

Total Place

A proposal to employ an alternative method to achieve the aims of Total Place

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A note to the reader

This proposal started out as a detailed criticism of the methodology employed by Total Place, with the title 'Total Place is total bollocks'. During preparation of that paper, I re-read the Total Place documentation being used by local authorities. In it local authorities were told they could access consulting support to the value of £250K to do their counting work (the first step in the method being to add up the total costs of public service provision in an area, not a clever thing to do). It occurred to me that DCLG might want to consider funding a better method (i.e. the Vanguard Method), that would achieve the aims of Total Place, and which is tried and tested. So I gave them a call.

I spoke to John Connell at DCLG, who confirmed he worked on the Total Place project. He said he'd like me to send in a proposal. So, instead of writing 'Total Place is total bollocks', I changed the paper into a proposal and submitted it. Having heard nothing after about two weeks, I phoned John Connell. He told me had moved to another section, and that I should talk to Emily Arch, who had responsibility. I tried and tried to contact Emily. My researcher was able to make contact while I was away. She told him DCLG was not telling local authorities what to do with Total Place. I was told the same by the Leadership Centre (a quango from where the trained cost-counting facilitators are available). Further, when I met with Sir Michael Bichard recently, he also insisted local authorities were not being prescribed any method for Total Place.

Yet, when I read all the documentation associated with Total Place and, in particular, the documents being used by the local authority 'pilots', I see unequivocal directives for the Total Place method being counting costs and unequivocal evidence that DCLG are funding the pilots with £250K of consulting support.

Not wanting my work to go to waste and ever-hopeful that people are looking for a better method for the improvement of multi-agency services, I am publishing my proposal here.

John Seddon, August 2009



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Introduction

Studying the publications associated with Total Place, I became concerned that the method might not be the best way to achieve the desired outcome. While it might lead to good knowledge about cost, cost is usually the wrong basis for making decisions. I shall explain more about why. We have a tried and tested method for improvement (improves service, reduces costs and improves morale) which would provide a reliable method for Total Place; a method that would ensure change is based on knowledge and one that has been shown to produce improvements that are significant – beyond what might have been considered achievable if planned in the normal way.

Total Place: current method

Although I don't know the complete details of the current Total Place method, particularly the steps to be taken in the later stages of the work, the broad approach might be summarised as: Collate what every public-sector organisation in a geographic area spends on public services, choose a theme on which to conduct a 'deep-dive' analysis of costs, and then work out what you might save if the services worked together in better ways. [I acknowledge that the intention is to find and remove waste, but no details on how are articulated. Some points on how to understand waste are made later.]

My concern is the focus on costs. Generally, to act on the basis of cost data is unwise and dangerous, at best time-consuming and expensive; at worst it can lead to the wrong decisions and thus actions that fail to achieve the purpose. For example, there have been a series of failed shared services projects – something quite likely to be pursued following Total Place – where the services are now worse and costs are higher. The method we propose will avoid such failures.

I would describe the method proposed for Total Place as 'unfocused activity-based-costing'. Activity-based-costing (ABC) has the weakness of knowing cost but not knowing value. Applied to 'themes', as it is in Total Place, it runs the further risk of not focussing on the things that matter to citizens in a geography.

ABC – weaknesses

A summary of the method and weaknesses in ABC is published at <http://www.systemsthinking.co.uk/6-abc-jul09.asp>. In essence, the problem you have when you know the cost of things is that you have no idea how much cost is tied up in value work and, alternatively, waste. If you make the mistake of cutting the former and not the latter, your service will get worse and then your costs will rise (more failure demand being the first signal).

Tom Johnson, a professor of accounting and one of those who first promulgated ABC¹, revised his position after learning from Taiichi Ohno (the man who built the Toyota Production System)². Ohno taught him the importance of managing flow not activity and how this produces significant and sustainable cost-savings as a consequence.

For example, we may learn that, say, £4bn is being spent on adult care in an area. We may become excited by the prospect of saving 5%, a typical target, for 5% amounts to £20m. But what if the care service had as much as 20% waste (a conservative estimate)? The real savings that could be made would amount to £80m.

It indicates what we should study instead of studying costs; we should understand the value work and from there, study flow to understand the waste and the causes of waste – for only when these are removed can we optimise performance. It also illustrates the central problem with ABC: managing with cost is like driving a car while looking through the rear-view mirror.

The Vanguard Method

The Vanguard Method was originally developed by myself (John Seddon) and colleagues through the 1980s and 90s. It includes a method for studying the ‘what and why’ of performance as a system. It was based on what we learned from the Toyota System’s architect, Taiichi Ohno. He taught that management should focus on understanding its problems; he developed ways to help managers study their organisation as a system. The Vanguard Method achieves this purpose in service organisations, which differ in important ways from manufacturing.

The Vanguard Method also provides principles for the design of services. In essence these ensure that the service is designed against customer demand – customers are able to ‘pull value’ from the enterprise. In designing this way, services improve as costs fall.

The idea that services will improve as costs fall is counter-intuitive to most managers, for managers have been taught to think that service management is concerned with the volume of work coming in, the time people take to do it and the number of people

¹ Kaplan, R.S., Johnson, H.T. 1987 ‘Relevance Lost – The Rise and Fall of Management Accounting’ Harvard Business School Press, Boston, MA

² Johnson, H.T. 1992 ‘It’s Time to Stop Over Selling Activity Based Concepts’ Management Accounting September/October pp26-35, Johnson, H. T. and A. Bröms. 2000. “Profit Beyond Measure: Extraordinary Results Through Attention to Work and People.” New York: The Free Press.

they have. From this point of view better service means greater resource. There are a series of such counter-intuitive truths which the Vanguard Method reveals.

The Vanguard Method and Total Place

Our approach would start with studying demand from citizens in a chosen geography. It would provide knowledge about: Failure demand (tells you which services do not work from the users' point of view; and failure demand consumes lots of resource), value demands (what users want from services from their point of view, also what demands occur for which there is no service). We have learned from studying demand in many service organisations that it is largely predictable. The study of demand is complete when demand going forward can be predicted (we would estimate this to be a one to two month activity in a multi-service geography). Sometimes you learn there is no demand for services that are provided.

The knowledge gained from studying demand will then be used by the sponsors to make choices about the geographic theme. Working this way ensures the changes will be noticed by citizens; the themes are chosen on the basis of demand as an evidence-base for determining citizen priorities.

Once a theme has been chosen, the services that make up the theme (that respond to the demands chosen) are studied as systems. The demand analysis will have provided knowledge about value and failure demand, the purpose is now to study the flows that make up the services to understand how and how well they meet the purpose from the citizens' point of view.

The first step is to measure achievement of purpose in terms of what matters to users. It is worth noting that this usually creates a shock in local authorities; management's current data often shows on-target performance but achievement of purpose – true performance in customer terms – is usually shockingly worse.

The measures to be used will include time-series data where end-to-end time is important to users. These help managers understand the stability of their organisation and encourage questions about the causes of variation.

The next step is to find the causes of variation through studying the work flows, distinguishing value work from waste and identifying the causes of waste.

When the knowledge of the 'what and why' of performance as a system is complete, the resulting system picture and accompanying evidence is presented to the sponsors for the following decisions: Has this demonstrated sufficient knowledge about the current system (can we be confident that decisions made from this will be sound)? Should the work proceed to the next step: creating the re-design?

Provided the decision is made to move to a re-design, the next step is to create a design that aims to do only the value work. At this time decisions have to be made about the size and scope of the first re-design. Should it be small or large-scale? We can provide examples of both and advise the best way to work to achieve the best outcome.

Does the Vanguard Method work?

There are many local authorities and RSLs that have applied the Vanguard Method. All achieve performance improvement that is significant. For example: all housing repairs in under a week, voids completed in days, lowest rent arrears, happiest customers; housing benefits all processed in under a week, planning completed in less than 30 days, and so on. We can provide evidence for the significant improvement of every local authority and RSL service for which we have knowledge.

The best way for you to have confidence that the Method works would be for you to talk to those who have used it. Three referees:

David Hagg, Chief Executive, Stroud D.C. [David.Hagg@stroud.gov.uk]

Denise Lyon, East Devon DC [DLyon@eastdevon.gov.uk]

Owen Buckwell, Head of Housing, Portsmouth City Council.

[Owen.Buckwell@portsmouthcc.gov.uk]

We can provide many other referees if required, including multi-agency groups engaged with this approach. The Vanguard Method has been applied to both 'single' services (e.g. benefits processing) and multi-agency or partnership services. Some examples:

Health and social care (County Council, PCT, Acute /Hospitals, District & Borough Councils)

Highways (County Council, Highways Agency)

Environmental Services (County Council, District Council, Police)

Advice services (Citizen's Advice Bureaux, Councils, RSLs, Legal Services, Courts)

The Method reveals how better design of services requires working across the organisations. Some examples:

Studying Adult Social Care as one system (health and social services), you learn that perceived pressures on resources (cost) time and management's 'rationing' of services, throughout highly functionalised structures, results in a fragmented service, very poor user experiences, high costs and as much as 60 to 80% of the demand is 'repeat' demand (but treated as 'new'). Studying care demand into health services reveals a predictable and high frequency of avoidable admissions, created by the way residential care services are designed and managed. Re-designing care services results in faster assessment and provision at much lower costs.

Highways, like adult care, is assumed to have resource constraints. If one multiplies the number of potholes in a backlog by the unit cost per hole it would appear to require huge costs to fix the roads. The typical solution is to ration: inspect, fix the worst and the contractor does only what is in the spec. Studying pot-hole repairs as a system reveals relatively predictable demand and plenty of waste between organisations (often third parties are only engaged to manage the waste). Re-design leads to large improvements in productivity (up to five times) without the need for further resources.

Environmental services (waste collection, litter, street cleaning, grass cutting, fly-tipping) are usually separated between district/ borough/county. By studying demand by locality it becomes possible to develop a single service design, removing all the waste.

Studying demand into advice agencies and other services shows how the failure to provide a primary service amplifies demand, consuming massive resources, in 'downstream' organisations.

It should be noted that these examples also illustrate how the current focus on costs is driving costs up.

The scope for improvement revealed by those who have applied this Method is considerable. For example, to return to adult care, we know that £3bn is spent on assessment and care planning³ – an astonishing sum. Systems thinkers who have studied adult care know that the causes of such high costs are to be found in following specifications and targets; the end-to-end times for assessment and care planning are extraordinary, numbers of people turn up to ask the service user much the same questions, the processes are full of waste, people who need help deteriorate and the eventual costs of care provision rise. Where services have been designed against demand, assessments and care plans are completed in days and costs fall dramatically. Of greater importance is that care is provided more quickly and maximises the person's ability to remain at home.

Finally, it is important to say that we are discovering that better services (designed against citizen demand) create more responsible community engagement. This is to be a focus of research we will be conducting with a research team from Cardiff University.

Costs

We propose to pilot the Vanguard Method for Total Place under the same terms as other pilots. In that way a comparative evaluation will be possible.

³ Clements L 2008 'Individual Budgets and irrational exuberance' 11 Community Care Law Reports 413-430 September: Legal Action Group

Supporting papers

To expand on the approach we are proposing, two further papers are provided here: A contrast between Total Place (as described by a participant) and the Vanguard Method; and some potential risks with Total Place.

Contrasting the Total Place approach and the Vanguard Method

Arguing for Total Place to be ‘given a chance’, the chief executive of Croydon Council⁴ describes what he think might happen with his chosen theme: ‘child-wellbeing’. He starts from the view that collectively, the public sector organisations are spending too much public money reacting to serious problems with 11 to 24-year olds. He argues that this could be reduced significantly by early intervention: ‘more and better-targeted expenditure in the early years’.

It is a plausible argument. But first we would ask: do we consume excessive resources right now with children’s services? Moreover, does what we do work or does what we do create more costs? We know that the design of children’s services has been mandated by compliance with the Integrated Children’s System (ICS); the recent announcement that ICS is no longer compulsory is a reflection of the amount of evidence of the waste created by complying with its specifications⁵. We also know that ‘Every Child Matters’ has produced a bureaucracy, is a source of irritation amongst people who work with children and drives unintended consequences⁶. There is evidence that children’s services have seen an explosion of waste which remains invisible to managers working to meet targets and inspectors looking for compliance.

Similarly, in adult social care there is evidence that where the service complies with what was CSCI’s specification (now governed by the Care Quality Commission) the local authority carries high costs and offers poor service, which creates further costs, the most inhuman of which is moving more people into care-homes – the very thing the we seek to avoid⁷.

The Chief Executive of Croydon is rightly concerned with doing a better job for children. He acknowledges that others have tried before him. Government initiatives like Sure Start, Think Family and Children’s Centres have been tried. We would firstly ask: what we can learn about how well they worked? And this would be learned by studying the services as described above. The Chief Executive believes a ‘local’ focus might produce a better solution. I am sure he is right – that locally-

⁴Jon Rouse, Chief Exec Croydon LBC in the Local Government Chronicle 25/6/09 <http://www.lgcplus.com/people/in-my-view/give-total-place-a-chance-to-prove-itself/5003189.article>

⁵Munro, E. (2005) ‘A systems approach to investigating child abuse deaths’, British Journal of Social Work, 25, pp. 531–46, White, S.; Wastell, D.; Broadhurst, K.(2009)., "Children's Services and the iron cage of performance management: exit the street level bureaucrat, enter the good soldier Svejik?", International Journal of Social Work, forthcoming 2009, Broadhurst, K.; Wastell, D.; White, S.(2009)., "Performing 'initial assessment': identifying the latent conditions for error at the front-door of local authority children's services", British Journal of Social Work, forthcoming 2009.

⁶ P190 Seddon J 2008 “Systems Thinking and the Public Sector” Triarchy; Axminster

⁷ See the SOLACE report ‘The Illusion of Control’ section on Adult Social Care <http://www.thesystemsthinkingreview.co.uk/index.php?pg=17&backto=5&utwkstoryid=139&title=Council+Leaders+raise+concerns+about+damage+caused+by+Targets&ind=0>

designed services will be better – but to get there we would start by getting knowledge of the current system.

Some potential risks with Total Place

Sharing services

Total Place will, no doubt, lead to proposals to ‘share services’ (‘we all do HR, IT, and so on why don’t we centralise them?’). Yet sharing services has an appalling track-record⁸. There are considerable risks associated with sharing services⁹ but more importantly, the scope for improvement from sharing is miniscule when compared to the scope for improvement by re-design. We can show you examples of IT and HR services that show significant improvement from re-design in-situ, that would not have been achievable if they had been shared. The examples reinforce another counter-intuitive truth: that economy comes from flow, not scale¹⁰.

Failing to review partnerships

Many local authorities have ‘partnerships’ with private-sector providers. Many of the contracts are based on transaction costs. Where that is the case massive waste is waiting to be found. It will also be learned that the contracts prevent improvement. The problems will become evident when the work is studied as a system. In taking a cost approach this major opportunity would be ignored.

Choosing a theme that is not citizen-focused

The idea of choosing themes is consistent with the recent moves to assume that local authorities can do things to influence peoples’ behaviour (lose weight, stop smoking, and so on). Systems thinkers would start in a different place – studying demand. When we study demand into local authorities (and from the citizens’ point of view), we learn much about what’s going on for citizens, how well the services are working and thus the problems we need to solve.

Studying demand often reveals groups of service users that appear across many services, and the importance of seeing things that way. The same root problems lead to a variety of demands that are, in effect, trying to deal with the same problem.

⁸ For example, the DfT shared service was criticised by Parliament’s Public Accounts Committee (see <http://www.kable.co.uk/department-for-transport-shared-services-centre-20jul09>), and for more broad criticism of government’s shared service programme by MPs see http://www.theregister.co.uk/2008/05/09/cabinet_office_service_sums/

⁹ See

<http://www.thesystemsthinkingreview.co.uk/index.php?pg=17&backto=5&utwkstoryid=43&title=Shared+Services%3A+A+commentary+on+the+CIPFA+%2F+PWC+report+&ind=11> and <http://www.thesystemsthinkingreview.co.uk/index.php?pg=17&backto=5&utwkstoryid=19&title=%27Shared+services+will+deliver+the+greatest+efficiency%27&ind=15>

¹⁰ See the video of private sector leaders talking about what’s wrong with designing services based on economies of scale:

<http://www.thesystemsthinkingreview.co.uk/index.php?pg=18&backto=1&utwkstoryid=177>

So it could be a risk to choose a theme without knowledge of demand. A reliable understanding of citizen demand will generate knowledge about what matters most in local communities.

A typical example is an elderly person in social housing needing help to wash. They are interacting with their GP, Health OTs, Housing (DFG adaptations), Benefits, Social Services, and third parties. Similarly, benefits claimants will present to claim through DWP JobCentre+ and their local authority. The first point of contact could be housing, homeless service or probation.

Ignoring the impact of targets and other specifications

A cost-based analysis will ignore the important impact current targets and other specifications are having on performance. SOLACE has published further evidence of the costs associated with managing by targets¹¹.

Working for consensus in meetings

Working for consensus by meetings is to try to get a common perception rather than common understanding. By contrast, systems thinkers start by assuming the parties have experience of things rather than knowledge (it was Deming who reminded us that experience is not the same as knowledge) and the work to be done is just that: get knowledge.

So rather than ‘assembly’ (getting into a room), we get the various parties, for example all services that get involved with youth disorder, to get out into the field to study youth disorder: the type and frequency of demand (both value and failure), how well the whole system responds to demands (by measuring achievement of purpose), then studying the way the work works across all agencies (the value work and waste) and then identifying the causes of waste. Doing this collectively builds knowledge collaboratively and, as a result, changes peoples’ perceptions – people drop their old prejudices as they generate shared knowledge. Most importantly people get to a position where they know they can make improvements (no guessing required) and they know what needs to change to achieve those improvements.

Planning a change

Systems thinkers take the view that change is emergent: you get knowledge about the ‘what and why’ of current performance and on that basis you re-design, allowing the re-design to develop (emerge) from the knowledge generated. The consequences are improvements that would never have been considered achievable if written in a plan. We do not subscribe to the view that better project management will solve the problem of change in the public sector; project management (breaking work into ‘streams’ etc) is an ineffective change process.

¹¹ Ibid

Going beyond the pilot

It is commonly thought that managers can copy ('share best practice'). Both Deming and Ohno warned against copying. What should be 'copied' is method, not another's design. It is how you get to the better answers that matters; studying your own system leads to solutions that are relevant to local demand and, more importantly, the process reveals the counter-intuitive truths, helping people 'unlearn and learn'.

To speed the process of others following the Method it will be possible to develop templates and guidance for the two main learning steps as applied to all local authority services and, as the work develops, more multi-agency services.