



# Less is More - Government aims for Better Regulation

We live in a world of increasing regulation. However, realising that regulation falls disproportionately on the huge majority of law-abiding citizens, the Government have committed to reduce the burden of regulation in the UK. While they are not saying that they can reduce the AMOUNT of regulation, they are aiming to reduce its IMPACT on us all - hence 'Better Regulation'. Tony Blair recently accepted in full the Better Regulation Task Force's report on measuring and reducing the regulatory burden, saying: "The Government agrees with the BRTF conclusion that this will help release energy, promote innovation and improve productivity and value for money."

There are eight recommendations to be implemented in a very short timescale, and this will affect all government departments and local authorities. Some of the recommendations are concerned with the measurement of the administrative burden, but the key ones which directly affect us in public service design and delivery are:

*Recommendation 2: "by end 2005 develop a robust mechanism for the submission of proposals for simplification by business and other stakeholders. The mechanism should require businesses and other stakeholders to submit evidence in support of their proposals, with options for reform. It should require departments to respond within 90 working days."*

In other words, you need better ways of listening to those who are subject to the legislation you impose, as well as a process for letting businesses and citizens help simplify the regulations that affect them – and for judging the strength of the case they make in their proposals. This may become an entirely new driver of regulation for some departments, and you should not underestimate the task of developing a professional response within 90 days.

*Recommendation 3: by Sept 2006, all departments, in consultation with stakeholders, should develop a rolling programme of simplification to identify regulations that can be simplified, repealed, reformed and/or consolidated. The simplification programmes should include proposals to reduce Administrative Burdens & revisiting the implementation of EU directives. Departments should undertake post-implementation reviews of all major pieces of legislation.*

You need to develop a process for identifying legislation, potential simplifications and for post implementation legislation reviews, and make this part of your annual business cycle. You also need to identify the stakeholders and make them part of this process. While clearly this Recommendation doesn't mean that you can just cherry pick and discard the legislation you don't like, it does mean that you will have to review existing legislation in the light of new circumstances and approaches to regulation. It therefore implies that you must also have a developing strategy for improving regulation in your area, otherwise your annual review will presumably return the same answer each year!

*Recommendation 4: by end 2005 Regulatory Impact Assessment process for major regulatory*

*proposals should require consideration of compensatory simplification measures.*

In other words, part of the process of analysing potential new legislation MUST include an assessment of whether there is something that can be done to offset the necessary legislation by simplifying something in that area. (There is provision for a rational justification of why simplification is not possible!)

AND FINALLY,

*Recommendation 7: by April 2006, the Government should extend the use of common commencement dates to other policy areas.*

You can find more detail on the recommendations at [www.brtf.gov.uk](http://www.brtf.gov.uk)

So, will this end up as another 'slash red tape' initiative that actually adds more bureaucracy? Or can we find a better way of regulating to allow the law-abiding to get along without being bothered, while hitting the non-compliant hard where it will hurt them most?

VOSA, who administer the MOT and Commercial Vehicle Operator schemes, are in the process of developing an Operator Compliance Rating based on the operators' and vehicles' maintenance and test performance history, including road-side checks. VOSA's aim is that commercial vehicle operators who demonstrate that they have effective maintenance regimes and whose vehicles don't fail MOT or roadside inspections will be left to get on with being safe, responsible road users. Operators whose vehicles are less well maintained will be subject to increased levels of supervision, and VOSA's enforcement staff will target their efforts on those who constitute the biggest road safety risk.

Targeted enforcement reduces the 'botheration' factor for law-abiding citizen and business, while focussing resources on those who currently pose the biggest risk of breaking the law. The challenge for all areas of government is to develop similar approaches to legislation, reducing the burden on the compliant while becoming more effective at hitting the non-compliant with penalties which are - vitally - both meaningful and simple to administer.

For more information on approaches to Better Regulation, contact Liz Bertoya at [elizabeth.bertoya@ValueAdding.com](mailto:elizabeth.bertoya@ValueAdding.com)

## SPECIAL OFFER

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- How to use rough-cut Activity Based Costing to get the answers quickly and easily without the sweat.

ValueAdding.com runs many courses and has completed many successful projects for local authorities, involving process redesign and performance improvement.

*"Thank you again for the training day... It was so thoroughly put together and executed." - Kirklees Metropolitan Council*

E-mail [alastair.watson@ValueAdding.com](mailto:alastair.watson@ValueAdding.com) for more information.

# Re-designing Your Processes? Keep IT in its place

In years gone by, the two golden rules of Business Process Redesign (BPR) were "don't spend any money" and "don't use IT". However, as the capability of IT systems has grown and public access to the Internet has increased, solutions to basic process problems are increasingly IT-based, often involving expenditure of many thousands of pounds.

IT seldom if ever supplies the complete answer, however, as has recently been demonstrated rather publicly.

## Systems need a human interface

BPR is a tool to promote and support change. Despite the interventions of IT systems, successful change still requires human support. We have all experienced dealing with staff who seem unable to help – "The computer says no!"

When dealing with the public, even the most automatic processes rely on a human interface - particularly when an organisation is asked to put right something that has gone wrong. In these situations it is vital that staff not only understand the processes they are using but are still committed to giving satisfaction both to their customer and to their organisation.

In many Local Authorities, BPR is used as a tool to respond to centrally generated initiatives such as the e-government agenda, or to help introduce a Contact Centre, or make other structural change.

*The multi-functional nature of service processes demands that the BPR work is truly cross functional*

BPR is also being considered as a way of achieving the savings required of the Gershon review. Unfortunately, the department or function hoping to make savings is often unable to deliver true service improvement on its own. The multi-functional nature of service processes demands that BPR work is truly cross functional, and the task now takes on a whole new dimension.

## BPR involves a five step process

This first step, Define Objectives, is critical to the rest of the work and supports the five-step model that we promote.

Those who are likely to be affected by the result should be asking "Why are we doing this?" It is insufficient simply to say "We want to get better" or to quote an external audit report. The real reasons

for conducting any BPR exercise must be clear from the outset, and the expected improvement of service to customers should be communicated.

Step 2 looks at the processes, as they exist now. Over time numerous small changes will doubtless have been made to the written procedures, and the reality of carrying out certain transactions will be different to what was originally envisaged.

Getting everybody to agree how the process really looks can be difficult, as many managers understand the 'Should Be', not the 'As Is'.

Step 3 starts with defining the vision of what the process may look like and the objectives it will achieve. All redesign should be done with your customer in mind, but it should also involve your staff, as they are the ones who will have to operate the process in the end.

Each process will have a set of principles around which redesign can take place, for example empowering the front line staff or eliminating paper based forms. However, we always insist on two others, *One Touch Processing* and *Right First Time*. One cannot work without the other but both encapsulate the key attributes of any successful process. They are not easy to achieve.

So far you have spent no money; you have not involved IT and, when redesigned, your processes will be simpler and shorter. Now instead of automating the logbook that you keep to check that the form has been received you have removed the need for the logbook completely. Now is the time to call in the IT people!

## Time to apply IT

Applying IT to a simple process improves its overall efficiency.

Many people misunderstand the time that BPR takes. Steps 1,2 and 3 should happen quickly – within three months at most, almost irrespective of the process. It is step 4 that takes the most time.

Implementation may take 12 or 18 months, especially if some new software is required. This is why all BPR practitioners look out for those 'quick wins' to demonstrate to people that change is on the way, that progress is being made and that the end will justify the effort that everybody has put in.

## Keep the vision in front of people

Think about the building work now taking place at St Pancras and Kings Cross stations. The vision of the final layout, the new facilities and the ease

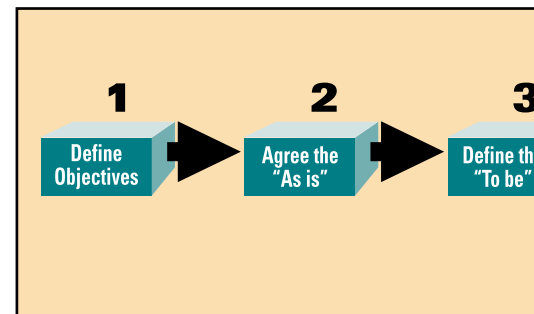
of transferring from one service to another has been well communicated and sold to the public but the hassle of getting there is tremendous. However as each new improvement is made, for example the new automatic ticket barriers in the underground entrance, the public can see that progress is happening.

During implementation management must keep their eyes on, and show commitment to the end solution, and manage the realistic expectations of their stakeholders.

## Stop the rot

It is all too easy now to breathe a big sigh of relief and move straight on to the next project.

However, unless a culture of continuous improvement (Step 5) is built with the staff who will own the process, it won't be long before inefficiencies creep back in. All processes are



dynamic – responding to changes in strategy, markets, and internal organisation. Using a toolkit for continuous improvement will halt the inevitable degradation and will further improve the process.

BPR is not just a load of process mapping. Successful projects make sure that the IT specifications are integrated at the right time, and that progress through the 5 steps occurs sequentially. Discipline, and a fixation on the final goals, are essential elements of the management of change.

To discuss this article, contact [richard.coombes@ValueAdding.com](mailto:richard.coombes@ValueAdding.com)

## Efficiency Improvement is as easy as ABC! *By Roger Cooper*

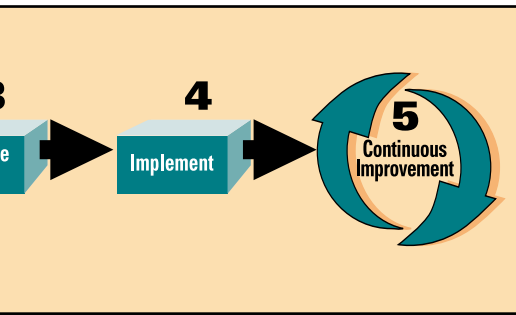
With the advent of the Gershon efficiency agenda, many local authorities were at a loss as to how to baseline, measure and monitor their efficiency in service delivery. A slightly modified form of Activity Based Costing (ABC) has proved to be the simple answer.

Gloucester City Council was one of the early

# South Kesteven District Council turns the Vision into Reality

Time and time again, at ValueAdding.com., we say "The hardest part of any project is the implementation stage".

The implementation stage is the 4th step of our 5-step route map for improving processes. However, this is the step that is most commonly overlooked by Local Authorities. All too often the vision is clouded by "the day job" and the



improvement report lies dormant in a file in "Admin".

At the beginning of the year, South Kesteven District Council, in Lincolnshire, began an ambitious programme of modernisation that will deliver a new Customer Service Centre and new, improved ways of working in the back office.

ValueAdding.com Ltd were assigned to transfer skills to the newly-created Business Process Redesign Team, and to work with them in analysing and redesigning the processes within the Environmental Health and Licencing Service.

Having completed step 1, 2 and 3, it was time for that crucial 4th step. With the 'Go-Live' date only a few months away, SKDC realised the extent of the job ahead and that it would need support to manage and drive the transition of Environmental Health into the Customer Service Centre. As this was the 'Pilot Project' it would also provide a 'toolkit' approach for the other services to follow.



"ValueAdding.com had done an excellent job in the 'As-Is' and 'To-Be' stage. This included transferring the skill sets required to the SKDC staff and driving this first stage through to completion. It was an obvious choice to continue to work in partnership using ValueAdding.com Ltd to manage the 'Go-Live' pilot project. We just didn't have the time capacity in house to focus on implementation and to pull it all together. It's true to say that the project just wouldn't have been completed on time without that external 'drive'." Ian Yates, Director of Operational Development, South Kesteven District Council

## The many steps within the implementation process

As with any implementation project, there were many hurdles along the way. However, with our experience of similar projects in other Local Authorities, these were picked up and resolved as soon as they became an issue. Effective communication of the change process has been crucial to the success of this project. Regular briefing sessions and one-to-ones with staff, enabled questions to be answered and concerns to be reduced.

Now the implementation stage has been successfully completed for Environmental Health, ValueAdding.com Ltd has advised the Council of the final, ongoing step of 'Continuous Improvement'. This includes promoting the right culture for change, setting up 'Continuous Improvement Teams' and keeping up the communication between the front and back office.

This 'toolkit' approach has given the Council a framework which it can now adopt when rolling out the programme across its other Services. Implementation for the Waste Management Service begins next week. Good luck, team!

For more information regarding project implementation contact Lynsey Brooks at [lynsey.brooks@ValueAdding.com](mailto:lynsey.brooks@ValueAdding.com)

ABOVE LEFT: Training the Customer Service Advisers.

LEFT: Revisiting the 'To-Be' process maps. These were then translated into 'scripts' for the Customer Service Advisers to follow.

### Efficiency in the Public Sector

The essence of Gershon efficiency improvement can be summed up by:

- More output for the same cost or
- The same output for less cost

In other words the unit cost of service delivery output must be reduced. This principle is just as applicable to internal service delivery, such as, recruitment or payroll production. This means that given the number of outputs and by determining the amount of staff and other costs associated with delivery of the service we can come up with a measure from which to baseline our improvements. By viewing efficiency improvement in this way, the distinction between "cashable" and "non-cashable" is also simplified.

adopters of this approach. They realised that ABC had the potential to both set the focus for BPR within a process and to quantify its effect.

They set up a cross-functional team, led by Wendy Fabbro, Resources Manager, to review the council-wide procurement process with a view to improving efficiency.

Their team, which included members from ICT, Finance and Executive Office and input from Audit, undertook a one-day training workshop on the principles of ABC and the data collection techniques needed to build a model. With coaching from ValueAdding.com, they then undertook a series of one-hour interviews with a sample of staff who originated, processed or received purchases of goods or services within the Council.

From these interviews they were able to map the purchasing process, using Excel to make these maps accessible to all staff. They were also able to make a rough assessment of the time staff within each Service spent on the various activities that make up the purchasing process.

A further workshop was used to analyse the activities within the process in terms of Value Adding, Sustaining and Non-ValueAdding.

A consultant from ValueAdding.com

### Activity Based Costing – its origins in customer service

By the mid-eighties companies who were focussed on customer service realised that some customers took more "effort" to "delight" than others.

Conventional costing systems were unable to differentiate between "high maintenance" customers and "low maintenance". ABC was developed to provide these answers.

Since then companies such as ValueAdding.com have extended its use to form quantification for BPR – both as a spotlight for what to change, and a measure of how much a process has been changed.

Tweaking it for use in Local Authorities and other Public Sector organisations was a natural progression.

instructed them in the use of the ValueAdding ABC software to create the model. The output from this provided the cost of the purchasing process in two key respects:

1. Total cost (including staff time) for each order placed with an external supplier – in other words

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the unit cost of output that will form the baseline for their Annual Efficiency Statement.

2. Total Non-Value Adding cost within the overall process – and hence an indication of the inefficiencies that could be removed using BPR or other techniques.

The results of the exercise, which lasted four weeks, was a clear understanding of the issues within the purchasing process and a shopping list of proposals for improving efficiency.

One key fact that emerged is that (like other organisations) the current process (of requisition, purchase order and invoice approval) costs more than the value of goods being purchased in a significant number of orders. For half of all orders the process cost added 30% to the cost of the goods being purchased. Overall, the process wasted nearly 50% of staff effort in Non-Value Adding activities. From these outputs and the information gleaned by the team a number of action points and recommendations were made to the Executive Team to improve efficiency.

Following the exercise, Wendy commented: *“in common with many councils we knew that we could improve efficiency, but this model has provided a clear picture of the scale and detail to help us realise benefits. A very positive by-product has been that we have ‘engaged’ a group of largely administrative staff who previously were not sure how they could make a direct contribution to modernising the council.”*

# Re-engineering a mobile Council workforce

In May 2005, Paul O'Reilly spoke to a packed audience of Field Service professionals, at Management Connect's Field Service Conference in London, about the experiences of Chesterfield BC's Housing Department in re-engineering its mobile workforce.

Paul explained the value of understanding the current situation, or "As-is" and benchmarking actual performance. His structured analysis made it clear that the "To-be" solution lay not in pressurizing operatives in the traditional manner, but in improving the scheduling of their work and reducing the paperwork processed by them and by the back-office.

The "To-be" process maps provided a clear template for planning staff changes and procuring replacement ICT. The solution removed paperwork from the process. Operatives now use mobile hand-held devices, receiving and closing their daily job tickets electronically.

Supervisors, previously trapped by office-based paperwork, are now out amongst the remote workforce, providing on-the-spot support and quality assurance.

In all, the changes took over a year to implement. Many of the new processes, such as working from home, were piloted before the technology was implemented.

Lack of data and system discipline became a major issue at one point, and the culture had to change. In fact, everyone had to adapt in different ways. Supervisors who were used to problem-solving by applying experience alone, are now being asked to be pro-active in performance improvement, using the facts and systems at their disposal.

Chesterfield BC is achieving major improvements in performance and quality of service. Their managers are building on that step change by adopting Continuous Improvement.

The presentation was followed by a lively debate about applying the approach across other business functions, and how the approach clearly included change management and quality improvement alongside new technology.

If you would like to discuss this subject, please contact Paul O'Reilly at [paul.oreilly@ValueAdding.com](mailto:paul.oreilly@ValueAdding.com)

## New Faces

Ray Dales



Ray, the latest member of the ValueAdding.com Limited team, has worked on several high profile projects in the Public Sector, including the NHS (National Programme for IT), the Regional Development Agencies of England, DEFRA, and the Office of the Deputy Prime Minister. In addition, he has worked extensively with the Office of Government Commerce on Gateway Review compliance.

Ray is an accredited PRINCE2 practitioner, and a highly skilled and experienced Programme and Project Manager. He specialises in the definition, management and delivery of Business

Change, Transformation, and Improvement programmes and projects, with a particular emphasis on the effectiveness and implementation of IS and IT strategies.

Following fourteen years as a senior manager with the Glaxo Group, Ray has spent ten years in programme and project management consultancy. He is a skilled strategist and negotiator, who operates

with ease at all levels from the boardroom to the "shop floor". His experience enables him to take an independent and innovative approach to developing bespoke solutions to client needs, whilst remaining equally effective in a structured team environment.

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