

BETTER LOCAL GOVERNMENT AND HOUSING SERVICES WITH SMALLER BUDGETS? HOW?

SYSTEMS THINKING – THE DIFFERENCE BETWEEN SURVIVING AND THRIVING

Introduction

Local Authorities and Registered Social Landlords are moving into more challenging times. The next few years will see tighter budgets as the economic crisis works its way through to public spending. Increased service demands in some areas and higher public expectations will still be a feature too.

Improvement methods such as Systems Thinking have now been piloted by many authorities and have even been promoted by CLG. These can be very effective if carefully considered and intelligently adopted. This document explores how a joined up approach based on Systems Thinking can be a powerful method for delivering better service with less budget.

There is a consistent message that Local Government will need to do things very differently in the future. Demands will remain high, but resources will become fewer, with less central government funding, EU grants and council tax income available. Public sector cuts probably are not going to be evenly distributed so local government needs to brace itself for a larger share of the reductions than perhaps health or education.

Despite this, citizens are getting more vocal about what they want and more confident to demand services in ways which work for them. This will mean greater flexibility and personalisation, and a requirement for joined-up working between departments.

Overlay this with the evolving demands of the CAA and inspection regimes, and the job of service transformation may feel like an impossible task. However, there are tried and tested ways to be successful despite these challenges. Services really can be delivered in better ways, with more customer choice, at a greater speed and with less cost.

What is 'Systems Thinking' about?

All organisations work as a 'system', whether effectively or not. Each department and function is dependent on the others to deliver its range of services. Systems Thinking seeks to look at the organisation as a whole in order to enhance the way it fundamentally operates. It simplifies and streamlines the work to deliver a better service (as experienced by the users) and hence delivers better outcomes for less cost.

Part of the solution is to bring together the people that interact to deliver a service, rather than managing the different skills in different teams with segregated budgets. This stimulates people to cooperate across a business process as opposed to within a management hierarchy. It goes well beyond structural reorganisation and focuses more on communication and joined up teamwork – enabling people to work more effectively together and understand how their work fits in to the whole.

Another part of the approach is to distinguish between the activity that directly benefits users and the activities that are 'just the way we do things'. This exercise always generates surprises and it stimulates people to re-design their processes at all levels. It results in a greater percentage of effort being directed to activities that matter as opposed to admin, rework or back office processing.

In practice, these modest changes make a profound difference to the way services are designed and delivered. They provide a clearer framework for operational managers to make decisions and this reduces the number of issues and escalated decisions.

The systems thinking approach also enables greater job satisfaction, and is a starting point for systematic Continuous Improvement.

Where We Are Today

The implementation of new services and efficiency savings are often hard won and it can take a long time to work through the battle of wills held by those with a vested interest before changes can be agreed and implemented.

Budget pressures continue to increase annually with chief executives and directors deciding how to improve efficiency or, failing that, ration service. Job losses are painful and time consuming and often just result in increased resource constraints. While restructures are underway, it is hard to maintain morale as the exercises become increasingly procedural. Instead, the goal must be the redesign of services so that more can be delivered with less.

Procurement cost savings have already been made and this has resulted in greater value but in some cases workarounds have to be introduced to address unexpected issues. There continues to be opportunities for savings, including cross-authority initiatives, but in the context of increased complexity these can take time. Sustainable savings also require an increased level of partnership with suppliers.

At Touchpoint Change we understand these pressures, and we can lead you through some refreshing and effective approaches that have made a big difference to services in many authorities.

Illustration - Refuse Collection

An authority needed to purchase 20,000 new wheelie bins, partly to meet new demand from new housing estates and partly to replace those purchased ten years ago that were failing. Procurement reacted quickly and put out a full specification and OJEU invitation to tender. They ran the previous procurement so required little involvement from Refuse.

The authority accepted the bid that was the best on price and shortest on delivery time so met Procurement's key criteria. The bins duly arrived three months later and were distributed; everyone was congratulated on a job well done. So far so good.

Just three years later 40% of the bins had to be replaced. Why? Because wheels and lids were coming loose and holes started to appear where they attached to the refuse collecting vehicles - they didn't quite fit and so jammed constantly.

During this period, two new rounds with two new vehicles had to be commissioned, resulting in higher costs all round. The expected life of the remaining 60% was estimated to be between four and six years.

So the economies made proved to have unintended consequences. This resulted in higher overall costs and no net benefits.

An Alternative Way

The procurement process was reviewed with a representative from Refuse and a driver as well as a panel of residents. The specification was drawn up and then discussed with five Refuse crews. The result was a higher specification for which a slightly higher budget was anticipated.

Sample wheelie bins were requested as part of the ITT and road tested in practice. At all the major stages, the customer representatives were involved and most of their suggestions incorporated into the specification and decision.

In the ITT the quality of bins received an equal weighting to price and speed of delivery. The result was a wheelie bin fit for the purpose with a planned life of twelve years.

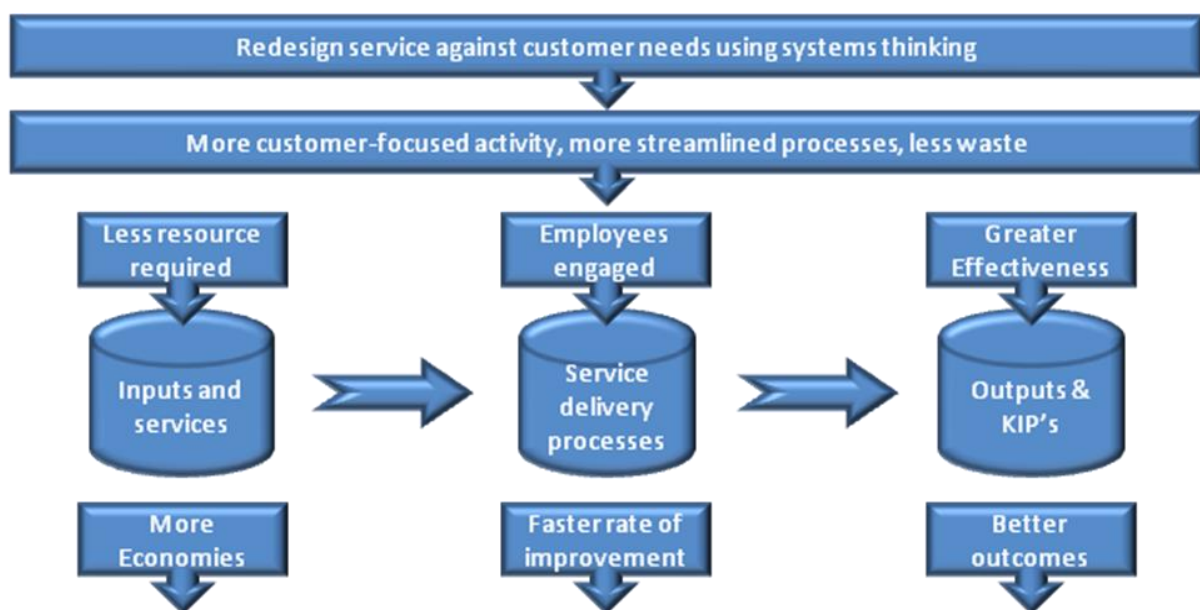
As the bins had a tighter specification, they did not jam on the vehicles thus avoiding the unexpected costs of the two extra vehicles and the other associated expenses.

It did take longer to derive the specification and ITT stages due to the input from other parties, and the bins did cost over 10% more, but the end result was better value for money. The whole process was right first time, the crews were more satisfied and they could provide a better service for residents with a better long term cost of ownership.

Where Do We Want To Be?

With all this in mind, it is tough being a director faced with so many challenges. Legislation can force through changes at a pace that is very hard to achieve in 'business as usual', but there is no reason why authorities cannot accelerate change even without waiting for central government diktat. The challenge for authorities is to:

- Focus uncompromisingly on customers whilst managing the expectations of so many diverse stakeholders
- Deliver better and more flexible service, at lower cost
- Increase the rate of change and deliver its benefits
- Enhance all facets of performance and continuously improve in all areas



Can it be done? Experience says so, providing your approach and your methods are designed to do just that. Systems Thinking offers the most powerful such method. It provides a framework for services to think differently about their work and integrate the diverse stakeholder views. It then reviews the activities from the customer's viewpoint and develops very different way of working, cutting out waste and bringing together colleagues across the authority and the LSP in a new way. Between them they will drive change more quickly and take more pride in their achievements.

The approach stimulates learning and innovation and leads to better customer outcomes as well as better partnership behaviours. By working in this way, departments will make decisions that encounter fewer problems and create fewer unintended consequences; you increase the chance of delivering what you set out to do. It eliminates administrative duplication rather than moving it into a shared service centre (which may or may not be a later step to take). Services can be reviewed on a prioritised basis to maximise savings and in doing so will deliver to the Value for Money Indicator, and the CAA objectives.

Further Information

If you would you like to explore a whole-system approach and want to know what it could offer in your organisation please contact us. If you need to generate savings it provides a powerful method of achieving this quickly whilst protecting, and even improving, services to the community. Ask us about our 1-day facilitated assessment so we can help you develop a business case.