appointment of specialist consultants to work alongside managers and employees to provide guidance and support throughout the process. The report recommended that the Executive approve the appointment of the Vanguard Consultancy.
5. The Executive approved the recommendation to waive contract procedure rules and approved the appointment of the Vanguard Consultancy to implement changes to the way the Council delivers its services to customers.
6. The initial cost of the proposals was £300,000, split over a three year period, with £200,000 expenditure being met from funds earmarked for "Improving the Customer Experience" and "Invest to Save" which was approved by the Executive on 16 July 2012 and the remaining £100,000 considered as part of the budget setting cycle for 2014/15.

## **THE VANGUARD METHOD**

7. The Vanguard method is loosely based on a systems thinking approach and provides an appropriate framework to help to implement the necessary changes to improve service provision and customer satisfaction.
8. Working alongside managers and employees, Vanguard's key to success is to design services "outside in" from a customer's perspective, rather than using a "one size fits all approach" and designing processes for the benefit of the organisation.
9. As well as creating better processes, the systems thinking method can lead to changes to measures, costs, structure and the role of support functions. As well as leading to tangible improvement in customer service, there is also evidence that suggests staff morale is improved, as front line employees feel more empowered to solve a customer's problem.

## **VANGUARD PROGRESS – PHASE 1**

10. The first phase of the process commenced in September 2013, with all Directors and Heads of Service learning the Vanguard method, understanding the customer experience and identifying opportunities for change.
11. Lessons learnt from the first phase were that:
  - the majority of customers' problems were not solved at the first point of contact;
  - as an organisation, we stand behind rules and regulations;
  - we are courteous and have high satisfaction levels but we don't solve customers' problems quickly;
  - defining the purpose of each service from the customers' point of view is critical for improvement;
  - targets are not always helpful as they can cause perverse actions; and
  - technology can create extra work as we "feed the machine".
12. Annual savings of £59,000 were captured from the first phase of works, achieved through the deletion of two vacant posts.
13. The second phase of works was identified, which included detailed interventions in housing repairs, car parking penalty charge notices, planning applications, benefits and recruitment advertising.

## **VANGUARD PROGRESS – PHASE 2**

14. The second phase of works focused on detailed interventions in the service areas identified at the end of phase one.
15. The Executive considered a progress report on 6 October 2014. Significant lessons had been learnt from each intervention and new ways of working were being implemented, resulting in a more responsive, customer focused approach. In summary, these new ways of working had resulted in:

- the average time to fix a repair to a Council property dramatically falling from 89 days to 6 days (appendix A);
  - the number of “challenges” to parking penalty charge notices falling by 50% (appendix B);
  - the average time taken to process a planning application falling from 56 days to 36 days (appendix C);
  - the average time to process a benefit application falling from 20 days to 6 days (appendix D); and
  - an improved range of candidates applying for job vacancies (appendix E).
16. As a result of the intervention into the housing repairs service, the frequency of electrical and emergency lighting testing was changed. This resulted in annual savings of approximately £109,000, bringing the annual savings to date to £168,000.
17. The Executive report on 6 October 2014 also set out progress to date and details of a third phase of works to be implemented within the terms of the initial contract. This included interventions commencing in environmental health noise control, insurance, housing tenancy services and strategic housing, and requested that £30,000 of the savings already achieved through this initiative be recirculated through the Housing Revenue Account, to fund the intervention into housing tenancy services.

### **INTERIM REPORT**

18. The last update on the level of savings achieved by the introduction of the Vanguard methodology was considered by the Full Council on 11 December 2014.
19. The report stated that whilst £168,000 of savings had been reported to the Executive in October 2014, further savings had been identified as a result of Vanguard interventions by the time of the December meeting. These additional savings had resulted from a restructure of the Building Services team (£88,000 per annum), a restructure of the Parking team (£75,000 per annum) and a restructure of the Benefits team (£50,000), and amounted to annual savings of £381,000.

### **VANGUARD PROGRESS – PHASE 3**

20. The third phase of works focused on environmental health noise control, insurance, housing tenancy services and strategic housing. As previously identified during the second phase of works, introducing new ways of working in these areas resulted in significant improvements to the services provided to the Council’s customers.
21. In summary, the new ways of working had resulted in:
- the time taken to deal with noise complaints from start to finish falling from up to 6 months to 3-4 weeks (appendix F);
  - Insurance claims being resolved more quickly by gathering all of the facts as soon as an incident is reported and speaking with the customer face-to-face to understand what matters to them when rectifying any damage. As a result, officers have more time to spend proactively working with different service areas, enabling them to learn lessons and prevent similar incidents reoccurring (appendix G);

- tenants now having more choice about where they live and how would like their home to look (appendix H); and
- strategic housing officers working with customers to help them solve their housing needs in the best way and also ensuring that, where appropriate, a suitable property is allocated. In addition, the size of the waiting list has reduced from 1100 to 1070 (appendix I).

#### **VANGUARD PROGRESS - PHASE 4**

22. On 20 April 2015, the Executive considered a report that reviewed the outcome of the initial contract with the Vanguard Consultancy and proposed that an extension of the existing contract be awarded for a further phase of works.
23. The Executive agreed to waive the contract procedure rules in order to extend the existing contract with the Vanguard Consultancy and to fund an extension to the contract using £170,000 of the spending reserve surplus, to be replenished by subsequent savings from the new interventions.
24. The extension to the contract would allow for another phase of works to commence, with new interventions proposed in Streetscene, ICT Helpdesk and the Council's overall approach to purchasing and payments. It would also allow for the expansion of the existing interventions, so other work areas could be looked at.
25. Essentially, from this point forward, the contract would be viewed as a "spend to save" initiative. This means that funds would be used from the spending reserve, with the reserve being replenished with any additional savings made. Evidence clearly indicates that one-off expenditure on the Vanguard Consultancy normally results in a significant level of annual savings which more than justify the initial investment.
26. Phase 4 has now commenced and whilst still in the early stages, has resulted in the following process improvements:
  - cutting out of unnecessary administration when accepting pitch bookings and creating a smoother process, as well as improved handling when dealing with abandoned vehicle and fly tipping reports;
  - ICT problems being fixed first time whilst preventing a reoccurrence as well as removing the requirement for employees to regularly change their network password; this in itself as reduced the number of password reset requests from 200 per month to just 2 per month (appendix J);
  - improvements to the flow of the invoicing process when dealing with payments for materials and sub-contractors, and thereby reducing manual work and hand offs; and
  - an intervention into the cash office function determined that there is still a requirement for a cash office for the foreseeable future. As well as simplifying several processes, the intervention identified a need to continue looking at all areas of Parking Services as well as starting an intervention in Finance.
27. With further funding, it is proposed that detailed interventions will continue in Streetscene (to include refuse and recycling, street cleansing, public open spaces, grounds maintenance and cemeteries) and Finance, as well as expanding the Parking and ICT interventions. The Vanguard method will also be introduced to other services

and departments including Council Tax and Business Rates and Democratic Services. Appendix K shows the proposed intervention summary and plan.

### **FURTHER SAVINGS**

28. As a result of various Vanguard interventions across the Council, further annual savings have been identified.
29. At the Full Council meeting on 15 October 2015, it was reported that additional savings had been achieved following the deletion of two posts within the management structure (Director of Community and Head of Building Services); this had resulted in savings of £168,100.
30. Further annual savings have already been realised, following departmental restructures in Development Management (£33,700), the Customer Service Centre (£92,000) and Environmental Health (£65,000).
31. A recent efficiency savings exercise has also identified annual savings of £216,600, as a result of new ways of working, bringing the total expected annual savings to £956,400. These additional savings will be achieved by the deletion of posts as follows:
  - Customer Service Centre (establishment reduction) - £23,700
  - Civil Enforcement Officer (vacant pending retirement) - £25,800
  - Personnel Restructure (including deletion of vacant Senior Personnel Officer post) - £38,400
  - Planning Project Officer (vacant) - £20,600
  - Grounds Maintenance Supervisor (vacant) - £34,400
  - Housing Options Manager (vacant) - £47,900
  - Business Support Officer (vacant) - £25,800
32. Whilst on-going savings have been delivered as a result of the Vanguard interventions, some of the interventions have also led to spending being redirected to front line activities within the service. In other services where costs have increased, such as housing repairs, these are being monitored closely to ensure that the right balance is being struck between cost control and meeting customer demand.

### **NEXT STEPS**

33. The Vanguard intervention process is working well and has introduced a cultural change across the authority. As more services go through an intervention, these new ways of working are becoming standard practice, lowering the likelihood of staff slipping back into the 'old' way of working.
34. New employees are trained in the new way of working and we will eventually reach a time where more staff have gone through the intervention process than have not.
35. There is a possibility that the rollout of interventions, and the programme of cultural change, could lose its momentum when the current contract ends.

36. Whilst it would be possible to carry out further interventions based on in-house expertise, any progress would be relatively slow because those officers still have to undertake their day jobs. It is therefore proposed to award the Vanguard Consultancy a further contract extension to provide advice and guidance on the next phase of interventions.
37. The contract extension would allow for the interventions in Finance and Streetscene to continue (covering refuse and recycling, street cleansing, public open spaces, grounds maintenance and cemeteries), as well as expansion of the interventions in Parking and ICT. The extension would also enable the Vanguard method to be introduced to other services and departments, including Council Tax and Business Rates and Democratic Services.
38. The new contract should be viewed as a “spend to save” initiative. It would therefore be viewed as self-funding and would be put in place to increase the speed of change.

### **FINANCIAL IMPLICATIONS**

39. The new contract will be viewed as self-funding. It is therefore proposed to redirect £100,000 of the spending reserve surplus to fund a further year of support.
40. It is proposed that the Council’s Contract Procedure Rules are waived in order to extend the current contract with the Vanguard Consultancy.

### **CONCLUSION**

41. The fourth phase of embedding the Vanguard method is well under way, with a detailed intervention proposed in Streetscene and the continuation of interventions in other areas.
42. Significant lessons have been learnt from each intervention and new ways of working are resulting in a more responsive, customer focused approach.
43. The new ways of working have introduced a cultural change across the services that have gone through the intervention process. As this process has not yet been introduced across all services, there is the possibility that without continued guidance from the Vanguard Consultancy, this period of change could lose its momentum when the current contract comes to an end.
44. Annual savings of £956,400 have already been identified, although some of the interventions have also led to spending being redirected to front line activities within the service.
45. The contract with the Vanguard Consultancy is nearing its end. To enable the works to continue, it is proposed that the current Vanguard Consultancy contract is extended, using £100,000 of the spending reserve surplus.
46. The contract extension would enable existing interventions to continue, as well as enabling the commencement of detailed interventions across additional services.

### **Enquiries:**

For further information on this report please contact Lindsey Ansell (Ext 4567).