

Evaluation of Best Value Guidance to RSLs

Case Study Report 1

Introduction

The purpose of this report is to provide a more detailed analysis of the different approaches to Best Value and continuous improvement being used by this housing association, and to examine how Best Value guidance has been implemented, what impact it and other mechanisms for achieving continuous improvement have had, and what influence tenants have had on services.

For the case study, interviews were undertaken with the chief executive, the members of staff with responsibility for the implementation of Best Value/continuous improvement, and the board chair. Two focus groups were held – one with association staff from a range of departments and grades, and one with tenants' representatives.

The case study also examined a range of documentation (the most recent Best Value Performance Plan (BVPP) or equivalent, information on Best Value provided to tenants, the methodology used to guide Best Value Reviews (BVRs), the corporate plan, and results of Key Performance Indicators (KPIs) and other information comparing the association's year on year performance over the last 5 years).

Approach to Best Value/continuous improvement

The association is proud of its "culture of improvement". It uses a range of improvement mechanisms, including:

- Investors in People (for personnel issues)
- Chartermark (for customer services)
- Wales Quality Award processes (based on the EFQM Excellence model. The association is a recent winner of the Award's Customer Service Prize)
- Legal Services Quality Mark
- Green Dragon Environmental Standards
- Best Value (for overall reviews of services).

It has adopted a 'Guide to creating Best Value' which incorporates the Best Value model and the EFQM Business Excellence model (which it describes as "helping people understand that changes in one part of the process will affect outcomes elsewhere").

The association says its Best Value methodology "closely follows the spirit of" the Assembly's Best Value guidance, and believes that the original intention of that guidance was to engender a culture of improvement in associations, not a strict adherence to prescribed method. They believe that the guidance was a very good baseline document, and was helpful in ensuring the board was motivated. Initially, the association's approach to Best Value reflected the guidance very closely, and but they have since evolved the process and "moved on considerably", and most of those interviewed said they were no longer certain of exactly what the original Assembly guidance contained.

Currently, the association has a 5 year rolling programme of BVRs, structured according to a standard methodology which incorporates the 4Cs (consult, compare, compete, challenge). A 'stand alone' BVPP is not produced, but information is included in the association's annual report.

At the time of the case study, revised proposals were under consideration for further changes to Best Value processes, and these are described under the relevant headings below.

Reviews of services

The association says that its culture of improvement means that "if we have a good idea, we get on and improve it; we don't wait for a BVR". It does, however, have a rolling 5 year programme of BVRs, and this programme is reviewed annually by the Board, and revised if necessary to incorporate current priorities.

Initially, the association carried out four BVRs per year. It now describes this as "crazy", and says there was "a real risk of staff burnout", so it currently carried out two reviews per year, and says it "tries to do a better job". The association says that revised proposals for BVRs would allow them to do more reviews in future if they want to, as reviews would become shorter and more focused.

To date, it has carried out reviews of 10 service areas:

- rent arrears
- finance
- anti social behaviour
- care and repair
- development
- personnel
- environmental impact
- rent setting and debt recovery
- governance
- housing allocations.

Reviews normally take 3 months currently, but it had sometimes been difficult to retain staff interest throughout a 3 month long review. Revised proposals for BVRs which are currently under consideration would reduce the timescale for reviews to 6 – 8 weeks, in order to give them a sharper focus and to maintain the energy of the review team.

The scope of reviews to date has been service-wide. Some staff had become demotivated by, in their words "having to jump through hoops" to review all aspects of a service, when they felt they knew from the outset which aspects of that service needed improvement. Staff felt reviews should "cut to the chase". Consideration is now being given to reducing the scope of reviews to focus more on areas which need attention. This is being piloted in the BVR of planned maintenance timetabled over the next few months, where the head of planned maintenance will determine which aspects of planned maintenance will be looked at.

The BVR process adopted by the association has a number of key stages:

- a baseline statement is produced, using all information currently available on the service under review (performance indicators, audit reports, survey results, etc.)
- an assessment is then made of the service's strengths and AFIs (areas for improvement), using the five 'enablers' (leadership, strategy & policy, people, resources, processes) from the EFQM Excellence Model
- the 4Cs (consult, compare, compete, challenge) are then applied against an agreed set of AFIs.

Reviews teams are currently chaired by the Head of Service or Director for the area under review, and comprise:

- staff from different grades in the organisation (including staff from inside and outside the area under review)
- staff responsible for Best Value/continuous improvement
- occasionally, as appropriate, people from outside the organisation (eg. the Citizens Advice Bureau's money adviser, for the review of rent arrears).

Review teams do not currently include Board members or tenants. The association says there is an open invitation to Board members and tenants to be part of review teams but that, at present, they prefer not to be directly engaged. Instead, they are consulted at the beginning of the review about their perceptions of the service under review, to provide them with the opportunity to think in depth about the service under review, to ask questions, and to consider what needs to be done.

Staff involvement in reviews has been voluntary, and staff not involved in reviews are kept informed through staff meetings. The association has considered appointing staff to review teams, but felt that there was a danger that this might engender negative feelings towards improvement, and decided that they would prefer to use staff who were keen to be involved. The association runs a 'Review Group Reward' scheme, and makes £100 available to the group on completion of the review, to be used, for example, on a meal out for the team.

Some staff were "enthusiastic improvers who want to be involved in reviews", and valued aspects of BVRs such as visits to other associations, the platform provided by BVRs to voice opinions, and the "permission to drive things forward". However, recent consultation with staff found that "apathy to Best Value is evident throughout the organisation". Staff said, for example that Best Value was "a drain on resources", that BVRs were inconsistent, that it interfered with operational work, that not everyone on reviews had the confidence to input. Staff told us they were reluctant to take time out from their normal work for the number of meetings involved, and some felt that BVRs were 'something else we have to do', and could not see the point, given the fact that the association's performance on performance indicators was already good.

Revised proposals for BVRs aim to address these problems by, for example, focusing reviews more closely on areas in need of attention, reducing the timescale for reviews, and including, as part of the review, discussions about the service for staff teams without managers present.

The association says that staff from outside the area under review have made useful contributions to BVRs. However, junior staff say that, whilst they have been able to make a big contribution to reviews of their own service areas, they feel less able to contribute to reviews of other service areas. Under revised proposals for BVRs, the association also wants to move away from the inclusion in review teams of staff from outside the area under review, and to involve these staff instead at the start and end of the process (as with Board members and tenants), as it believes there is little point in involving them in the detailed discussion of process that takes up much of the review team's time.

Also under revised proposals, the responsibility for chairing and driving reviews would be given to staff responsible for Best Value/continuous improvement, who would compile data on the service under review and present this data to the department concerned for discussion.

Reviews result in a written report on findings. the reports we saw which include:

- a 'baseline statement' (providing a detailed analysis of the existing service)
- an assessment of the five Excellence model 'enablers' (which included the results of staff surveys)
- an assessment against the 4Cs (which included, for example, details of staff and board surveys, postal and telephone surveys of tenants, email surveys of other Welsh associations, field visits to other Welsh and English associations, benchmarking information, and assessment against Key Lines of Enquiry (KLOEs))
- an improvement plan (which were SMART in some, but not all, reports)
- appendices (which included, for example, details of best practice research, internal audit recommendations, and service standards).

The 4Cs were generally dealt with comprehensively, but 'compete' was dealt with only in terms of potential outsourcing, and in one report received only a brief comment to the effect that the service was "a core business activity" and "cannot be applied in a literal way to the area of competitiveness". Staff told us that they sometimes struggled to find anything to say about 'compete', and asked "how do you compete if you don't outsource?"

Reports and action plans are presented to the Senior Management Team and the Board. The Tenants' Panel is asked for their input on the draft report and action plan at the end of the review, before these go to the Board.

The association believes that BVRs have provided the opportunity to step back from day to day activities and allowed it to take a structured look at its services. Staff said that reviews "do come up with good ideas we might not have thought of in the course of our day to day work". The association says that its BVRs have clearly driven improvement in those areas of activity that have been reviewed, and that they are doing some things significantly differently now as a result of BVRs. They say that, in particular, BVRs of governance and of personnel have had a "massive impact", and that the BVR of allocations led to "a significant step change". They report that some areas for improvement emerge from every BVR, and that they none has ever been a waste of time.

Involvement of tenants and residents

The involvement of tenants in BVRs is mainly via the Tenants' Panel. The Panel comprises about 15 people elected by the association's tenants. They are engaged with the association on all levels, and have a large degree of influence in the organisation.

In the early days of Best Value, the Tenants' Panel were involved in deciding which services would be reviewed. However, the association reports that, once the areas of most direct interest to tenants (eg. repairs, allocations, anti-social behaviour) had been reviewed, this became more difficult. The Board now makes decisions about the programme of reviews, based on issues which it decides are priorities for the association (eg. environmental impact), but which may not necessarily be tenants' priorities.

As reported above, BVR teams do not currently include tenants, but the association says there is an open invitation to Tenant Panel members to be part of review teams. At present Tenant Panel members prefer not to be part of teams as "it was boring and went over our heads". They say they prefer to be involved at the beginning and end of the review process, so currently they are consulted at the beginning of the review about their perceptions of the service under review, and asked for their input on a draft report and action plan at the end of the review, before these go to the Board. The association reports that the Tenants' Panel is very effective at the outset of reviews in providing ideas and "telling you straight what they think about the service", and that Tenant Panel input on draft reports and action plans at the end of reviews has resulted in few changes, but has generated enthusiasm for the action plans.

Consultation with tenants is carried out via meetings of the Tenants' Panel at the beginning and end of the review, as described above, and tenants' views on services are also ascertained from biannual tenant satisfaction surveys and, where appropriate, from ongoing monitoring of satisfaction with service performance (eg. on repairs). Under revised proposals for BVRs currently under discussion, the association would consult more widely with tenants beyond the Tenants' Panel via focus groups, telephone surveys, etc.

Tenants' input has resulted in some significant changes. For example, as a result of their input into the BVR on allocations, priority is now given to transfers, and as a result of their input into the BVR on personnel, the Tenants' Panel now get the opportunity to meet candidates for jobs informally before they are appointed, and to provide their views.

Provision of information on Best Value, continuous improvement and performance

In the first two years following the guidance, the association produced a separate publication containing its BVPP and other information around Best Value. They feel that these early publications were worthwhile, as they helped to raise awareness of continuous improvement and the Best Value process. They have, however, since questioned the value and cost of producing 'stand alone' Best Value publications, and now incorporate the relevant information in their annual report.

Annual reports are sent to all tenants, and to a very wide range of stakeholders and partners (including all local authority councillors and a range of different council officers in the area in which the association operates). The association reports good feedback on its annual report, to the effect that it is short, to the point, and provides a clear overview of the association. Assembly guidance on Best Value lists what should be included in associations' BVPPs, and the table shown in the conclusion to this report compares this list to the contents of the association's latest annual report.

The association does not produce separate information for tenants about Best Value, continuous improvement and performance, but tenants receive copies of the annual report, and tenant newsletters (3 or 4 per year) sometimes contain performance information and information about BVRs.

Monitoring of Best Value/continuous improvement

The association has established an effective system for monitoring Best Value/continuous improvement.

One association Director has responsibility for improvement activities, and brings any improvement issues to Senior Management Team for discussion. Best Value/continuous improvement is also discussed at the wider management team which includes service managers and team leaders. Staff responsible for Best Value/continuous improvement are responsible for seeing that BVR action plans are implemented.

Action plans are also integrated into departmental action plans, so departmental heads are also responsible for their implementation. Action plans are 'signed off' by the chief executive, who also carries out performance appraisal of Directors based on progress against action plans. Team members' performance appraisal is also linked to action plans.

The association says that the 'missing link' in the past has been the lack of robust internal auditing of files, process audits, etc. to ensure that changes in approach arising from BVRs are being implemented consistently following reviews. Revised proposals for BVRs aim to address this for the future via a continuous checking process.

The Board dedicates one meeting per year to continuous improvement. At this meeting, the Board reviews the association's 5 year rolling programme of BVRs, reviews progress on BVR action plans, and considers what remains to be done. Designated members of the Board work closely with each departmental head, and their remit includes the monitoring of performance.

Strategic Performance Bulletins are produced monthly, and are sent to Board members and, via the intranet, to all staff. 'Soundbites' from these Bulletins are also placed on the 'welcome screen' in the association's reception area. The association reports a very positive response to the Bulletins from Board members, who say it draws attention clearly to any problems and "gives us assurance that we're working to the standards we set". The Performance Bulletins includes 15 graphs covering KPIs, some internal performance indicators, customer satisfaction, and maintenance budgets. Month by

month performance for the current year against 5 year averages and targets is shown in graph format, with notes on targets, performance indicator figures for last 3 years, and, for KPIs, position in KPI table viz a viz other associations, and upper quartile and all Wales averages for last 2 years. A 'traffic light' system is used as an overall indicator of current performance.

Outcomes

The Assembly's Best Value guidance states that the objectives of Best Value are to:

- promote continuous improvement in service delivery
- increase the influence of tenants on the delivery of services
- deliver cost-effective, efficient and effective services.

How successful has this association been in delivering these objectives?

Are services improving?

The association takes pride in achieving consistently high standards of service. The Board has adopted a target of ensuring that the association is in the upper quartile or 'top 10' associations for all KPIs. The Board is currently discussing data collection and targets. They are keen to ensure that targets remain business-critical, and are questioning whether, if performance is already top quartile, there is necessarily any need for further step change. The Tenants' Panel was unequivocal that services were improving, and particularly mentioned repairs and customer care.

The table below summarises the association's performance against KPIs over the last 4 years.

KPIs	2002/03	2003/04	2004/05	2005/06¹
Vacant units	0.1%	0.3%	0%	0.1%
Units vacant > 6 months	0%	0%	0%	0%
Rent loss due to voids	1.1%	0.3%	0.3%	0.2%
Rent due from current tenants	1.5%	1.6%	1.5%	1.5%
Days to relet vacant units	6	4	7	2
Dwellings let within one week	81%	85%	80%	93%
Rent collected as % of rent collectable	103%	99.8%	101%	99.5%
Tenancies in arrears	62%	69%	69%	63%
Emergency repairs completed within target	100%	100%	100%	100%
Urgent repairs completed within target	97%	99%	99%	99%
Non-urgent repairs completed within target	96%	98%	98%	98%
Housing management cost/ unit	£467	£498	£487	£584
Rent owing by former tenants	1.1%	1.6%	0.7%	0.9%

As evidence for the quality of its services, the association cites:

- historical performance data
- customer satisfaction with services (measured via comprehensive biannual customer surveys and continuous satisfaction monitoring of repairs, anti-social behaviour, and new tenants)

¹ Figures supplied by the association, but not yet published.

- the fact that staff are happy delivering services (measured via annual staff surveys).

The association says that it is able to see step changes in satisfaction when it has introduced improvements, and that the fact that it can see cause and effect is a strength of its approach.

The association attributes its success in improving services to its focus on improvement, understanding what is critical, making sure staff understand what is important, and the fact that the importance of improvement is underlined by the chief executive, by the Board, and at departmental level. The Tenants' Panel feel that success in improving services is due to the leadership style of the chief executive, the organisation's "social conscience", the degree to which everyone is involved, and the fact that the association asks and listens to its customers. Staff say that they are "always looking for new ideas; it makes things better for customers, and more enjoyable for us". They feel that this happens irrespective of the Best Value process, and that it is "just the way we work".

However, the association believes that Best Value has had a large role in its success in improving services, in that:

- Best Value means that the association "digs down into a specific service area at least every 5 years, takes it apart, and puts it back together again", and without that there is a danger that the association would become too 'broad brush' in its improvement activity
- every BVR has led to at least 5 areas of improvement
- even staff who have not particularly enjoyed participating in BVRs can see that improvements have taken place as a result
- staff have become less afraid of suggesting radical changes.

Is the influence of tenants increasing?

The association is very proud of its customer focus and the relationship it has fostered with its tenants over 10 or more years, and believes that the influence of tenants is continuing to increase. The Tenants' Panel members we spoke to were extremely positive about the degree of influence that they had in the association, and were clear that their influence was continuing to grow. In their words "There's no them and us; we're in this together".

The association's Tenants' Panel has recently won a Tenant Participation Advisory Service (TPAS) award for most effective tenants' group. The Panel is experienced and active, holding fortnightly meetings, meeting the chief executive monthly, attending business planning and other association meetings, and interacting constantly with staff of the association across the whole range of service areas. The Panel manages its own small works and landscape budget. The association carries out monthly estate visits, and has information tenants (who collect and distribute information) and landscape tenants (who sign off the work of landscape contractors) on each estate. Since the resignation of the last tenant Board member due to ill health, there are no tenants on the Board. There is an open invitation to Tenants' Panel members to become Board members, but, in the Panel's words, "everything is now running so smoothly there is no need".

The association does not believe that any of the developments which have increased the influence of tenants have been driven by Best Value, but are the result of the long-established culture of the organisation.

Is the association delivering cost effective, efficient and effective services?

The association says that, so far, Best Value has cost the association money. Services have been improved, and are probably more efficient, but there has been an increased cost. There has been an overall increase in staff numbers as a result of Best Value, but the association says that it is happy to invest in staff if this will improve tenant services. However, it points out that it is still able to provide housing at benchmark rents and to keep its management costs in the mid to lower (least expensive) quartile.

Extensive timesheet data is collected, which enables the association to highlight the time spent on particular activities, and their cost. It believes, however, that a weakness of its BVRs to date has been that the efficiency agenda was not at the forefront of reviews. Revised proposals for BVRs which are currently under consideration would put greater focus on cost-effectiveness.

Effect of development consortia

The association believes that the establishment of the development consortium it is involved in has offered new opportunities for driving continuous improvement.

The consortium has already secured a finance deal with two major lenders which it believes will lead to a six figure cost saving annually. It believes that the procurement strategy it has embarked on will lead to big efficiency savings in development and maintenance, and it expects to move more towards modern methods of construction as the procurement strategy kicks in. Consortium working groups are currently looking at design, energy efficiency and specification. The consortium is now looking to cooperate outside its original agenda, and housing managers and others are starting to meet to see what they can learn from one another.

The future of Best Value

If there is to be revised guidance on Best Value or continuous improvement, the association would like to see a shift in focus to outcomes in terms of assessing whether or not any guidance is being implemented, and should avoid being prescriptive. It points out that this would be consistent with the new style of regulation and inspection of housing associations.

With hindsight, it believes associations and the Assembly should celebrate the diverse ways in which Best Value is being implemented. It feels that the original intention of Best Value guidance was to engender a culture of improvement in associations, and believes that any changes to guidance should seek to promote that intention, not stifle it.

Conclusion

The association has a clear culture of improvement, and uses a range of improvement mechanisms, including Best Value. Its Best Value methodology continues to follow the spirit of the Assembly guidance, but has evolved, and further revised proposals are under consideration.

The association carries out 2 BVRs per year within a 5 year rolling review programme. Reviews apply the 4Cs to areas for improvement derived from the EFQM Excellence Model. To date, the programme has covered all association activities, but revised proposals aim to focus on areas which need attention and reduce the scope and timescale of reviews. Review teams are currently chaired by the Head of Service and comprise staff from different grades in the organisation (from inside and outside the area under review), staff responsible for continuous improvement, and, occasionally, people from outside the organisation. Revised proposals move away from the inclusion of staff from outside the review area. Although some staff are keenly involved, there is apathy from others who consider Best Value to be a “drain on resources”. Review teams do not currently include Board members or tenants, but there is an open invitation for them to be involved if they wish. Reviews result in comprehensive written reports which include (generally SMART) improvement plans, and the association believes that BVRs have clearly driven improvement.

The involvement of tenants in reviews is mainly via the Tenants’ Panel, who have a large degree of influence in the organisation. They were involved initially in drawing up the BVR programme, but this is now reviewed annually by the Board. Although tenants are (by preference) no longer involved on review teams, the Tenants’ Panel is consulted at the beginning and end of the review, and tenants’ views are also ascertained from satisfaction surveys. Revised proposals include wider tenant consultation. Tenants’ input to date has resulted in some significant changes.

A separate BVPP is no longer produced, and information is now contained in the association’s Annual Report, which goes to all tenants and a wide range of stakeholders and partners.

The association has an effective system for monitoring Best Value/continuous improvement. BVR action plans are integrated into departmental action plans and linked to individual appraisal. Performance bulletins sent monthly to staff and Board contain comprehensive current, historic, comparative and target information against 15 indicators in clear graph and ‘traffic light’ format.

The majority of the association’s services are top quartile. The association and its tenants attribute this to the committed quality and improvement ethos of the organisation, but says that Best Value has had a large role in that success.

The association is very proud of its customer focus and the relationship it has with its tenants, and believes (as do its tenants) that tenant influence is continuing to grow. However, it does not believe that this has been driven by Best Value, but is the result of the long-established culture of the organisation.

The association says that, so far, Best Value has cost the association money. It believes that a weakness of its BVRs to date that the efficiency agenda was not at the forefront of reviews. Revised proposals would put a greater focus on cost-effectiveness.

The association provided many examples of the ways in which its new development consortium is already helping to drive continuous improvement.

If there is to be revised guidance on Best Value or continuous improvement, the association would like to see a non-prescriptive approach which shifts the emphasis towards assessing outcomes, consistent with the new style of Assembly regulation and inspection.

The table below summarises the association's approach in relation to the Assembly guidance 'Best Value for Registered Social Landlords'.

Assembly guidance	Association's approach
Production of BVPP, or incorporation of requirements listed below within existing corporate documents:	Information incorporated into Annual Report
<ul style="list-style-type: none"> statement of strategic aims 	Report is structured around 7 key principles for the association
<ul style="list-style-type: none"> summary of performance against stated objectives and targets 	Objectives, targets and performance against targets not shown
<ul style="list-style-type: none"> comparison of results with other RSLs, other social landlords, and published BVPIs 	Report includes results of BVPIs for last 5 years. No comparisons with other RSLs or social landlords
<ul style="list-style-type: none"> key findings report on past year's service reviews, and summary of resulting action plans 	Report includes key issues identified as part of action plans for past year's reviews
<ul style="list-style-type: none"> summary of service review programme for year ahead 	Not included
<ul style="list-style-type: none"> statement of how the RSL will address equality issues within its reviews 	Not included
<ul style="list-style-type: none"> statement of targets for the next year, and longer term targets, and commentary on the means by which it will achieve those targets 	Not included
Wide circulation of BVPP or summary to all tenants and stakeholders	Circulation of annual report to very wide range of stakeholders and partners, and to all tenants
Adoption of SMART performance targets	Targets set for 15 for KPIs and internal indicators. BVR improvement plans with SMART targets.
Development of clear and effective methodology for reviews	Clear BVR process adopted
Use of 4Cs	4Cs used in all BVRs. 'Compete' dealt with only in terms of potential outsourcing.
Rolling 5 year programme of service reviews	Rolling 5 year programme is used
Covering all aspects of association's business	All aspects covered. Future BVRs to be focused on areas in need of attention.
Consultation with tenants on programme of reviews	Tenants consulted initially. Decisions now made by Board.
Development of tenant participation compact(s)	Tenant compact in place
Establishment of clear methods for measuring and reporting on customer satisfaction	Use of Tenants' Panel, biannual tenant satisfaction surveys, ongoing monitoring of satisfaction with aspects of service performance.
Integration of principles of BV into everything association does	Strong culture of improvement. BV and other improvement mechanisms clearly embedded.