

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 20 April 2015

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

Purpose:

To review the outcome of the initial contract with the Vanguard Consultancy and, due to the success of the programme, propose that an extension of the existing contract be awarded for a further phase of works.

Executive summary:

Works on the initial contract with the Vanguard Consultancy are nearing completion. This has focused on detailed interventions into housing repairs; penalty charge notices for car parking; benefits; planning development management; recruitment advertising; housing tenancy services; insurance; environmental health noise control; and strategic housing.

Significant lessons have been learnt from each intervention and new ways of working are being implemented resulting in a more responsive, customer focused approach. Solutions are being tailored to meet the needs of individual customers and meaningful measures are being put in place to enable the effective management of each service.

Although the main purpose of the initial contract was to improve the overall experience of customers when contacting the Council, it has generated unplanned efficiency savings of £381,000 per annum, to date, and more are likely to emerge.

It is proposed to extend the current contract with the Vanguard Consultancy to increase the breadth of services identified above and to undertake new interventions in Streetscene, ICT and our overall approach to purchasing and payments.

From this point forward, the contract extension should be viewed as a “spend to save” initiative. Evidence from the current contract 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.

Recommendations:

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 the new 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:

Up to £170,000 revenue expenditure, funded from revenue reserves.

Background papers: None

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BOROUGH COUNCIL

Executive Briefing Paper

Date: 20 April 2015

Subject: Vanguard Progress

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The purpose of this report is to review the outcome of the initial contract with the Vanguard Consultancy and, due to the success of the programme, propose that an extension of the existing contract be awarded for a further phase of works.

BACKGROUND

2. The Executive last considered a progress report on 6th October 2014. The report provided details on the first two phases of work.
3. The **first phase** had focused on learning about the method; the volume and nature of customer enquiries; the constraints imposed by the system conditions; and the general nature of the customer experience when contacting the Council.
4. Lessons learnt from the first phase were that customers were dealt with politely and courteously, and that they appreciated this. However, too often the customers' needs were not met, and if they were, it could take a long time. This meant that customers had to make unnecessary contact with the Council on a number of occasions, therefore wasting everybody's time. Ultimately this "waste" was costing the Council money and causing dissatisfaction.
5. The broad lessons learnt were that:-
 - the majority of customers' problems were not solved at the first point of contact;
 - as an organisation, we stand behind rules and legislation;
 - 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".
6. In common with other public and private sector organisations, the Council has, over a long period of time, designed the way it works based on what was thought to be best for customers. This includes focusing on the wrong performance measures, silo working, unnecessary bureaucracy, and ICT systems that hinder rather than help. We are now working to create systems that add value to the work in hand, as the interventions dictate what type of ICT is needed to best carry out each function.
 7. The **second phase** of works had focused on detailed interventions into housing repairs, penalty charge notices for car parking, benefits, planning development management and recruitment advertising.
 8. The report recognised that significant lessons had been learnt from each intervention and that new ways of working were being implemented, resulting in a more responsive, customer focused approach. Solutions were being tailored to meet the needs of individual customers and meaningful measures were being put in place to enable the effective management of each service.
 9. Details were provided of progress on each intervention. In summary, as a result of new ways of working, the average time to process a benefit application had fallen from 20 days to 6 days. The number of "challenges" to parking penalty charge notices had fallen by 50% and the average time to process a planning application had fallen from 56 to 36 days. The average time to fix a repair to a Council property had dramatically fallen from 89 days to 6 days. The new approach to recruitment advertising was also resulting in an improved range of candidates.
 10. These figures were being achieved because officers were seeking to reduce "preventable" demand by solving problems quickly at the first point of contact. Customers were indicating high levels of satisfaction with the new ways of working and officers felt more empowered to solve problems. Many officers have actually commented that they feel as if they now have a different and more satisfying job.
 11. Finally, the Executive report on 6th October 2014 set out details on the **third phase** of works to be implemented within the terms of the initial contract. This included interventions commencing in housing tenancy services, insurance, environmental health noise control and strategic housing.
 12. The Executive agreed that £30,000 of the savings already achieved through the programme be recirculated (through the Housing Revenue Account) to fund the intervention into housing tenancy services.

REPORTED SAVINGS

13. The last update on the level of savings achieved by the introduction of the Vanguard methodology was considered by the Full Council on 11th December 2014.

14. 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).
15. Therefore, as at 11 December 2014, the combined total of **annual** savings accrued from the implementation of the Vanguard method stood at £381,000.
16. It is too early to identify the level of potential savings from the interventions into planning development management, environmental health noise control and housing but these will be reported to the Executive at a future meeting.

LEARNING FROM EACH INTERVENTION

17. Each intervention has highlighted the need for a different approach. This is primarily due to our systems being designed, over time, to meet the needs of the organisation rather than being designed through the eyes of our customers.
18. It is important to recognise that officers have not been doing a bad job in the past. They have actually been doing a very good job within a poor system which has constrained their ability to solve the customer's problem quickly. The lessons learnt from each intervention in phase two were reported to the Executive in October 2014. The lessons being learnt from the phase three interventions are summarised below:-

Environmental Health Noise Control

19. We have learnt that the split of work between the customer services centre and Environmental Health Officers was disjointed, with no one taking overall ownership of the customer's problem. We also took a "one size fits all" approach to problem solving, with no account of the unique circumstances of each individual case.
20. We relied heavily on written communication and did not routinely speak face to face with customers.
21. Dealing with noise issues used to take up to 6 months from start to finish, with no clear indication that the matter had been resolved. Now, issues are dealt with in 3-4 weeks, with customers telling us that the issue has been resolved.
22. We have moved away from a regulatory and enforcement type approach of dealing with issues, to a more informal, personal approach, with officers meeting face to face with customers in their homes, and the homes of their neighbours.

Insurance

23. The Council administers around 90 insurance claims a year for public liability, motor and property damage claims. Looking at the typical customer experience, officers learnt that:
24. A non-injury claim could take up to 16 months to settle and injury claims up to 3 years.

25. Most legitimate claims were passed to our insurers even when the value of the claim was below the excess, lengthening the time to settle or reject a claim.
26. Evidence gathering was piecemeal and involved numerous interactions between the service area, insurance officer and insurer.
27. The onus was on the customer to provide evidence of a claim and to arrange the repair/replacement of any property damage.
28. We followed our insurer's advice when rejecting claims based on legal liability and did not fully consider the impact of the loss or damage to the customer.
29. To understand what matters to the customer, officers contacted past claimants about their customer experience and it became clear that they want to be trusted, they want the Council to put right what went wrong and for decisions and actions to be made quickly.
30. Although at the early stage of the new way of working, officers are resolving claims more quickly by gathering all the facts as soon as an incident is reported, including attending the location of the incident, taking photographs and measurements of any damage and speaking to the customer face-to-face to understand what matters to them when rectifying any damage.
31. As a result, officer time on handling claims has reduced allowing more time to be spent proactively working with the different service areas to learn lessons and prevent similar incidents reoccurring.

Housing

32. The Housing intervention has been focused on the housing allocation process. It became very apparent at an early stage that we were not always putting the right person in the right property. As a result, we were experiencing ongoing problems with tenants, or their properties because of this mismatch.
33. We have learnt that we were not consulting customers about their needs at an early stage, and that they had very little choice about the home that was offered to them. It also became apparent that the information associated with the housing waiting list becomes out of date very quickly, so officers were often making decisions using the wrong information.
34. We were also carrying out a lot of unnecessary work to void properties to get them to "our standard", when this was not what the customer always wanted. This created a time delay in allocating some properties as well as wasted expenditure on works to the property.
35. Although it is still too early to report on all changes that may be made to the way the service operates, officers now have more dialogue with customers throughout the allocations process, and customers make choices about how they would like their home to look, and what changes are needed to make it liveable for them.
36. Employees are talking to customers more and they are empowered to make decisions about the work that needs to be done to a property, and are more motivated and satisfied in their roles.

MANAGEMENT APPROACH

37. Other Councils have worked with the Vanguard Consultancy in the past but it should be recognised that Fareham's "whole organisation" approach is significantly different from most other Council interventions. We are, in fact, often asked by other councils if they can visit us to learn from our experience, regarding how to introduce Vanguard into their own organisations.
38. Normally, the consultants will support an intervention into a specific Council service; make the improvements, and then move on to another organisation. This is not the case with Fareham Borough Council as we have chosen to use the Vanguard method to help change the culture of the whole organisation to be more customer-focused. We are running a number of interventions at the same time and this brings its own challenges, as well as opportunities.
39. The work is being directly led by the Chief Executive Officer, and he is having regular progress meetings with the Deputy Leader. He is also meeting with the Vanguard Consultant and Head of Corporate Services on a weekly basis to discuss issues, deal with any problems and ensure that all the interventions continue to move forward at a reasonable pace.
40. Each intervention is being led by a Head of Service. It was considered important to demonstrate management "buy in" to this new way of working. Each Head of Service is supported by one or more specialist officers (e.g. a planning or a benefits officer), a "back office" administrator, and others where applicable (e.g. Customer Service Centre Advisors).
41. As an intervention moves forward, more employees are "rolled in" to the new way of working, so that over time the ratio between the new way of working and "business as usual" starts to change.
42. A key challenge for each Head of Service is to ensure that arrangements are in place to manage "business as usual," whilst they also experiment with new ways of working.
43. This overall management approach has proved to be very successful. The involvement of senior management has enabled each intervention to move forward at a faster pace than originally envisaged. The initial contract was costed on the basis of undertaking 5 detailed interventions. In reality, we will be running between 8 and 10 interventions within the same time frame.

SELF SUFFICIENCY

44. It has always been considered important to build in as much "self-sufficiency" as possible, ultimately reducing the reliance on consultants and developing our own in house "vanguardians".
45. With this in mind, the Head of Leisure and Community has been involved in various interventions to increase his knowledge and expertise in the Vanguard methodology. The Head of Corporate Resources is currently involved in the Housing intervention to increase her knowledge and expertise.
46. This approach is working well but there is a possibility that the rollout of interventions, and the programme of cultural change, could lose momentum when the current contract with the Vanguard Consultancy ends in May 2015.

47. Whilst it would be possible to run further interventions totally based on 'in house' expertise, the speed of progress will inevitably slow because those officers still have to undertake their day jobs. It is therefore proposed to award the Vanguard Consultancy a further contract to provide advice and guidance on the next phase of interventions.
48. The initial contract with the Vanguard Consultancy was primarily driven by the desire to improve the experience of our customers when contacting the Council. The annual savings accrued from the contract were a welcome coincidence. As such, all previous progress reports have focused on improvements to the customer experience.
49. Customers will continue to be at the centre of our thinking, but the new proposed contract should, essentially, be viewed as a "spend to save" initiative. Evidence from the current contract clearly indicates that one off expenditure on the Vanguard Consultancy will result in a significant level of annual savings which more than justify the initial investment.
50. The new contract will be viewed as self-funding and would be put in place to increase the speed of change.

NEXT STEPS

51. It is important to recognise that work will continue on all of the interventions outlined above as Heads of Service continue to "roll in" all team members to adopt the new way of working. Each Head of Service has developed a certain level of knowledge and expertise to lead the programme of change in their area but will still require guidance and advice from the Vanguard Consultancy as they "expand" the scope of their interventions.
52. As such, the current interventions will expand as follows:-
 - Development Management (moving to include planning enforcement)
 - Penalty Charge Notices (moving to review our approach to "signs and lines")
 - Benefits (moving to include Revenues)
 - Housing (linking up with Benefits and Revenues)
 - Environmental Health noise control (rolling into all other areas of the Environmental Health and Licensing service)
 - Recruitment Advertising (moving to include job sizing, induction etc)
 - Responsive building repairs (moving to include planned maintenance)
53. In addition to the above, if the current contract extension is awarded, it is proposed that the next phase of works would include Streetscene, the ICT helpdesk, and our overall approach to purchasing and payments.
54. To complete all of the interventions outlined above, it is estimated that the support of a Vanguard consultant will be required from May 2015, at a total cost of up to £170,000.

FINANCIAL IMPLICATIONS

55. A report presented to the Executive on 13th May 2013 stated the costs of appointing the Vanguard Consultancy would be £300,000 (ending in May 2015). On 6th October 2014 the Executive agreed to an additional sum of £30,000 to help fund an intervention into Tenancy Services. Current expenditure is in line with the terms of the contract.
56. The report also noted that whilst the primary purpose of implementing the Vanguard method was to improve the customer experience, it was recognised that efficiency savings might be realised as a result of the new approach.
57. This has proved to be the case with annual savings of £381,000 identified to date.
58. Further savings are anticipated to emerge from the latest phase of works.
59. At the 5 January 2015 Executive members approved, as part of the budget setting process, the transfer of the spending reserve surplus of £573,500 to support the capital programme. It is proposed to redirect £170,000 of this surplus to fund the completion of the remaining interventions which will be replenished by subsequent savings.
60. It is proposed that the Council's Contract Procedure Rules are waived in order to extend the current contract with the Vanguard Consultancy.

CONCLUSION

61. Works on the initial contract with the Vanguard Consultancy are nearing completion. This has focused on detailed interventions into housing repairs; penalty charge notices for car parking; benefits; planning development management; recruitment advertising; housing tenancy services; insurance; environmental health noise control; and strategic housing.
62. Significant lessons have been learnt from each intervention and new ways of working are being implemented resulting in a more responsive, customer focused approach. Solutions are being tailored to meet the needs of individual customers and meaningful measures are being put in place to enable the effective management of each service.
63. Annual efficiency savings of £381,000 have been captured from the process and more are likely to emerge. This will be reported to a future meeting of the Executive.
64. It is proposed to extend the current contract with the Vanguard Consultancy to increase the breadth of services identified above and to undertake new interventions in Streetscene, ICT and our overall approach to purchasing and payments.
65. Essentially, from this point forward, the contract should be viewed as a "spend to save" initiative. Evidence from the current contract 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. There is every reason to believe that the costs of extending the current contract will be covered by subsequent savings.

Reference Papers:

Executive Report on 13th May 2013

Executive Report on 6th October 2014

Full Council Report on 11th December 2014