



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

**Better Systems for Delivery of
Public Services: Advice NI**

19 October 2011

NORTHERN IRELAND ASSEMBLY

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FINANCE AND PERSONNEL**

Better Systems for Delivery of Public Services: Advice NI

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Members present for all or part of the proceedings:

Mr Conor Murphy (Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr David Hilditch
Mr William Humphrey
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr John Little) Vanguard Consulting
Mr Bob Stronge) Advice NI

The Chairperson:

The Advice NI report ‘The Big Idea’ is in members’ packs. We are always happy to hear big ideas. You are very welcome to a place that has been accused of being devoid of big ideas.

Mr Bob Stronge (Advice NI):

We do not think that.

The Chairperson:

We have Bob Stronge, chief executive of Advice NI, and John Little, lead practitioner of systems thinking from Vanguard Consulting. I invite one or both of you to give a brief overview and to

describe the pilot project that Advice NI has run. We will then open up the session for discussion with Committee members.

Mr Stronge:

Thank you very much for the invitation to attend the Committee. I give apologies on behalf of Kevin Higgins, who was supposed to be here. Kevin has led this work along with John, but I have sent him off to a welfare reform conference in London today, so he is not able to make it. I am probably not as knowledgeable as Kevin about the detail of the report, but I will hopefully be able to give you an oversight of the work that we have done.

To set it in context, this work follows on from work carried out by Advice UK, our sister organisation. Advice UK produced a report called ‘It’s the System, Stupid!’, and we thought that we would build on that in Northern Ireland. Anecdotal evidence told us that a lot of the demand that was hitting advice agencies might be preventable, so we looked at that demand.

We took two study areas — one in Omagh and one in north Belfast — and looked at 1,000 cases that came through the doors of the advice agencies there. We recorded verbatim people’s interaction with the advice agency about the types of problems and experiences that they were having. We already knew that a lot of that demand was repeated demand on the services, so we wanted to test out what was actually happening. We went to the Department for Social Development, and it agreed. In a sense, the Department was very proactive and far-sighted and agreed to look at a pilot study that would try to examine the type of demand that was hitting the services, where it was emanating from. The Department agreed to make funding available. We then carried out the piece of work, although we did not get as far as we thought. There were six stages to it, but we got to the third stage only, and there were reasons for that at the time.

We wanted to emphasise that we were not having a pop at any agency or any branch of government. We believed, genuinely, that serious problems were happening in social security and housing that we thought could be prevented. Our ultimate aim was that, if the agency and the Housing Executive could get things right the first time, people would not need to come to our advice centres. In a sense, we were almost doing ourselves out of work, and we were quite happy to do that because we wanted to increase the capacity of our advice agencies to do what we call “value work”, which is work that would really help people, and not the work that was continually coming — the preventable demand work that we were experiencing.

You must remember the number of enquiries that hit advice agencies: 258,000 enquiries hit our membership every year, and we wanted to see where those were coming from. The ultimate aim was to take those thousand sample cases and track them back through the social security system and the Housing Executive to see what was causing people to continually come into advice agencies with similar types of inquiries all the time. We were not able to track the cases back through. Unfortunately, we could not get to that part of the study. Essentially, we wanted to turn that failure demand off. The systems-based approach developed by Vanguard is key to the next stage of the project: we want to examine what is in the system that is making things go wrong.

We have evidence from Advice UK and others. For example, a claim for benefit is made, and it goes into the system. It might, on average, go through 38 different transactions internally. When you examine it, perhaps only half a dozen of those were of any benefit at all to the customer. The rest were sitting in a system being passed around. We felt that if all of that waste could be cut out, and we did only what would benefit the customer, we could cut out an enormous amount of waste. We would not get all of the preventable demand that was hitting our services.

Essentially, that was the approach. It is already happening in a number of different areas. We want to finish this piece of work because we think that there are valuable lessons to be learned. We know that it empowers the staff in those agencies to get things right the first time for the customer instead of having to waste lots and lots of time doing needless transactions.

I will pass you over to John. He has a couple of examples that give a clearer indication of what we are about.

Mr John Little (Vanguard Consulting):

Thank you for allowing me to come and speak to you. I will explain a little about Vanguard. We have been around for about 30 years, and we work with service organisations. We do not do anything in manufacturing. I own the franchise for Vanguard in Ireland, and I am the housing lead practitioner for the whole of the organisation. We operate from the United States to New Zealand. Currently, we are working with Armagh City and District Council, Omagh District Council, and Victim Support NI. We have worked with over 140 local authorities and housing organisations across England, Scotland and Wales.

Essentially, our method, which is very well outlined on pages 10 to 13 of the document, does four things consistently: we do not do it to you, we do it with you, if the method helps you; we improve your service; we reduce your cost; and we transform the morale of your staff. The staff are not the problem, and that is the case regardless of whether it is the Social Security Agency, the Housing Executive or anywhere else. The problem is the system and the thinking that governs the system. It is also about getting the best return for your money.

I will outline some examples for you. I am an interventionist, and I work with clients all the time. I am working with a 22,000-person property organisation, and we have just found that £4.5 million of its £8 million budget on repairs is squandered. They would be as well throwing it in the lough, because they are not doing anything with it. That is quite a shocking experience for them. In the area of housing, for example, we do not focus on blaming people or on giving them unachievable targets; it is about fixing the system. It is about changing the thinking that runs the organisation and improving the system. Subsequently, the performance will change.

I have some examples. An annual saving of £3.25 million was made across a £35 million contract. In a housing service, for instance, a tenant will say, "I have a problem with my door; it is not working." We ask them when they would like us to turn up to fix it. If the tenant tells us that they would like us to turn up at 10.30 am to fix it, that is when the contractor turns up. That approach has just won a global management innovation award in the United States. It was awarded by the Gary Hamel Management Innovation Exchange in July this year. Imagine if BT could do that; if they could, you would say, "My goodness."

Another example relates to contractor problems, and it is the same for all housing organisations, regardless of whether they are in New Zealand, Ireland or England. Some £180,000 was saved on running costs alone by reducing van stock holdings and contractors' vans by 75%. Costs reduced from £2,400 to £600. The really neat thing about that is that the amount of repairs done from the vans went up to 85%.

I will not bore you by going through a chart, but there are such situations as tradesmen in traditional systems turning up and doing the wrong things. There is no point in blaming the tradesmen — it is the system behind them. It is about changing that. Advice NI is working on the value steps, such as getting clean information, getting access when you need to, making a

diagnosis, and getting a repair done. That is what Bob and I are involved in.

There is an example of a benefits system on page 14 of the document and in case studies on pages 21 and 22. About five years ago, I worked with a London borough, where it was taking anything from zero to 152 days to pay somebody their benefits. It is the same here, because it is the same system. It is crazy. We see this across the whole system. When it takes you five months to tell someone whether they are getting paid benefits, they turn to crime or drugs or those sorts of things. Then, having put them out of their homes, we have to home them again, and the whole thing comes round in a loop. It is not the people, and it is not about making the people who are working in the benefit system work better; it is about changing the system.

There is a move, which is about centralising and moving benefits handling, for example, away from local offices. We think that that is wrong. We think they should remain at local offices and that local people should have local decisions made locally, and that they should be supported by an IT system at the back end. We do not believe in big transactional factories being created remotely. It makes no difference whether it is Belfast, Birmingham or Bombay; it is still delay. That is why you end up with delays of 152 days, etc.

If you want to get success in our world, the first thing you have to do is focus on effectiveness. There has got to be effectiveness. If you get effectiveness in the system, you are in a position to achieve real economy and efficiency. You must understand the demand and what matters to people, as Bob outlined. Some 80% of the demand that we saw in this system was failure demand caused by other people. Therefore, advisers were saying all the time that the wrong thing was being done. By focusing on this approach, you also learn that economy itself comes from understanding end-to-end flow and that it is not about thinking that, if you build something on a big-scale factory somewhere, you will somehow get some economies. You will not. From the research that we did, examples of which are in the document, Northern Ireland is no different from what is going on across the water.

The guy who created Vanguard, John Seddon, did a tour of Australia and New Zealand recently. They had copied England and Wales because they thought that best practice was being followed there. They are finding, as we are, that it is far from best practice and it is causing exactly the same problems. We are happy to answer any questions.

The Chairperson:

Thank you. For members' information, this is one of the areas that we are considering having a potential inquiry into. Today's meeting is to inform us further, and members can see whether there are other questions. Hopefully, when we are deciding about inquiries, this will help.

Mr Girvan:

Obviously, civil servants have not had any involvement in the programme, because it seems to want to streamline things slightly. I want to come back to Advice NI on an issue. I have identified quite a big problem to do with the issuing of benefits through the employment and support allowance (ESA). There seems to have been a number of people having difficulty with the transition from incapacity benefit to what is now ESA.

What input does an organisation such as yours have in trying to streamline that process? Have you had any involvement with that or lobbied on the issue? The system is universal across the UK, and I am sure that the problems that we are having are being replicated elsewhere. Sick lines that have been put in have been lost, and no proper tracing seems to have been done on that. There is a lack of medical evidence control. Have you identified a more streamlined version of how to deal with that process?

I can see exactly how people might have to wait for 152 days to receive their benefits. They have to run from crisis loan to crisis loan and, when they get their benefit, all of it has to go back. That causes difficulties, and some people lose their homes over those sorts of issues. I appreciate that you are dealing with debt, and we might deal with that later on or other members may ask about that. I want to focus specifically on the advice that your organisation gives to Government Departments on the benefits system. We are currently going through benefit reform.

Mr Stronge:

It is very major reform, and the points that you outlined are very relevant. I shudder when I hear the phrases "benefit reform" and "IT" put together. The employment and support allowance branch told us that, during 2008 and 2009, it had received 30,000 applications and that nearly 15,000 people were awarded benefits. That leaves 15,000 people who were not awarded benefits. It also said that, over the period when those applications were made, it dealt with 258,000 enquiries, which would not have been the case if it had been getting it right the first time. The fact that 15,000 people were generating lots more enquiries and claims were being progressed and

chased up shows that there are lots of problems in the system. We acknowledge that there are problems in the system, and a lot of that is preventable. If it had got that right, it would not have had to have had all of those additional enquiries hitting the system.

When we agreed with the Department to do the work, we thought that we were going to get access to the Social Security Agency's systems, but it proved not to be as simple and as straightforward a matter as we had thought. Only a few weeks ago, we had another meeting with the permanent secretary in DSD, the head of the Social Security Agency and the acting chief executive of the Housing Executive, where we discussed the report in some detail. The permanent secretary of DSD was supportive in ensuring that the Social Security Agency starts to build in some of that kind of thinking into how it develops its systems.

We are going to do some follow-up work with them on that. The issue that always arises in Northern Ireland — and we have made this point to the Social Development Committee — is that everybody says that you cannot break parity. Nobody is talking about breaking parity in the benefits or the types of benefits paid, but we can certainly break parity in how we administer those benefits and how we make sure that people get the best possible service from a local administration. So there are lessons to be learned. The argument comes back to us that agencies here cannot break parity because they are reliant on the IT systems that are being developed in England and to develop their own systems would cost so much more. However, I am not 100% convinced by that argument. There is much more that we could do locally to improve the administration of our benefits system.

Mr Girvan:

I get a similar message, even from people who work in the Department. They are frustrated because they spend so much time firefighting as opposed to dealing with issues. That probably equates to the 250,000 enquiries to deal with 15,000 cases. That is probably the firefighting that is going on behind the scenes. That is the message that I am receiving, even from the staff that work in James House.

Mr Stronge:

That is one of the reasons why we included in the title of report the words “boost staff morale”. This kind of approach empowers workers to fix things when they see things that are going wrong. This work is based on the Taiichi Ohno system in Toyota, applied to the public sector. Taiichi

Ohno said to his workers that if they saw a car coming through a production line that had something wrong with it, they should fix it instead of waiting until it got to the end. Ford did the same thing: when staff waited until a car with a problem to get to the end, it took another month to snag it and fix all the problems before it could be sold into the market. So there is something to that.

Mr J Little:

The people working in the system are not the problem; the problem is the design of the system. Everywhere I and my colleagues go, we find exactly the same system architecture: IT-driven, with a front office and back office split — systems that cost a fortune and deliver very little.

There is an example on page 14 on Stroud District Council. I do not have time, but I could regale you with many examples from the 140 different local authorities that we have worked with, which would tell you of the transformational change in their staff. The organisation I am working with at the moment has 22,000 properties: I have the chief executive, three assistant chief executives and a director working in a team with me to help transform that organisation's housing system. The morale of the staff has gone through the roof, upwards, because at long last they are being allowed to design a system that meets the demands of people. Ultimately, it is always cheaper to do the right thing. The system architecture is wrong, not the people.

If you want to change the system, you have to change the thinking that governs the system. The challenge that you are alluding to is changing the thinking at all levels, particularly the senior levels, in the agencies so that they can see that there is a different way. If you talk to those senior people in the agencies, they will say that they are already doing lean. It is not lean. Our websites are www.systemsthinking.co.uk and www.thesystemsthinkingreview.co.uk, where you will see tonnes of examples of what we have done.

Essentially, it comes down to the four things. As you improve the services, the operating costs drop in direct proportion to the improvement, not the other way around, despite what you will popularly hear. Staff love it, because it means good people getting a chance to do good work. It is about people being able to interact with others; it is not about filling in a form and sending it to Birmingham or wherever. If you are in the benefits office in Omagh, for example, you should be able to sit down and discuss somebody's benefits with them there and then, and make a decision. In the examples I have of the work that I did, we went from waiting 152 days for decisions to

same-day decisions.

Mr Cree:

Good morning, gentlemen. This is very interesting. You have printed a comment from a client in respect of the Stroud example. It states:

“I found you approachable, helpful and considerate. I feel I owe you thanks for the way you helped me.”

That graphically illustrates what everyone should be saying. How common is that approach in Northern Ireland?

I have had a wide range of dealings in the benefits area, and attitude is the biggest problem. You do not really deal just so much with attitude. Obviously, you can extrapolate that and say that the attitude will eventually change. However, attitude is very important, and it nearly always tends to be negative: you are guilty until you are proven innocent. Paul mentioned the employment support allowance, which is a particular area of concern for me. It really is a waste of time sitting at tribunals because of the tick-box exercise that is conducted, which cannot be corrected. The availability-for-work matter is out for discussion at the moment, so there is recognition that something is wrong with it. Have you done any work in that area? You mentioned numbers of cases and out-turns. Many are subsequently disallowed. The whole appeal mechanism, which is a total frustration, then kicks in. What are your views on that?

Mr Stronge:

That is part of the problem. If you get the decision right in the first place, you cut down on the number of appeals. Our member organisations and advice agencies want to work in partnership. We will not take appeal cases if we clearly think that the person is not entitled to a benefit because it would be a waste of everybody's time, particularly the person in question. You are working in a tick-box system, so you have very little room for manoeuvre. You may know that that person really has an entitlement, but you have very little room to do anything. You then have all of the additional costs.

This work prevents downstream costs. If you get the decision right, you do not end up in a tribunal situation in which you have to pay for the tribunal clerk and the whole thing is set up. You start to cut costs. John is doing some work with Victim Support in the criminal justice system and looking at how people engage with that system. There are examples around. Our next stage is to get in and do more and deeper analysis of those types of things.

Mr Cree:

I do not want to labour the point, but there is a good analogy for what you mentioned: it is really where the tyre hits the road that matters. I was at a tribunal recently where the chap had a very badly broken shoulder and he was being disallowed. He had been sent a pro forma and had ticked the boxes. One of the questions was whether he could raise his arm above his head. He said yes because he obviously had two arms, but he is an operative and he cannot operate with a left hand. His appeal was disallowed. It was a nonsense.

Mr J Little:

Essentially, there are four steps in benefits assessment. One is getting clean information from the individual. Systems have been set up that are supposedly best practice, but they are nothing of the sort. Those systems are computer based, so it is back to your tick-box issue. It is about getting clean information. It is also about understanding the needs, making a decision after understanding the facts, there and then, locally, and then telling the person. You can turn it around in a day, two days or three days, rather than 152 days. We have done that on numerous occasions.

Even when the people are disallowed a benefit or do not get as much as they think that they should, you stop all the failure demand that Bob was talking about earlier because people do not have to phone up anybody to find out why they have not been allowed something. They are told there and then. We have had examples of those kinds of cases in which people come in, we or our clients work with them, and the claimant does not want to leave the room. They ask whether that is it and whether they have been awarded. We tell them that they have been awarded and how much they will get paid. They ask whether they have to come back again and whether they have to phone anybody, and we tell them that they do not. They ask when they will be paid. We tell them that it will be paid into their bank or by whatever means they choose next Monday.

It is about getting clean information, making a decision, telling the person the decision and why, and then paying them. Those are the only four steps that there are in benefits processing. However, you will get IT companies and others who will tell you that there is best practice around and that you should send it off to somewhere else, whether that be Birmingham, Belfast or wherever. That, in our view, is a nonsense.

Mr McLaughlin:

The pilot project ran from the previous October until March 2010. You indicate that you were able to complete only three of the six steps. Was that your responsibility? Will you explain why?

Mr Stronge:

It was not really our responsibility; no. We wanted to get in and to complete the additional steps, because we felt that that would tell us what was really going on.

Mr McLaughlin:

But you did not get to the redesign stage

Mr Stronge:

We did not get to the redesign bit. To be fair, there were probably some misperceptions about what we were trying to do. Therefore, the agency probably felt that it was a step too far for it at the time. We had pretty good support at departmental level, but the agency, at that time, felt that this was a bit of a threat to it and it did not understand what we were trying to do. I think that it is fair enough to say that. However, we have since clarified a lot of that with the agency, with which we have had a meeting, and the position is much more positive. We are quite hopeful that we may, at some point, get in and finish that piece of work.

Mr McLaughlin:

Were the terms and conditions and the resource issues changed during that six months or were they inadequate to start with?

Mr Stronge:

Possibly, they were inadequate to start with.

Mr McLaughlin:

I am very impressed by this work. I do not know enough to have an informed view, but I support the idea of, in a sense, revolutionising the way in which we engage. The problem of the parity issue — the interface with the external organisation — can be designed out. We can take the basic information, the guidance, the guidelines, and all of that, and sustain them but deliver in a different way. That is an issue of local culture that we have to deal with. I think that it is in the system.

Mr Stronge:

I think so.

Mr J Little:

I could not agree more.

Mr McLaughlin:

The two projects that you took on were probably valuable in that they demonstrated that. Did the Department draw the same obvious conclusions, then decide it was a step too far and walk away from it? Is that what happened?

Mr Stronge:

I am not sure that the Department did, but I think that the Social Security Agency would have said, “We are already doing this. We are doing lean.”

Mr McLaughlin:

Others may think it is doing it mean.

Mr Stronge:

It is not lean. At the time, we would have told the agency that this was not lean. So there may well have been some fear factor around.

Mr J Little:

To answer your question, if you look at our website — www.thesystemsthinkingreview.co.uk or www.systemsthinking.co.uk — you will find that it is replete with examples of where that change can happen, so long as senior leadership and guidance is provided from the top.

We did not complete all six steps of the model for check, which is really only the beginning; it is about understanding what we call the “what” and the “why” of how you are currently performing. There is then the redesign, and that is when leadership comes in. As I said, a chief executive and three assistant chief executives worked with me yesterday and will be again next week on transforming a 22,000-property organisation. You cannot change an organisation from the bottom. It must be changed from the top, and the thinking is the most important

transformation that has to occur. If you change the thinking, the system can change and then the performance will change. If you set a lot of performance targets, or any sort of targets, without changing anything, you just get more of the same. We say that there is no right way to do the wrong thing.

Mr McLaughlin:

This has been very helpful, and the Chair mentioned the fact that we were considering this as a possible area for a Committee inquiry. I think it would be quite an exciting and valuable project, but I think that we have to get to the centre of it. Clearly, Advice NI has taken on a pioneering role in drawing this issue to our attention, and I hope that you can get to the stage of redesign so that people can have some kind of practical comparator. However, I could see this approach being applied to any of our Departments. We have a concept called invest to save, which is quite progressive, and, if you were to apply this approach, I imagine that you could realise much greater resources and outcomes.

Mr J Little:

If I could be so bold, I suggest to you that the Northern Ireland Housing Executive, which is a system that I know really well, is ripe for complete transformation. The Social Security Agency is ripe for total transformation. However, it is about whether people are willing to change the thinking at the top of the organisation. We can change the system, which will then deliver the performance. Therefore, instead of waiting 152 days or the performance outlined in the papers, people will get a decision within one or two days. Local services should not be taken away from local people.

The Chairperson:

As Mitchel said, this may well be an area that we will look at when we are considering a variety of topics for a potential inquiry. Does the system that you have suggested apply across all Departments where there is an interface between Departments and the general public, or does it apply generally to how Departments do their business?

Mr J Little:

The Vanguard method for systems thinking can be applied to any non-manufacturing system. I have worked in financial services and all aspects of planning, local government, benefits processing, housing and everything to do with the housing system, and it can be applied. We are

currently engaged with Aviva, and we have helped it to transform its business. We have helped it to in-source. We are believers in in-sourcing, not outsourcing. We believe in giving people a job that is right, as opposed to giving a private sector organisation profit just for the sake of giving them profit. We do not believe that outsourcing works. We believe that retaining it or bringing it back in-house works.

We are about to work with Aviva in the United States and Europe, and we have worked with Standard Life. Therefore, we have worked with lots of different organisations, large and small. We are working with Victim Support NI, which is a small organisation, so scale is not an issue.

The Chairperson:

Is the Vanguard system patented?

Mr J Little:

Yes. We are the only people who do this.

The Chairperson:

So, effectively, it would be a contractual issue. An agency or Department would engage you to provide them with that system.

Mr J Little:

Some people try to imitate what we do, but we are licensed to do what we do, and our method is a preparatory one. We developed it, and we own it.

The Chairperson:

If we conducted an inquiry and felt that it was a good way forward, there could be an issue in respect of recommendation if it is a patented business.

Mr J Little:

It is a method that we devised and developed, and, if people try to copy our method, we obviously have an issue with that.

The Chairperson:

Fair enough. Thank you very much. That was very useful.