EXETER CITY COUNCIL

EXECUTIVE
5 JULY 2011

A SYSTEMIC REVIEW OF THE COUNCIL'S SERVICES

1   PURPOSE OF REPORT

1.1   To seek Executive's agreement to undertake a systemic review of the council's services.

2   BACKGROUND

2.1   Like many other public sector organisations, the city council is facing a challenge in terms of reduced finances from government and other income streams as well as increasing demand for services from residents as a result of the economic downturn. Work will continue with Members over the next year to ensure that the council has a clear view of our priorities over the coming three years and the resources available to deliver these.

2.2   A restructure of the council's senior management, i.e. Directors and Heads of Service, has commenced in order to ensure the effective delivery of high quality and cost effective services to residents, within the context of reduced resources and changing priorities both nationally and locally. Work will now begin to determine an appropriate management structure for the rest of the council's management.

2.3   Members have agreed to engage external expertise to support the process of developing an evidence base to determine how and why residents interface with the council and what is the appropriate configuration of council services and management support required to respond to residents' and other customers' needs in an efficient and cost effective way.

2.4   The Strategic Management Team (SMT), having explored various options for external support for the review process has identified that the approach and methodology used by Vanguard Consulting (Vanguard) offers the best added value for the council. This has been based on the results of soft market testing using considerations such as: a track record for delivery in a local authority context, the need to ensure a clear exit strategy for commissioned consultants and minimising the need for external support by sourcing one supplier that would be able to support the council through the entire process of the review, i.e. working with the council to examine our current practices, identifying areas for improvement and designing a programme for improvement.

2.5   SMT, key Members including the Leader, Portfolio Holders, Political Group Leaders, Chairs and Deputy Chairs of Scrutiny Committees and Heads of Service have had a basic presentation by Vanguard who have established a successful track record in supporting organisations who have engaged in a systems review.

2.6 The Leader of the Council, the Portfolio Holder for Business Transformation and Human Resources and the Chief Executive have had a number of meetings with Vanguard to understand the process and potential benefits to the council.

3 SYSTEMS REVIEW AND THE VANGUARD APPROACH

3.1 Vanguard was formed in 1984 by John Seddon who is an acknowledged expert in Systems Thinking. Vanguard uses a precise method of working with organisations which focuses around working directly with leaders in the organisation to facilitate an understanding of their current systems. Vanguard will then work with the organisation to design the interventions appropriate to address any ineffective practices. Vanguard's approach is to work to fundamentally change the thinking of leaders and managers which ensures that improvements are sustained over time. There is a clear emphasis that the crucial aspect for the success of this approach is the commitment and buy-in from key elected members and senior managers, who have to be clearly seen within the council as leading the change, with Vanguard's support on the methodology. Vanguard is also committed to time-limited support, as the organisation learns how to apply the principles and is therefore able to conduct future reviews using the expertise developed internally.

3.2 In its simplest form, the Vanguard approach focuses on the demands on the organisation by its customers. In the case of local authorities, these customers will be local residents for the 'core' or outward-focussed services and the rest of the council for 'support' services. Vanguard advocates that services should be designed so that customers are able to get the exact services they want - no more and no less, in the quickest and simplest way. Vanguard's methodology facilitates staff who are providing and managing those services to fundamentally change the way that they think about how services are designed and delivered, taking a view from the outside in. The variety of demand that customers generate requires services to develop more flexible and responsive ways of responding to that demand. The approach further suggests that the more traditional model of management, described as being based on "Command and Control", has to be adapted so that decision-making becomes part of the work being done at an operation level, rather than through hierarchical management structures. A comparison of the contrasting approaches taken by the Command and Control approach to management versus the Systems Thinking Approach is attached for information as an appendix to this report.

3.3 A review of the council's systems for delivering our services will identify where value is being added in the provision of a service to our customers and equally importantly, where waste is being generated through our processes and perhaps overly cumbersome decision-making process. Another key feature of this work is that it will allow us to identify what is termed 'failure demand'. This is where customers contact us, not for a service, but to inform us of something that has 'gone wrong', for example, they have been sent incorrect information or a letter that they do not understand or they have been asked to provide information which they have already provided or we have failed to provide a service that we should have, such as a missed appointment or a missed bin. We will be able to identify why this failure demand occurs and put in corrective measures to as much as possible ensure that the service is right first time.

3.4   In addition to the improvements to the service as a result of being more responsive to the needs of our customers, the review process will also identify the potential for savings to be made in the delivery of that service.

3.5   Vanguard's methodology is one where managers and existing teams are expected to lead the review, with support from Vanguard consultants. This means that internal expertise in the methodology is developed. As a result, although the council will need to invest initially in the Review, once that expertise is developed, future reviews can be done using that expertise and therefore reducing or eliminating the need for external consultancy support. What will still be critical is ongoing leadership commitment and facilitation at a high level in both the officer and political management. That means that the return on the initial financial investment will continue to be accrued after Vanguard has fulfilled their contract with the council.

4   PROPOSAL

The work being proposed comprises three main parts:

i.   A programme of up to three days with senior officers and members, to promote an understanding of the strategic and operational implications of moving to a Systems Thinking approach and to familiarise attendees on how the review works and their role in it. (Orientation). Senior officers will then be supported to brief their teams on the process as well as identify what information is being collected, how it will be collected and how it is to be presented.

ii.   Vanguard will support the collection and analysis of robust evidence across the organisation to develop a picture of how internal and external customers access the council's services. This information will build a map of how our customers access services, what is important to them, how we currently respond to their demands and the true cost of providing services. At this stage, Vanguard will be collecting their own information where and how the organisation creates value for its customers, how services link with each other in driving or preventing customers demands on each other, whether and how support services such as Human Resources and IT work well and enable the front line services to work well and finally how the organisation works proactively to prevent the demand from customers for reactive services.

The evidence that is collected will enable SMT and Members to determine which two or three services should be prioritised for immediate intervention. This work will be designed to balance the need for the timely collection of the required evidence with staff and managers' existing responsibilities. (Diagnostic)

iii.   Focused and intensive work on two or three key functions, working with the managers and staff of relevant services. It is proposed that the choice of these areas will be based on the evidence collected in terms of high failure demand; high costs of delivery or where elected members have concerns. (Intervention)

5   RESOURCE IMPLICATIONS

5.1   The cost for the work identified in section four is £150,000. An allocation of £175,000 will be earmarked from reserves, subject to Council approval, to cover this cost plus any contingencies that might arise out of this work.

6   RECOMMENDED

(1)   That Members agree to a systemic review of the council services;

(2)   That Members agree to engage Vanguard to support the council in its review; and

(3)   That Members agree to establish a small cross-party group of senior members to oversee the development and introduction of this work to the council.

CHIEF EXECUTIVE

CHIEF EXECUTIVE'S DEPARTMENT

<u>Local Government (Access to Information) Act 1972 (as amended)</u>
Background papers used in compiling this report:-
Titles of supporting documents

Date: 23 June 2011

APPENDIX

**A Comparison between "Command and Control" and Systems Thinking
Models of Management**

TRADITIONAL THINKING		SYSTEMS THINKING
Top-down, hierarchy	**Perspective**	Outside-in, system
Functional specialisation	**Design**	Demand, value and flow
Separated from work	**Decision-making**	Integrated with work
Output, targets, standards: related to budget.	**Measures**	Capability, variation: related to purpose
Contractual	**Attitude to customers**	What matters?
Contractual	**Attitude to suppliers**	Co-operative
Manage budgets and people	**Role of management**	Act on system
Control	**Ethos**	Learning
Reactive, Projects	**Change**	Adaptive, integral
Extrinsic, carrot & stick	**Motivation**	Intrinsic