Surrey Heath Borough Council
Council
23 February 2022

ISO 9001

Strategic Director/Head of Service   Damian Roberts, Chief Executive

Report Author: Damian Roberts, Chief Executive

Key Decision: No
Wards Affected: All

Summary and purpose

Following a motion agreed by full Council on 27 October 2021, this report explores the applicability of the ISO 9001 standard to services being delivered by Surrey Heath Borough Council. This report was initially considered by the Performance & Finance Scrutiny Committee at its meeting on 19 January 2022, and the comments and recommendations from the Committee are set out in this report.

Recommendations:

The Council is advised to RESOLVE that

(i)   the key principles that underpin the ISO 9001 and related quality and customer service standards, are used to inform the Council's approach to delivering improved performance and customer focus across the organisation; and

(ii)   in line with the feedback from the Performance and Finance Scrutiny Committee, Option 2 in the report (that the Council seek full ISO 9001 certification across all functions, paragraph 4.2) not be supported and is removed as an option.

1. Background and Supporting Information

1.1   A report was considered by the Performance and Finance Scrutiny Committee on 17 March 2021, which reported that the Council's Building Control service, which operates in competition with the private sector, were in the process of working to secure ISO 9001 accreditation as part of a country-wide Building Control initiative. It also reported that the standard had limited take-up across Local Government with particularly few examples of District/Borough services

(other than Building Control), and that the standard could not be delivered widely across Surrey Heath without significant additional resources.

1.2   At the Full Council meeting on 27 October 2021, Councillors considered a motion submitted by Councillor Cliff Betton and seconded by Councillor Graham Alleway relating to ISO 9001:2015.   Following the debate on the motion, the Council resolved that:

(i)   this Council needs a quality management system which:

needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements; and

aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements; and

(ii)   the Chief Executive be asked to review the findings of the Performance & Finance Scrutiny Committee and further review how applicable the standards of ISO 9001 are and could be applied to each service function, with this to be reviewed by the appropriate committee and a full report to be brought to the Full Council within the first quarter of 2022.

Background to the ISO 9001 Standard

1.3   ISO (International Organization for Standardization) is an independent, organisation established in 1947. It has had an important role in establishing common documented standards across countries and markets to facilitate international trade and collaboration.   Since its inception, ISO are responsible for publishing more than 24,000 standards globally.

1.1   One of the standards published by ISO is ISO 9001:2015. This sets out their definition of a Quality Management System. The key principles are set out below.

Context of the organisation
• Understanding the organisation and its context
• Understanding the needs and expectations of interested parties
• Determining the scope of the quality management system
• Quality management system and its processes
Leadership
• Leadership and commitment
• Policy
• Organisational roles, responsibilities and authorities
Planning
• Actions to address risks and opportunities
• Quality objectives and planning to achieve them
• Planning of changes
Support
• Resources

	• Competence
	• Awareness
	• Communication
	• Documented Information
Operation	
	• Operational planning and control
	• Requirements for products and services
	• Design and development of products and services
	• Control of externally provided processes, products and services
	• Production and service provision
	• Release of products and services
	• Control of nonconforming outputs
Performance evaluation	
	• Monitoring, measurement, analysis and evaluation
	• Internal audit
	• Management Review
Improvement	
	• General
	• Nonconformity and corrective action
	• Continual improvement

How popular is the ISO Standard?

1.4 The ISO publish annual statistics covering the estimated number of accreditations globally by country and sector. A review of these shows that the number of companies in the UK with current ISO 9001 certificates has fallen considerably in recent years – this is mirrored by a drop in the number of certificates in the Europe and North America regions.

	2000	**2010**	**2020**
Estimated Number of ISO 9000/1 certificates in UK	63,725	43,293	25,995

1.5 Just 0.4% of accreditations are estimated by ISO to be in the 'public administration' sector globally. This reflects the long-standing focus of the ISO 9001 standard in the commercial, manufacturing, aviation, technology. medical and health and safety industries, where there is an understandable pre-occupation with compliance to industry determined specifications.

Limited take up of ISO 9001 Standard in Local Government

1.6 Research has been carried out into other Local Authorities to find examples that may be certified under the ISO 9001 standard. No examples of Councils being certified across all services were found.

1.7 Where the ISO 9001 standard had been applied within Local Government, this related to Building Control reflecting the recent national initiative which follows on from the Grenfell Tower fire. Other ISO certifications found tended to be large scale County or Unitary Council services with a commercial

element trading with or alongside private sector organisations. Examples include:

- School Catering Services Hartlepool Borough Council
- Commercial Cleaning Services Hull Borough Council
- Print Services Torbay Unitary Council
- Passenger Transport Services London Borough of Redbridge
- Security Solutions Coventry City Council
- CCTV services Royal Borough of Greenwich
- Gas Services (for Council Housing Stock) Royal Borough of Greenwich
- Library and Information Services Royal Borough of Greenwich

1.8   It is possible that the size and commercial nature of these services has made it easier to justify the cost and effort required to secure the ISO 9001 accreditation.

1.9   A review by officers found there was not widespread use of the standard demonstrated amongst Central Government departments.

Link between the ISO 9001 standard and performance in Councils

1.10   Unfortunately, there was no evidence found of a causal link between ISO accreditation and performance in Local Government. This is an important consideration given the time, staffing and financial resources involved in working towards and maintaining ISO 9001 accreditation, and the Council would want to be satisfied there was a clear business case for doing so.

1.11   It is possible that the time and resources necessary to secure ISO certification may divert organisational capacity away from the performance and customer service improvements that the Council is seeking to achieve. Indeed, given the focus of ISO standards on conformity, there is a risk that this approach "bakes in" sub-optimal practice and performance, and makes it more difficult to secure the positive changes that are required, undermining the Council's ability to respond quickly to changing circumstances and requirements.

1.12   However, despite the limitations of the ISO standard in this context, some of the key principles could have some relevance and applicability to Local Government services, without the time and cost burden of necessarily having to go down a formal accreditation route.

1.13   Attempts have been made in the past at developing a single quality standard specifically designed for the public sector services in the UK. This was launched in 1992 and was strongly promoted by the then Prime Minister, John Major. It was called the Charter Mark. Ultimately this was dropped when the work required for accreditation did not deliver the outcomes that were hoped for, and take-up plateaued at just 7%.

Experience of the ISO 9001 in Surrey Heath Borough Council

1.14   As previously reported to the Performance and Finance Scrutiny Committee, Surrey Heath Borough Council Building Control service undertook all the work necessary over the past year for accreditation against the ISO 9001 standard.

This was part of a national building control initiative in the wake of the Grenfell Tower Fire and aimed at ensuring consistent standards across these functions that operate in both the public and private sectors. Unfortunately, despite the huge effort made to complete all the paperwork, accreditation has been delayed as certificating bodies have a significant backlog due to Covid and are prioritising re-certification submissions only.

1.15 Surrey Heath Borough Council is a member of LABC (Local Authority Building Control). As part of this membership the Council has benefited from full access to all the relevant templates, guidance and audits materials for Building Control. This has strongly supported the work required for the ISO 9001 standard, although the Building Control Manager reported that significant officer time was still required.

1.16 The business case for Building control was supported by accreditation being part of a national initiative, and therefore much of the work, support, on administration and costs etc are being met at a national level. It also recognises the unique role of Building Control in being required to operate on a level playing field with private sector Building Control providers. It is also not a service where the local authority is able to exercise any discretion about its core standards and operational policies as this again is determined at a national level. Conformity to nationally determined specifications does have particular relevance here.

1.17 Unlike most private-sector companies, Local Authorities deliver a broad variety of different statutory and discretionary functions totalling more than 100 that differ greatly from each other. In a small Local District-level local authority like Surrey Heath Borough Council this can mean that some functions are delivered by two or fewer staff members – examples include Licensing and Information Governance/Data Protection. ISO 9001 accreditation would represent a disproportionate burden on such small functions and would divert staff time away from essential work.

Are other quality frameworks already in use in Surrey Heath?

1.18 The quality of Surrey Heath's services are already subject to statutory standards and frameworks overseen by external bodies. This includes:

- Electoral Services – The Electoral Commission
- Information Governance – the Information Commissioners Officer (ICO)
- ICT Security - Public Services Network (PSN) Compliance process
- Environmental Health – Food Standards Agency, Environment Agency
- Health and Safety – Health and Safety Executive
- Housing & Homelessness - Department for Levelling Up, Housing and Communities
- Business Grants – Dept for Business, Energy & Industrial Strategy
- Family Support Function – Surrey County Council
- Planning Function – Planning Advisory Service and the Planning Inspectorate
- Local Plans – Planning Inspectorate
- Finance function - CIPFA

- Complaints management – Local Government Ombudsman

1.19   There are also other sector-specific routes for Surrey Heath Borough Council to externally review and improve its services, such as the national sector led improvement programmes an example of which was the recent operational review of the Planning Development Management service by the Planning Advisory Service (PAS). The recommendations from this review are now being implemented and will improve processes, services and customer experience.

1.20   Council functions are already subject to a range of specific quality systems. For example, democratic services already operate to a detailed published Council Constitution and set of Procedure Rules that determine how decisions are taken, how meeting are run, the milestones that need to be adhered to, and the storage and access to reports. Another example is the elections function that work within a comprehensive set of statutory procedures, standards, performance measures and reporting arrangements that determine every aspect of how this activity is carried out. Adding a further layer of administrative requirements through ISO 9001 is unlikely to see any tangible benefit.

A wide range of different competing quality standards and methodologies

1.21   A number of national and international Quality or 'Best Practice' standards or methodologies also exist as alternatives to IS0 9001, each attracting enthusiastic support from their proponents and each believing that their particular approach is best. For example:

- Total Quality Management (TQM)
- Customer Services Excellence (CSE)
- EFQM (European Foundation for Quality Management) Model
- COPC (Customer Operations Performance Centre)
- Six Sigma
- Lean
- Agile / Scrum
- Investors in People
- Kaizen
- ITIL
- Vanguard Method - Systems Thinking
- PRINCE 2

1.22   Each of these standards bring their own particular emphasis and approach, with some providing a greater focus on the customer, while others looking more closely at controls, service improvement, staff or project delivery. While none are inherently better than any other, they all require additional time and resources to implement and attract some risk if used indiscriminately or if applied too rigidly.

1.23   While the evidence does not point to an effective "one size fits all" standard for all activities and functions, some of the key principles arising from these

different national and international standards could be valuable in helping to inform the design of the Council's own improvement and customer service journey.

2.   Conclusion

2.1   The Chief Executive has been asked by full Council to review the findings of the Performance and Finance Scrutiny Committee and further review how applicable the standards of ISO 9001 are and could be applied to each Council function.

2.2   It is positive that the Council's Building Control function has progressed the implementation of ISO 9001 as part of the nationally funded initiative, as it has provided up to date first-hand insight into the applicability or otherwise of this methodology within the Council. Even with the nationally funded assistance provided in this case, it has led to additional work without delivering either tangible service improvements or cost reductions. It has however, helped to confirm compliance with national building control standards which is important following the Grenfell Tower Fire.

2.3   It has also been helpful to explore the level of take-up across Local Government that has taken place since the inception of the original ISO quality standard more than 30 years ago which has been very limited and the potential costs that would be associated with large scale implementation.

2.4   The Council does have the option to implement ISO 9001 accreditation across all Council functions. However, if it chose to do this, it would be necessary to set aside adequate funding to support this (consultancy support, training, audit, certification and re-certification etc), and reprioritise staffing capacity away from other priorities to accommodate the additional work involved.

2.5   While a clear benefit could be derived for functions operating within a commercial or contracted environment where there is a prerequisite requirement for common standards to operate across organisations. – as is the case with Building Control, it is difficult to see the business case for other Council delivered services where the upfront and on-going costs of ISO 9001 are likely to significantly outweigh the potential benefit.

2.6   The principles that underpin all quality management systems, including the principles of ISO 9001 and the others referenced in this report, can be helpful in informing the development of a positive performance and improvement culture within an organisation. Almost all of this benefit can be achieved without having to incur the costs of going down a formal certification route, or having to adopt one fixed methodology over any other.

2.7   The diversity of Council functions and services and their relatively small scale, which is a particular characteristic of local government at a borough and district level, means that there is unlikely to be one single approach that works best in all circumstances and for all services. Experience across Local Government over many years, including the extremely limited take-up of the standard in the functions within borough and district Councils, has not demonstrated that ISO 9001 provides any significant advantage over any

other management approach, other than the very specific circumstances that apply in the case of Building Control.

2.8   The Council's approved new senior management structure and recent successful appointments to that structure does provide a strong platform for delivering the performance and customer service improvements that the Council is looking for together with the greater efficiencies that will be needed going forward. In the unlikely event that the improvements delivered by these new arrangements are not deemed to be sufficient, the Council has the option to relook at ISO9001 or any of the other methodologies or frameworks in the future.

2.9   The outcome of this review was considered by the appropriate Committee, in this case, the Performance and Finance Scrutiny Committee on 19 January 2022.

3.   Comments and recommendations from the Performance & Finance Scrutiny Committee

3.1   This report was considered by the Performance & Finance Scrutiny Committee at its meeting on 19 January 2022. Comments raised at the meeting included:

- There was a need to weigh up the cost of full certification over the perceived benefits, and it was possible to adopt the key principles and take measures to improve performance, analyse processes, consider quality and customer satisfaction without full certification. Care would be needed to ensure that unnecessary additional administrative and monitoring burdens were not placed on services.

- If the recommendation of 'Option 1' was agreed, there should be assurance that these principles, so often embedded into such initiatives, would be avoided:

    1. Assuming conformance to process is the same as doing valuable work.
    2. Measuring conformance to process (including service levels), rather than measuring and understanding process performance.
    3. Forcing variable demand into standardised processes, creating additional costs when needs are not met.

- The Committee agreed that Option 2 could not be justified in the current financial climate, but would encourage Option 1 so the principles can be looked at further. It was suggested that this could be explored and if then not seen to be working positively for the Council it could be dropped.

- Clear 'auditability' of processes and services was important to evidence when services were delivering well and when things were going wrong. Crossover points between different services were important.

- It was important to let the Council's new Senior Team embed and deliver benefits.
- It was suggested that the ISO 9001 standard was more suited to manufacturing industries, but felt it worked less well in Councils that needed to be agile and were subject to rapid change. The Committee suggested a blend of Options 1 and 3 would be appropriate.
- Comment that ISO 9001 can also be applicable to service industries – for example in areas such as non-conformity and control of documents.

3.2   The Performance & Finance Committee also agreed to recommend the removal of the original Option 2 which was to seek full ISO 9001 certification across all functions, as this did not represent a good use of the Council's time and resources, and was therefore not supported.

4.   Proposal and Alternative Options

4.1   Option 1 – that the Council adopt and embed the key principles that underpin the ISO 9001 and related quality and customer service frameworks and use these to help drive improved performance and customer focus across the organisation.

4.2   Option 2 – that the Council agree that all functions work towards accreditation of ISO 9001 at a cost estimated at between £225,000 - £265,000 (in additional staffing, training, consultants, documentation and external accreditation/audit costs), not including the cost of time from existing staff. In addition, while this approach could potentially contribute towards improved customer service, it would not in itself generate cost savings or increased income.

4.3   Option 3 –that the Council could agree that in the absence of a clear business case, not to proceed with the implementation of ISO 9001 at this time but instead focus on delivering service improvements and efficiencies through a range of existing mechanisms including through the Council's new senior management structure.

5.   Contribution to the Council's Five Year Strategy

5.1   There is a risk that the implementation of the ISO 9001 standard across Surrey Heath Borough Council would divert staff time and financial resources away from the delivery of the Council's Five Year Strategy 2022 -27 which was set following a significant public consultation exercise.

6.   Resource Implications

6.1   **Option 1** – within existing resources where possible

6.2   **Option 2** – initial estimates are that this would require a growth within the budget for 2022/23 of at between £225,000 - £265,000 services identified to work towards ISO 9001 accreditation. This cost is made up as follows:

Resource required	Estimated cost
Additional staffing resources to deliver standard and audit internally	£45,000
Staff training – assume training needed across all functions	£20,000
External consultant costs – indicative costs for each separate audit multiplied by an estimate of 40 to 50 functions to cover the whole Council	£160,000 - £200,000
Total (not including staff time)	**£225,000 - £265,000**

6.3 Once accredited with the standard, there is an on-going additional requirement to resource an annual audit and management fee, and for internal auditing. Full re-certification is needed every three years.

6.4 **Option 3** – within existing resources

7. Legal and Governance Issues

No specific legal or governance issues.

8. Other Considerations and Impacts

Environment and Climate Change

8.1 No direct impacts.

Equalities and Human Rights

8.2 No direct impacts.

Risk Management

8.3 Given the limited resources and staff capacity available in District Councils after a decade of austerity measures, diverting officer time and resources into the implementation of ISO 9001, could have a detrimental impact on the delivery of core statutory responsibilities and on the delivery of the Council's policy ambitions as set out in the Five Year Strategy 2022 -27 and annual service plans.

Community Engagement

8.4 During the course of the current financial year, the Council undertook one of its largest ever public engagement exercises to identify the priorities for the Council going forward. This was a hugely valuable exercise and directly informed the contents of the Council's Five Year Strategy. It is important to note that neither residents, businesses nor partners in the private, voluntary or statutory sector, asked the Council to direct its resources on to the implementation of ISO 9001.

Annexes: None

Background Papers:

Report to Performance & Finance Scrutiny Committee – 17 March 2021 – ISO 9001.
Report to Performance & Finance Scrutiny Committee – 19 January 2022