



Department
for Transport

Continuous Improvement Strategy

January 2013

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1. Current Position

In forming our Continuous Improvement (CI) strategy we have taken a realistic view of where we are in the challenges we face, the progress to date on CI across the Departmental “family” and the contribution CI can make

2. Our Challenges

- 2.1** The Department faces a range of challenges and opportunities:
- 2.1.1 the Department is central to the Government's growth agenda, delivering an ambitious programme of infrastructure investment and supporting travellers and businesses;
 - 2.1.2 delivering our spending review settlement requires us to drive cost efficiency throughout our delivery chain, not just in the Department itself (over 68% of our spend is through third parties);
 - 2.1.3 reform of the Civil Service emphasises the need for implementing modern management practices and strengthening capabilities;
 - 2.1.4 this ties closely with our organisational vision and our plans for stakeholder/customer communication and engagement;
 - 2.1.5 encouraging staff pride and engagement in DfT remains an issue while some areas score highly to drive consistently high scores we need to promote energy, enthusiasm and pride in the importance and quality of our work;
 - 2.1.6 as a Departmental family we have a diverse range of businesses and ways of working. We can learn from that diversity, using excellence in delivery to inform how we do business at "the centre";
- 2.2** To meet these challenges and seize these opportunities we will need to continue to find new and innovative ways to develop the ways we work. Continuous Improvement, as a set of management techniques, offers the opportunity to put the customer at the heart of our thinking and processes, drive efficiency and effectiveness of delivery and engage and empower staff to develop new ways of working.

3. CI Maturity

- 3.1** The Departmental family, as a group, is at an early stage of adoption of continuous improvement techniques. While there are good examples of progress there is not yet a mature infrastructure to promote and support the adoption of CI. We recognise potential benefits CI can bring and the importance of moving over time to a consistent but flexible approach, that recognises the diversity of our businesses.
- 3.2** Overall we estimate that 90% of staff in the DfT family are working in organisations that have implemented CI techniques in a substantive way. This includes our most significant directly delivered services in the Highways Agency and DVLA. CI techniques are generally harder to apply in policy areas but leading areas within DfT(c) are already adopting CI techniques.

Highways Agency (HA)

The HA has made significant progress in implementing CI, including involving their delivery chain. This is mainly focussed on procurement in the road building business. In two years the HA has completed 5 waves of collaborative practitioner training for Agency and supply chain staff; those trainees have delivered 21 improvement projects with 90 more under way.

The HA's Lean approach targets the largest areas of HA spend: maintenance of the strategic road network, and the design and construction of major infrastructure projects. This is delivering real benefits across HA's business, for example:

better scheduling of earthworks on the A46 Newark to Widmerpool scheme saved in excess of £2m;

improved traffic management on overnight schemes increased productive time, lowering overall costs and reducing delays to road users;

implementing visual management on the M6 Long Lane Bridge scheme improved communications and problem solving and increased health & safety compliance; and

developing new grass cutting machinery in the South West raised productivity by 67% and cut costs by 44%.

The HA has led on developing tools for CI including a Lean maturity assessment framework, knowledge sharing systems and benefits planning, realisation and reporting tools. The benefits system captures both cash

savings and real customer benefits such as improved network reliability and improved journey times.

DVLA

DVLA adopted a Lean approach to process improvement 4 years ago under the title Operational Excellence, concentrating on front-line operational areas. In the first 12 months this achieved savings of over 70 FTE and trained Lean practitioners in operational areas. In the award winning contact centre for example, two Lean practitioners have worked on process improvement for the last three years and have achieved further capacity release and helped speed up training and administrative processes.

Operational Excellence has since been absorbed into a wider continuous improvement approach, deploying Lean and other continuous improvement techniques in combination.

The fundamental success of this initiative, evidenced through the sheer volume of improvements being identified by staff at the sharp end, is in the collaborative approach taken by the core team. In giving these staff basic tools, ensuring that they are supported by their own management structures and providing them with access to support rather than doing things 'to' them, we are seeing a level of support for CI – without extra resource or cost - that was not visible in its previous iteration.

VOSA

VOSA has adopted Lean techniques, working closely with HMRC, Home Office, and DEFRA to establish working relationships and best practice. The Agency's Business Improvement team was trained in HMRC's Lean Academy and has unrestricted access to HMRC's Pacesetter training archive and tool box which we estimate has saved around 18 months in time and tens of thousands in staff costs.

The VOSA Improvement Programme has eliminated significant waste and duplication in processes. For example:

a review of regional investigations identified process improvements increased process efficiency by 65% through standardising and streamlining processes, facilitating around £300,000 of savings;

detailed mapping of the application process for car MOTs improved process efficiency by 95% reducing the number of customer process steps to at most 32 from a possible 321.

Maritime & Coastguard Agency (MCA)

The MCA is undertaking a number of specific activities in its operational areas, such as:

the Future Coastguard Programme is being run under 'Agile' principles, leading to quicker and more efficient delivery;

a review of Survey & Inspection functions is fully embracing 'Lean' methodology as a way of driving real process improvements and efficiencies to the benefit of our customers; and

MCA was also the first in Government to let a contract through the new Cloudstore, which is part of the G-Cloud framework.

DSA

DSA has introduced continuous improvement in a number of operational support functions, primarily due to the Agency's main function of delivering driving tests. However it is worth noting that some areas have resulted in significant improvements, including:

enabled channel shift; internet bookings for driving tests are now running at c.90% for theory and 80% for practical tests;

allowed the nature of enquiries to be analysed to pro-actively provide customer information eliminating unnecessary calls reducing contact centre hours;

reduced short notice cancellations by DSA by over 75%, through better use of local managers, with consequent savings on correspondence, rebooking, free tests and compensation costs

permitted the closure of one of DSA's two operational support offices, making savings of approximately £2.5m pa.

DSA are currently trying to gain more traction in the use of a standard set of CI tools and techniques. The CI team will formally support the Digital by Default programme, trial a CI approach to audit outturns and construct a CI hub that staff can draw down CI materials from. This should provide greater exposure and understanding of CI, and inevitably, its use and application in a more formalised and structured manner.

- 3.3** As DfT develops **group operating models** for corporate services significant work is underway to apply CI techniques to design and implement new processes. In moving to a group procurement model DfT is adopting Lean Procurement for all major procurements and adopting Visual Management techniques. The Shared Services Futures project is an innovative approach to delivery of corporate services that is using process improvement to improve customer service and standardised HR and finance processes across DfT increasing efficiency of processing.

- 3.4** This diversity has driven the range of approaches to CI set out above. We believe our individual businesses know best how to manage delivery of their functions, and thus how best to implement CI locally. But we also know that there is value in having a joined-up process and have initiated a stakeholder forum that brought the CI leads together.
- 3.5** **This group is due to meet again in January 2013 to agree how we will work more collaboratively as a community of practice across the Group and how we will support the infrastructure that will enable us to deliver this strategy.**

4. Long-Term Vision

- 4.1** DfT is a long-term business; we are used to thinking 20+ years ahead. But our organisational strategy moves to a quicker life-cycle driven by spending reviews, electoral cycles and the pace of change in technology and society.

Our long-term vision for continuous improvement therefore looks 5 years ahead. Our ambition is to create a culture of sustainable continuous improvement across the DfT Family that:

- helps DfT achieve its core purpose;
- puts the customer at the heart of our thinking and processes;
- drives efficiency and effectiveness of delivery; and
- engages and empowers staff, harnessing our creativity to solve problems and innovate as part of our daily roles.

- 4.2** To bring this about we will foster a culture, across the Departmental family, which has continuous improvement as an integral part of the way we think and act. Leaders will understand how CI can contribute to driving value, staff at all levels will, and will feel they are, empowered to use appropriate CI techniques to innovate, and there will be a clear understanding of how CI can put the customer at the heart of both delivery and policy making.

5. Three Pillar Strategy

Our strategy will rest on three pillars:

- 1 building on progress in our agencies;
- 2 using the move to group operating models to drive continuous improvement in corporate services; and
- 3 empowering and enabling “policy units” to use CI techniques in ways that meet their needs.

5.1 This approach works with the grain of existing process improvement and specific CI initiatives across the DfT, thereby offering the best prospects for embedding CI in DfT’s culture.

5.2 As shown above the Department’s agencies are already demonstrating significant progress on implementing CI. We will build on this, creating the conditions in which Agencies develop CI approaches that meet their diverse business and delivery models and share expertise and best practice.

5.3 Developing group operating models is driving increasing standardisation of transactional corporate activity. This provides an opportunity to ensure CI principles are not only used in developing new approaches but built into the re-engineered processes.

5.4 The experience of RCC Directorate shows that CI techniques can be applied successfully in “policy” areas. However as these are diverse we will encourage areas to develop their own CI approaches, within a framework, that suit their needs. To support this we will encourage key staff to access appropriate learning and development opportunities; to encourage it we will ensure that CI is appropriately built into objectives (e.g. through SCS finance/efficiency objectives).

6. Strategic Implementation Plan

- 6.1** We will build CI into our improvement planning cycle to ensure that it is a core strand of our broader approach to change, capability building and performance improvement.
- 6.2** Specifically, we will embed CI across the Department in a coherent programme of overlapping phases:
 - 6.1.1 Laying the foundations
 - 6.1.2 Widening the scope
 - 6.1.3 Embedding the culture
 - 6.1.4 Learning and building consistency
 - 6.1.5 Sustaining Continuous Improvement

Laying the Foundations

- 6.3** We will build on the progress that has been made in our Agencies, enabling and supporting them to continue with the approaches that work for their businesses. However we also recognise the need to bring more structure to the development of continuous improvement across the Departmental Group. This requires some infrastructure within the Group to allow us to co-ordinate our efforts, increasing consistency of approach over time, avoiding duplication and “re-inventing the wheel”; learn from excellence across the family; plan and record financial and non-financial benefits across the family in a consistent and comparable way.
- 6.4** An early part of our strategy will therefore be to put this infrastructure in place, including for exchanging information and learning, and flexible, efficient common benefit capture and reporting processes. This infrastructure will be kept under review and developed as our DfT family approach matures.

Widening the Scope

- 6.5** As noted above many of DfT’s Agencies have already made considerable progress in embedding CI approaches into their business models and cultures. A high priority within our strategy is therefore to widen use of CI into the rest of the DfT family, and DfT(C) in particular.

- 6.6** This phase comprises the first steps on a “continuous improvement “journey”: gaining senior buy-in, ensuring leaders understand the value and uses of CI techniques, building capability and understanding amongst staff. We also plan local pilot projects as proof of concept and to demonstrate benefits realisation.
- 6.7** Our intention is to commence this phase quickly and pursue it with profile and pace. However we recognise that, starting from an early level of maturity and facing scepticism in some policy areas, this will have to be a sustained and lasting part of our strategy.

Embedding the Culture

- 6.8** This phase aims to move beyond the initial stages of adopting CI within organisations; DfT’s major agencies have generally reached or exceeded this level of maturity.
- 6.9** This phase will be characterised by CI having a higher profile across the whole departmental family. Agencies at a more advanced stage will be continuing with their own CI journeys but the early stages of learning in later adoptees will see common CI principles and tools being adopted across the group.
- 6.10** In areas such as DfT(c) that are currently at an early stage in adopting CI we would also expect increasingly visible and informed engagement from senior leaders, and a widening pool of informed, engaged managers and staff using appropriate CI techniques. We would expect individual organisations to be developing sustained CI programmes consistent with their organisational requirements.

Learning and Building Consistency

- 6.11** We recognise that there are different levels of CI maturity across the DfT family, and in particular that DfT(C) is behind the agencies. We therefore also recognise a need for ‘head office’ to learn from the experts. This phase represents the parts of the Department at an early stage learning from the more advanced organisations, and the whole DfT family looking outside to learn from other public and private exemplars.
- 6.12** This phase must run in parallel to our other activity, supporting and enabling progress. At first the emphasis will be on sharing

experience and expertise over time we see the emphasis moving to building on our diversity of approaches to build consistency of approach, choosing the strongest approaches to build a “CI toolbox” for the departmental family from which organisations can choose the most appropriate approaches for their business.

Sustaining Continuous Improvement

- 6.13** This phase represents the aim of our strategy – to have developed a culture and processes in which continuous improvement is an inherent part of what we do. Our best agencies are already at this level of maturity; our aim is for the whole family to approach it over the timescale covered in our CI Vision.

7. Measuring Progress

- 7.1** Implementing CI is often described as a journey and, as change is continuous, it is often seen as a journey without end. As set out above we have a clear vision for the end state and a strategic plan for our route. We will also measure our progress to ensure we are proceeding as planned.

8. Reviewing Progress and Updating the Strategy and Plan

- 8.1** In order to ensure this strategy remains relevant, appropriate and sufficiently ambitious, we will review progress against our ambitions annually, reporting to the Board on benefits and proposed plans. We will update the strategy as required, with the intention of producing a refreshed strategy every two years.

- 8.2** In reviewing the strategy we will consider progress against the strategy, our increasing maturity and the costs and benefits from implementing CI.

9. Assessing our Maturity

- 9.1** An early priority in Phase 1 of the Strategic Plan will be to adopt a CI maturity model that is both consistent with the rest of government and appropriate to our diverse range of businesses. We will assess our maturity against this model both as a group, and as individual business units at least annually.

10. Capturing Costs and Benefits

- 10.1** We see rigorous but non-bureaucratic identification of costs and benefits as essential. If we are not able to identify a clear return on investment in CI we will not convince ourselves or others of its value.
- 10.2** Measuring the costs of CI should become increasingly difficult; as the techniques become increasingly part of everyday work and our culture the specific costs should become less separately identifiable. We will therefore ensure we are able to accurately estimate the costs of CI on an on-going basis.
- 10.3** We will build on existing benefits identification and reporting techniques across DfT to develop a consistent approach to planning recording and communicating benefits across the DfT family. We will adopt a rigorous approach to claiming benefits, ensuring we maintain our usual high standards of project appraisal and reporting. However we are committed to ensuring we plan manage and report non-cashable benefits (such as staff engagement) and benefits to our customers and delivery partners.
- 10.4** Implementing cost and benefits management is therefore an early priority (Phase 1) in implementing CI across the group.