ROUTEMAP FOR APPLYING VALUE MANAGEMENT TO SERVICE IMPROVEMENT

INTRODUCTION

The purpose of this 'routemap' is to outline the key stages of the application of value management in the local authority sector – more precisely, Best Value Authorities such as local councils, police and fire authorities and also housing associations. This roadmap is purely outline guidance and is not a one-size-fits-all template. Practice may vary from organisation to organisation and professional advice should be sought.

This roadmap identifies activities and key phase outputs for conducting a Service Review and is therefore pitched at a high level. Nevertheless it will also assist those concerned with applying VM to improve aspects of a service or to a stand alone project.

(For strategy and projects, see the specific Route Maps for those sectors)

CURRENT APPLICATION IN THE LOCAL AUTHORITY SECTOR

The application of value management is not widespread in the local authority sector although some 20 or so councils, police and fire services and, more recently, housing associations have scored individual tactical success. However this is likely to change now that the Employers Organisation for local government has embarked on a major promotional initiative in partnership with the Institute of Value Management and Bone & Robertson.

As part of this initiative the Employers Organisation has produced *Value Management: delivering service improvement* available free from them on 020 7296 6600. This includes case studies from leisure, building maintenance, social services and housing. It is fair to say that there is no local government activity that cannot be improved through value management. However, those interested in capital projects – highways, construction, development, etc – should see the kindred road map for value management in construction.

KEY PROCESSES

A value management strategy in a public service will comprise a programme of reviewsof varying size and complexity, including intense key-stage workshops. The Employers Organisation notes that there are parallels here with Best Value reviews, "but it is much tighter, more versatile and cost-effective". Training, teamwork and the support of top-management are vital to success – the human dynamics of value management should never be neglected. Team leadership too is no less vital.

ROLE OF THE VM TEAM LEADER

The role of the Team Leader includes:

- Managing the service review project-wise to make the best use of resources. The Team Leader agrees the overall objectives, times-scales, consultation plan, team composition, etc with top management beforehand

- Planning each review workshop, keeping to the job (project) plan, ensuring that necessary information is made available to team members before workshops, and ensuring appropriate facilities, rooms, etc are made available

- Facilitating workshops (a separate facilitator can be used) ensuring that policy objective are met – the 4Cs, national and local policy, etc – and that performance objectives are met

- Ensuring that review reports are prepared on time for top level challenge and approval – stating the processes used in the review, and linking objectives and key outputs.

BENEFITS OF VM IN THE BEST VALUE SECTOR

The benefits have been found to include:

- Clearer review briefs, more closely related to business needs

- Improved understanding and ownership of the review project

- Improved team working

- Shorter and sharper reviews that found with Best Value with better outcomes

- Empowered staff engaged in the process of change

- Transparent and comprehensive Audit Trail

- Senior Management Assurance

Above all, we know that, from global experience over many years and many sectors, that a well run value management programme will deliver benefits, in cash or kind, worth some ten times the cost of the programme.

NEXT STEPS

It is best to start by doing background research into value management. There is a vast range of sources of information on the Internet but most of it relates to industry and construction. However here are some key sources to start with:

- The Institute's of Value Management web site: ivm.org.uk

- The Employer's Organisation - contact jon.sutcliffe@lg-employers.gov.uk

- BS EN 12973: 2000; *Value Management* and its related guidance document, PD 6663: 2000 – both available from the British Standards Institution

The above British and European standard on value management outlines the general

principles of value management. These principles are reflected in the European System for

Training and Certification in Value Management. This was established some years ago with

European Commission funding as part of a Council of Ministers initiative to improve European

competitiveness. The Institute of Value Management is responsible for administering the

European system in the UK.

As the Local Authorities Employers Organisation stresses, there are no short cuts to value management. Training is vital as is top management's support and teamwork. In fact value management is teamwork-based and does not function without teamwork. To take things forward may be a question of building on your Best Value work to date. However, for specific advice on how to take things forward in your organisation there is an:

- Employers Organisation list of approved trainers in value management

This list comprises trainers who are approved under the European system and who have experience of working with Best Value Authorities. The list is available on application from both the Employers Organisation and the Institute of Value Management. All such trainers are seasoned value practitioners able to give strategic level advice.

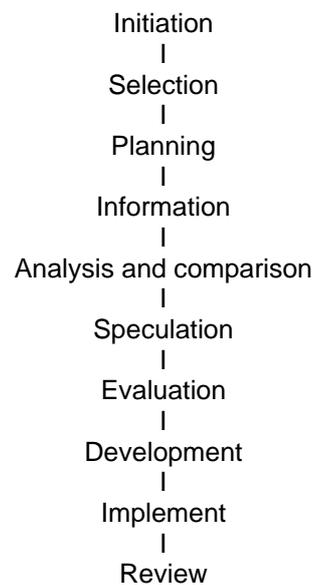**USING VALUE MANAGEMENT TO CONDUCT A SERVICE REVIEW**

NOTE: This section needs expanding to reflect the needs of Practitioners.

The terms Study, as in VM Study and Review, as in Best Value Review are identical for this purpose.

The Four C's:
The Value Management process includes all four C's (Consult, Compare, Challenge and Compete). VM activities that specifically involve these criteria are indicated.

The following key phases are based upon the VM Plan of Work:

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Initiation
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Selection
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Planning
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Information
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Analysis and comparison
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Speculation
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Evaluation
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Development
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Implement
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Review

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Audit Trail: the outputs at each stage comprise succinct reports and schedules which form a comprehensive report and audit trail of the process followed, assumptions, decisions and actions.

INITIATION PHASE

1. Meet with high level sponsors to establish:
   - Initial Mission Statement or objectives
   - Broad criteria and requirements
   - Sensitivities
   - Givens and constraints
   - Initial Stakeholder Analysis to aid decision on members of the Steering Group, both essential and desirable

   2   Appoint Steering Group, with Terms of Reference

SELECTION

   - Consider which aspects of the Service to study.
   - Use a Selection tool.

PLANNING PHASE

1. Strategic Planning Meeting (SPM) of Steering Group, issues to address:

(NB. Some of these will be initiated in the SPM and completed outside the SPM)

- Refine/develop Mission Statement to agree Objectives for the Study
- Scope of study or project
- Significant strategic issues
- Stakeholder Analysis to identify project team - essential and desirable groups and individuals to involve
- Methodology of Study – VM Plan of Work
- Information available and required
- Consultation Needs and actions – for current service and required service
- Action Plan for collection and analysis of information
- Agree briefing and training needs for project team, in advance of VM1; and actions
- Budget for Study

INFORMATION PHASE

- Undertake actions for Information gathering and Consultation agreed in SPM *(Consult)*
- Process Mapping of current service – process steps, functions and value chain

ANALYSIS PHASE

Workshop VM1

1**.** Purpose: to define the scope of the study, the Service value and indicators of performance.

2. Inputs from Planning Phase:
- Mission Statement and study objectives
- Scope, Givens and Constraints for Study Summary of key Information and analysis
- Results of Consultation if done at this time
- Process Maps

3. Activities for VM1:
- Review Information and Consultation Results
- Identify Issues to address
- Confirm Scope, Givens and Constraints for Study (*Challenge)*
- Confirm or develop Objectives and deliverables (*Challenge)*
- Agree Value Statements and gain consensus on weights for relative importance
- Assemble Value Statements into a Value Tree
- Use Value Tree to take initial view on performance measures

4. Agree Action Plan for development of performance indicators and Function   Benchmarking

Post VM1: (Compare)

1. Develop Performance Indicators for Service under review
2. Assess current performance
3. Identify Benchmark comparators
4. Benchmark
5. Benchmark Value Tree and weights against VTs from comparator organisations and services

Workshop VM2

1. Purpose: to understand the functions performed by the Service

2. Inputs from VM1:
   - Weighted Value Criteria
   - Objectives
   - Givens
   - Summary results of post VM1 work.

3. Activities for VM2:
   - Summarise current performance Compare performance to Value Criteria *(Challenge)*
   - Identify Strengths, Weaknesses, Opportunities and Threats *(Challenge)*
   - Function analysis:
   (i) Identify functions for the service under review, classifying as follows:
   - Basic
   - Required supporting functions
   - Consequential independent functions
   - Undesirable functions

   (ii) Identify activities that are a consequence of Basic and Supporting Functions

   (iii) Build FAST diagram

5. Agree actions to cost the functions

Assemble Cost Function Analysis
Outside the workshop
Pass results to team for review

Benchmark Cost Function Analysis *(Compete)*
Detailed comparison of Function Costs against those from comparator Authorities

SPECULATION AND EVALUATION PHASES
(The speculation and Evaluation phases are undertaken in workshop, which also initiates the Development Phase by capturing initial observations on the most significant ideas and by agreeing the criteria for developing the ideas).

1. **Plan Workshop VM3:**
   - Process
   - Tools/techniques
   - Team
   - Preparation required
   - Briefing
   - Recording

2. **Workshop VM3:** *(Compete)*

1. Purpose: Aims – improve functionality, reduce cost/resources

2. Activities for VM3:
   - Generate ideas
   - Agree evaluation criteria
   - Evaluate ideas
   - Review the most significant ideas
   - Agree Development criteria
   - Agree Action Plan for post workshop Idea Development and Decision Building

This outline is for a 1 day workshop, where there will only be sufficient time to set out the strategy for Idea Development.

DEVELOPMENT PHASE (Cost/Benefit; resources; advantages/disadvantages; risks; practicality etc) *(Compete*)

This phase applies a reality check to the selected ideas and begins to "build" the decisions.

Ideally the development phase should be undertaken on the second day of a two day (sometimes longer) workshop. This maximises the synergy and contributions of the team and continues the creative process.

Where this is not possible the Development of the ideas and initial recommendations will be delegated to team members, to undertake outside the workshop.

DECISION BUILDING AND IMPLEMENTATION PHASES

Plan Workshop VM4:
- Process
- Tools/techniques
- Team
- Preparation required
- Briefing
- Recording

Workshop VM4:

1. Purpose: to develop options and select the best option for further development

2. Activities for VM4:
2. Assemble recommended ideas into Options
   - Reject any options that do not meet pre-requisites
   - Select the best option using SMART methodology and the Value Criteria agreed at Workshop VM1 (This may take several iterations and possibly require an adjournment to undertake some supplementary work outside the workshop)
   - Agree actions for implementation

REVIEW (*Challenge; Compare)*

- Assess actual value improvements across all value criteria, compare against planned
- Benchmark new current service functions and function costs against those of comparator organisations and services
- New process map and value chain v old process map and value chain

ENHANCEMENT OF SELECTED OPTION

At this stage it will probably be necessary to further refine and enhance aspect of the selected option through Value Analysis or Value Engineering workshops. This will require the application of the VM Plan of Work, building upon the FAST diagram and Function Cost Analysis developed earlier.