

Achieving Best Value Through the EFQM Excellence Model

A Case Study of a Leisure and Community Services
Department in a Metropolitan Authority

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Introduction

This paper examines how the European Foundation for Quality Management (EFQM) Excellence Model is being used by a Metropolitan Local Authority in developing its response to the Labour Government's Best Value Initiative. The research focuses on one Department within the Authority, the Department of Leisure and Community Services.

The objective of the research was to establish how Knowsley Metropolitan Borough Council was using the EFQM Excellence Model to undertake Best Value fundamental service reviews. The findings are based on a critical evaluation of all relevant documentation and on interviews held with senior managers. The work was undertaken with the full co-operation of the Authority.

Background to Best Value

During the last two decades local government has experienced unprecedented levels of change as successive Conservative Governments sought to remould the role and scope of the public sector. A more flexible and customer orientated local government emerged that was regarded as a less bureaucratic and professionally dominated administration (Keen and Scase 1998). During this period the term New Public Management (NPM) (Hood 1991) entered into common usage, as a generic description of the adoption of private sector business practices within the public sector. Walsh (1995) defined the key characteristics of NPM as:

- The continuous improvement of quality
- An emphasis upon devolution and delegation
- The use of appropriate information systems
- An emphasis upon contracts and markets
- Measuring performance
- An increased emphasis on audit and inspection

Under Conservative administrations (1979-97) compulsory competitive tendering (CCT) became an important policy measure designed to improve efficiency, drive down the cost of local government and reduce its size. CCT started with the requirement for local authorities to expose specified work (contracts) to competition and ended with entire service departments being subjected to CCT e.g. refuse collection, grounds maintenance and cleaning. However, CCT was a crude policy measure - service quality often became neglected and there were significant costs for employees, often resulting in high staff turnover and demoralisation (DETR 1998). The compulsory element of CCT had also created hostility between local authorities and private sector suppliers resulting in the process of competition becoming an end in itself.

The election of a Labour Government (1 May 1997) heralded a new era and a new vision for local government. The new Labour Government had recognised that if it was to achieve its goals of modernising Britain and building a fairer and more decent society then it needed to work in partnership with local government (Blair 1998).

A key element of the Government's plans for modernising local government is the "Best Value" initiative. The Local Government Act 1999, which received Royal Assent on 27 July 1999, introduced the duty of best value to all local authorities, the Greater London Authority, police and fire authorities, waste disposal authorities, national parks and broads authorities and passenger transport authorities. The new duty was effective from 1 April 2000.

The Government has defined the duty of best value to deliver services to clear standards – covering both cost and quality, by the most economic, efficient and effective means available (Audit Commission 1999). Local authorities are required to publish annual best value performance plans and report on past and current performance and identify forward plans, priorities and targets for improvement.

The model comprises nine criteria and is divided into two parts i.e. Enablers and Results and 32 sub-criteria that detail the scope and application of the model. The criteria have a prescribed weighting. Enablers concentrate on how the organisation is run and operated and Results concentrate on what is seen to be achieved, by all those who have an interest in the organisation, and how achievement is measured and targeted.

The relationships between the enabler criteria and the results criteria give the model its strength. The criteria can be used to assess an organisation's progress towards achieving excellence. An explanation of the model criteria are given below, (Shergold and Reed, 1996, Naylor 1999, EFQM 1997):

Enablers

Leadership relates to the leadership of all managers, how they inspire, drive and reflect total quality as the organisation's fundamental process for continuous improvement. Within this criterion, leaders need visibly to demonstrate their commitment to excellence and continuous improvement. This criterion focuses on how leaders recognise and appreciate the efforts and achievements of their employees. In addition, there also needs to be evidence regarding how leaders are involved with their customers' suppliers and external organisations.

Policy and Strategy reviews the organisation's mission, values, vision and strategic direction. How the organisation's policy and strategy are reflected in the concept of total quality and how the principles of total quality are used in the formulation, deployment, review and improvement of policy and strategy. The elements of this criterion relate to how policy and strategy are: based on information that is relevant and comprehensive; developed; communicated and implemented; regularly updated and improved.

People examines the management of the organisation's employees and how their full potential is harnessed to improve the business. There are several important areas within this category concerned with: planning and improvement, how capabilities are sustained and developed; how targets are agreed and performance continuously improved, involvement, empowerment, recognition and caring.

Resources refers to the overall management of resources and how they are effectively deployed in support of policy and strategy. Within this criterion five areas must be considered, i.e. management of: short-term financial resources are managed and capital funding; information resources; supplier relationships and materials; buildings, equipment; technology and other assets.

Processes analyses how the organisation manages, reviews and improves its processes. It addresses how critical processes are identified, reviewed and revised to ensure continuous improvement of the organisation's business and/or service. Also how the processes are improved using innovation and creativity and how processes are changed and the benefits evaluated.

Results

Customer Results examines what the organisation is achieving in relation to the satisfaction of its external customers. The two main areas within this criterion relate to the customers' perception of the organisation's products, services and customer relationships and additional measures relating to the satisfaction of the organisation's customers.

People Results investigates what the organisation is achieving in relation to the satisfaction of its employees. Again the perception of the employees in relation to the organisation is important and any additional measures relating to employee satisfaction need to be considered.

Society Results probes what the organisation is achieving in satisfying the needs and expectations of the local, national and international community at large. This area includes the perception of the organisation's approach to quality of life, the environment and the preservation of global resources and the organisation's own internal measures of effectiveness.

Business Results (or key Performance Results) reviews what the organisation is achieving in relation to its planned organisational objectives and in satisfying the needs and expectations of everyone with an interest in the organisation. Financial measures of the organisation's performance and any additional measures of the organisation's performance need to be considered.

Background to Knowsley Metropolitan Borough Council and the Department of Leisure and Community Services

Knowsley Metropolitan Borough Council has a population of 154,000 and it covers an area of 8,713 hectares (33 square miles); two thirds of which is green belt. It has several urban areas centring on newly refurbished town centres and many rural villages on the periphery. The Authority has an annual revenue expenditure budget of £296 million and employs nearly 3000 employees (excluding teachers).

The Department of Leisure and Community Services (on which this research focuses) has a total budgeted expenditure in 2000/2001 of £15.3 million and covers a diverse range of services (see box 1). The Department is divided into two types of sections:

- (i) operational sections i.e. those providing services directly to customers; and
- (ii) support sections i.e. those providing information, systems and support to operational services

Operational Sections	Support Sections
Arts and Museums	Personnel
Libraries	Finance
Community and Youth	Training and Development
Leisure Management DSO	Building Maintenance
Parks and Countryside	Health and Safety
Events	Project Management
	Executive Support and Admin

Source: Departmental Service Plan 1998-2001 (p.11)

Box 1: Sections within the Department of Leisure and Community Services

Knowsley Metropolitan Borough Council has a well-established corporate planning process, within which all departments are required to produce three-year service plans. The purpose of these plans is to position the departments within the corporate strategic key themes of the Council.

The current strategic plan for the Department of Leisure and Community Services defines its mission as:

"To provide relevant, affordable, accessible services to the people of Knowsley MBC and to contribute to the Council's other strategic objectives of economic development, education and health so as to improve the quality of life of the Borough" (Departmental Service Plan 1998)

The Departmental Service plan is an important document as it brings together the key aims and objectives of each section. These objectives are agreed by Members of the Council through the

Council's Committee system. The plan provides the framework for the future delivery of services and are supported by action plans that identify the relevant resources, the responsible officer and projected time-scales.

Best Value Fundamental Performance Reviews

The Leisure and Community Services Departmental Management Team began considering the process of performance review in 1998. In addition, to the best value legislation they recognised that there were a number of other pressures that would directly influence the Fundamental Performance Reviews:

- (a) The need to re-examine service provision to ensure compatibility with the new corporate themes of:
 - Helping community regeneration
 - Improving health
 - Life long learning
 - Raising citizenship and pride
 - Tackling social exclusion
- (b) The recognition that service demands were increasing and that revenue funding through the Council's financial strategy was reducing.
- (c) The need to secure additional/external funding streams that reflected the Departments own service priorities

The internal service reviews began in 1999 and considered the strengths and weaknesses of each function, its impact on new corporate priorities, its performance against a range of measures and the key issues and challenges facing the service. In addition, the reviews linked to corporate initiatives such as "Doing better with less" and "Invest to Save"

Fundamental Performance Reviews and the Excellence Model

The EFQM Excellence Model was formally adopted by the Members of the Leisure and Community Services Department as the main tool for undertaking Best Value Fundamental Performance Reviews in September 1999. The rationale for adopting the Excellence Model as a review tool were outlined in an internal report "Departmental Approach to the Business Excellence Model" (9 September 1999). The report stated that:

"The Business Excellence Model acknowledges and embraces the work of other quality improvement models e.g. IIP, ISO, Charter mark and QUEST. As an "umbrella" framework it provides a useful vehicle for moving the departments service review process forward and placing it in a holistic context. Furthermore it adds value to other quality models by linking organisational processes with actual outcomes"(para 3.2)

Further benefits of the Excellence Model given in the report were:

" the department's current position can be objectively measured progress made to date can be identified

a rigorous framework for prioritising action and focussing on effort a mechanism for assisting resource allocation decisions

the basis for comparison with other organisations

a system for reviewing progress against future actions" (para 3.4)

The report also suggested that as the Excellence Model was a:

"process of continuous improvement and could eventually lead to accreditation of the UK Quality Award Standard". (para 3.5)

However, one weakness of the Excellence Model framework is that it assumes that organisations are delivering a range of products/services that customers wish to receive. In terms of the legislation, managers recognised that in order to fulfil the requirements, the "challenge" aspect of best value had also to be incorporated into the review process.

The difficulties and complexities of applying the model were recognised at an early stage and a decision was taken by departmental managers to undertake two pilot reviews during 1999/00 prior to full implementation from 1 April 2000.

The Best Value Pilot Reviews

The Department decided to undertake two pilot studies using the EFQM Excellence Model:

- (i) A high level Department review undertaken by the Departmental Senior Management Team which consisted of five Heads of Service within the Department, the Director, Assistant Director and Assistant Chief Executive; and
- (ii) A detailed service level review of the Leisure Management DSO by a Best Value Review Team

The approach adopted to each of these pilots documented below.

The High Level Review of Leisure and Community Service Department Introduction

The Departmental Senior Management Team were all involved in undertaking this review. The review involved answering questions from an EFQM computerised self-assessment package based on the nine Excellence Model criteria. It took each manager about two hours to complete the self-assessment which involved scoring/rating each answer given out of 100. All managers used the same computer disks and methodology.

Analysis of Results

Once all the managers had completed the exercise the average score for each criterion for each manager was then plotted on a graph (see figure 2). Unfortunately the review team was unable to plot the scores for criterion 5 (Processes) due to a computer disk error.

Graphing the data from the first exercise did not prove to be particularly helpful. As figure 2 shows there were significant differences in the scores given to each of the criteria by the managers. For example BJ had an average score of 74 for Customer Satisfaction while ME had an average score of 25.

As a result of the wide variation in the average scores the Assistant Chief Executive held a feedback meeting with the Senior Managers and they collectively identified two main reasons for the wide variations in response to the self-assessment questions:

- managers had interpreted the questions in different ways because some of the self-assessment questions were vague and open-ended.
- managers tended to answer the questions from the perspective of their own service rather than taking a departmental view of the whole of Leisure and Community Services.

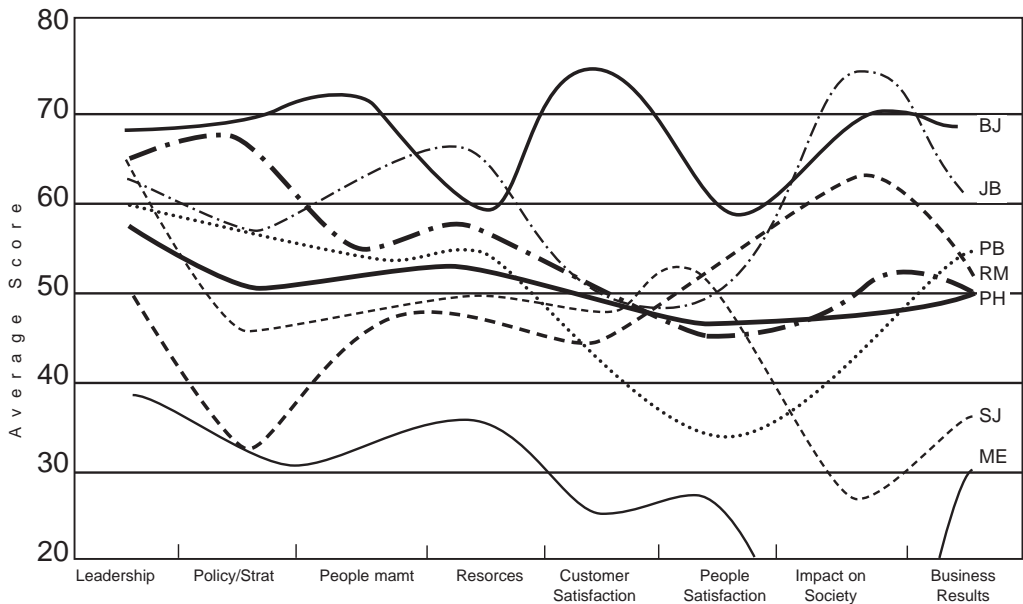


Figure 2: EFQM Excellence Results of High Level Department Review

These reasons would suggest that some guidance (or ground rules) at the outset for the managers might have been helpful to ensure a consistent approach. Despite the exercise producing results of limited use there were some positive outcomes as identified by the Assistant Chief Executive

"The initial exercise helped raise the level understanding, and an awareness of the EFQM Excellence model with senior Departmental Managers and in the Department"

As a consequence of the disappointing findings from the first exercise the Senior Management Team decided to undertake the exercise for a second time. However, this time they were specifically asked to answer all the questions from the perspective of the "whole department". However, other than that instruction there was very little prescription as to how managers should rate each criterion. Figure 3 shows the results from this second exercise.

The results of the second exercise showed a much stronger similarity, particularly across the enabling criteria, the similarity in the "results" criteria is weaker although not as weak as the first attempt. This may be because the results criteria are more subjective and therefore difficult to assess. Obviously, Figure 3 only shows the average score for each criterion and it is possible that within each average score there could be a wide divergence of scores for each question.

The troughs in the graph show potential weaknesses in the Department or areas where improvements could be achieved. The main trough/weakness shown by the graph and of particular concern to the Departmental Management Team was in the "Processes" criterion. A detailed analysis of the scores given to all the questions within the criterion was undertaken to identify questions which received a low score. The findings of this analysis formed the basis of a report to the Senior Management Team.

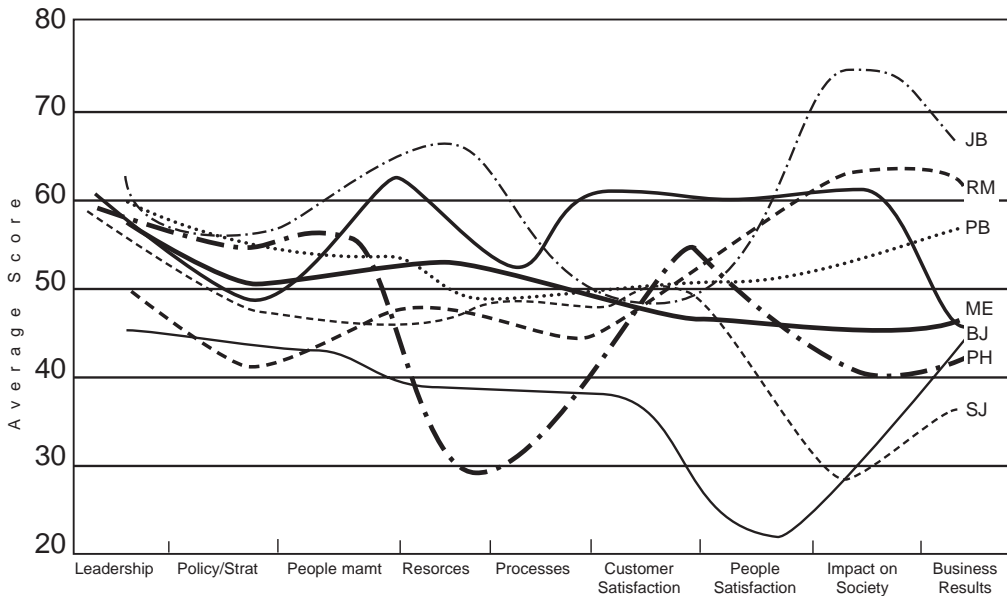


Figure 3: EFQM Excellence Results of High Level Department Review (Exercise 2)

Leisure Management DSO Review

Introduction

In parallel with the Departmental review, the Leisure Management DSO Team carried out a paper-based self-assessment exercise using a structured approach based on the EFQM criteria. A small review team was formed which included a range of staff and consisted of:

1. Assistant Director
2. DSO Manager
3. Assistant DSO Manager
4. Leisure Centre Manager
5. Duty Officer
6. Head Attendant
7. Leisure Attendant
8. Departmental Training and Development Officer

The Review Process

The review team met once a week, over nine weeks, to assess the current performance of the DSO against each of the key criteria in the EFQM Excellence Model. A standard template with an aide-memoir of questions was used to assess each of the 32 sub-criterion identified in the EFQM Excellence Model. These template was originally developed by a Welsh County Council and amended by the Welsh Quality Centre.

Prior to the weekly review meetings each team member was required to consider their own view of the DSO performance against the EFQM criterion to be discussed that week. In particular, they were required to identify the strengths and weaknesses of the DSO and any relevant contributing

factors in respect of the criterion under consideration. At the meeting the team discussed and explored their views on the organisation.

The outcome from each meeting was an agreed team statement of: strengths and weaknesses, contributing factors, recommendations for improvement and any action. To avoid any management bias in the final statement a junior member of the team produced the statement. At the end of the review process a substantial document was produced which detailed the review group's finding together with nearly 200 recommendations. A number of critical actions were implemented immediately. The other recommendations were distilled to 53 specific actions (the "vital few") and, after consultation with leisure centre managers, were incorporated into the DSO improvement plan.

In addition, to the review team's work, a people satisfaction survey was undertaken within the Leisure DSO. The survey was based on the EFQM Excellence model and was sent out to 140 staff. 68 surveys were completed and returned anonymously (or 49%). The survey's provided detailed information broken-down by leisure centre. The questions were focused around four key areas:

- Understanding roles and responsibilities
- Working together effectively
- Knowledge of position in the bigger picture
- Understanding of the need to improve

The results from the survey were collated and analysed in both tabular and graphical form. The results highlighted specific issues within the service from which the Leisure Services Management DSO have developed a set of actions/interventions to improve performance.

Implementing the Results of the EFQM Review

A road-show was organised to take place in each of the Leisure Centres during June 2000 to feedback directly to staff the findings from the EFQM review and to discuss how the issues identified were to be tackled over the next twelve months.

Improvement teams were established in each of the centres with the responsibility for implementing specific actions identified in the improvement plan. Actions that were not centre specific, e.g. a review of suppliers and contractors, were allocated to named individuals and specific deadlines were given for their completion. Where appropriate, key actions were also incorporated into the performance related pay targets that are set annually for managers.

The emphasis of the implementation strategy was to encourage leisure centre managers and staff to take ownership of the proposed changes/actions and to become actively involved in their implementation.

Outcomes from the Review Process

The main outcomes from the self-assessment exercise were identified as follows:

- (i) The approach produced a consensus on key recommendations for service improvement, from which the team will agree a set of action points that will be integrated into the Leisure Management DSO's service plan for 2000 – 2001.
- (ii) The process and the personal skills acquired are transferable into other reviews within the department. In fact, members of the DSO review team have now begun to work on a review of the Library Service.
- (iii) There is a need to manage the sensitivities about criticising the organisations current performance.

(iv) The collection of scores/ratings during the high level departmental review provides a useful quantitative baseline against which future benchmarking activity, over time and across the authority, can be measured.

There were also some important organisational learning points that emerged from the pilot reviews as follows:

- That when using the computerised scoring/rating approach, guidance needs to be available to officers on how to approach the questions to ensure a degree of consistency.
- The vagueness of some of the questions provides scope for a range of interpretations. The Departmental pilot exercise confirmed the need to use a more local government specific EFQM Excellence Model.
- The involvement of a cross-section staff was a positive aspect of the pilot reviews. It facilitated personal development and encouraged employees to contribute to the development of service.
- Service reviews are time consuming and this needs to be taken into account when planning the timetable of reviews.

Conclusions

The EFQM Excellence Model provides a structured approach to assessing the current performance of a local authority service department and has helped to identify where improvements can be made to service delivery.

The pilot reviews undertaken by the Leisure and Community Services Department demonstrate how the EFQM Excellence model can be used in two different ways by a local authority i.e. using a computerised scoring/rating approach or as a structured discussion analysis tool.

The main outcomes from undertaking pilot service reviews using the EFQM Excellence Model are:

- It has helped to raise the profile of the EFQM Excellence model within the Department and the learning experience should help to underpin future best value reviews.
- It has provided a mechanism for consultation with staff and for assessing the impact of "people management" on staff
- It has helped challenge the departments thinking about the vision and strategic direction of the organisation and the impact that it has on customers and society
- It has focussed attention on key performance results and how these compare with other authorities and providers
- It has made the department consider how resources and processes could be re-aligned or re-engineered – through competition and outsourcing – to strengthen the value chain.

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