

Evaluation of Best Value Guidance to RSLs

Case Study Report 4

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 and the chair of the board. 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 Corporate Plan, the association's Continuous Improvement Review, a paper to the Board meeting in June 2006 setting out performance in relation to the association's balanced scorecard indicators, copies of tenant newsletters, annual reports produced by the association, and information comparing the association's year on year performance 1997-2005).

Approach to Best Value/continuous improvement

The association is a community based association operating in one local authority area. Staff members and the chair of the Board said that the association was involved in continuous improvement activity before the introduction of Best Value for housing associations. Continuous improvement was described as being a key part of the culture of the organisation - "within the association there is a culture of wanting to improve the services that we deliver to tenants and to challenge ourselves, in the way that we deliver them"

The association does not employ a dedicated Best Value or Continuous Improvement Officer and views continuous improvement as a core activity of the association which it has attempted to mainstream, rather than a stand alone function.

The association views Best Value as one element of the toolkit that it uses to secure continuous improvement but considers that Best Value plays a fairly marginal role in driving improvement in the association. The association believes that Best Value as an approach to continuous improvement is too inflexible, particularly the need to establish a five year programme of reviews and the resource intensive nature of Best Value Reviews (BVRs). For these reasons the association has progressively moved away from the approach set out in the Best Value guidance.

Staff and the chair of the Board firmly believe that the main driver of improvement in an organisation is leadership, which includes the culture of the organisation and its vision and values. The senior managers and the board member interviewed suggested that robust business planning processes, the quality of staff, the training policies adopted by the association and the culture of the association contribute much more to the success of the association than Best Value. The association is focused on meeting the needs of

current tenants, future tenants and the communities that it serves and involves tenants actively in determining the future direction of the association and the services it provides.

The association has recently revised its mission statement to emphasise the value it places on staff and tenants' contribution to the success of the association.

The association uses a range of approaches to continuous improvement, the main approach being use of the balanced scorecard in business planning and performance management. Other approaches embraced by the association include:

- zero based budgeting;
- external reviews undertaken by consultants;
- review of the Community Development function undertaken by WEFO;
- Investors in People;
- Whole Association Analysis
- supporting people review undertaken by the local authority; and
- review of development and maintenance functions as part of the development consortium.

Reviews of services

The association has a rolling programme of reviews for all of its policies and procedures. These reviews occur on a three yearly basis.

The association's Corporate Plan shows a five year programme of reviews but few of these are BVRs. The table below sets out the association's programme of reviews:

Year	Review
2004-05	Expenditure/Finance Allocations & Lettings Development Purchasing/Procurement Maintenance Services to Disabled/Older Tenants Reception Services Board of Management IIP Remuneration
2005-06	KLOEs/ whole association analysis Personnel/Central Services Procurement Information to Tenants Supporting People Health and Safety Voids
2006-07	Service Charges/Estate Management Gardening & grass cutting IT Investor in People

2007-08	Tenancy Management Maintenance Tenant Participation
2008-09	Governance Customer Care

The reviews themselves do not follow Best Value methodology. When Best Value was first introduced reviews followed the approach set out in the guidance but the association found it too unwieldy and resource intensive. The association tries to address the 4Cs during reviews but will not always document this during the review. The association recognised that it had difficulty with the 'compete' aspect of the 4Cs.

At the time of the interviews the association was involved in a joint BVR with two other locally based housing associations that operate in the same local authority area. The approach adopted for the review followed that set out in the Best Value guidance, as the bulk of the work of the review was being undertaken by a dedicated Best Value Officer employed by one of the associations. This association has an orthodox approach to Best Value and was taking the lead on the review.

The approach to service reviews in the association varies depending on the depth of the review and who is conducting it. Many of the reviews undertaken internally are fairly light touch, although the recent reviews of maintenance and expenditure were exceptions to this rule.

There is no set methodology for service reviews within the association. The depth of a review depends very much on the subject area and what the balanced scorecard indicators are telling the association. The Directors Team determine the depth of a review and also who will lead the review.

Reviews are led by officers of the association, if the Directors Team considers that they have the required expertise in-house to perform the review. If the Directors Team considers that they do not have the expertise in-house or feel that the subject area requires a certain amount of objectivity they will engage a consultant to undertake and lead the review. Recent examples of where the association has engaged a consultant to undertake a review include the following:

- Remuneration
- IT
- Equality and Diversity.

The reviews will involve Board Members, staff from across a range of grades and teams, and tenants. The association's approach was illustrated by reference to two reviews - the review of Equality and Diversity and the review of Expenditure.

The Equality and Diversity review was being undertaken at the time of the interviews and was being led by a consultant with expertise in equality and diversity. The consultant worked with a sub-committee of the Board, a sub-group of the Tenants' Forum, and a staff focus group, to complete the review.

The review of expenditure involved a zero based budgeting exercise which was led by the Director of Finance, supported by the Directors' Team of the Association.

The outcome of all reviews are reported to the Board. The Board has adopted three forms of meetings, these are:

- Monitoring and Evaluation
- Policy and Strategy
- Finance and Resources.

Board meetings are held on a monthly basis, ensuring that each form of Board meeting is held on a quarterly basis.

The Policy and Strategy meetings of the Board review the programme of service and policy reviews and consider the outcome of reviews of all policies on a three year basis. There is an expectation that all tenant-facing policies will be considered by the Tenants' Forum before being considered by the Policy and Strategy meeting of the Board.

All reviews result in action, but not necessarily action plans. Where the association can take an immediate action to resolve an issue, it will not produce an action plan. However, where a review results in the production of an action plan, the action plan is reviewed by the Monitoring and Evaluation meetings of the Board, on a three monthly basis.

Involvement of tenants and residents

Tenants have a significant involvement not just in reviews but in determining the strategic direction of the association.

There are five tenant Board members. The views and perspectives of the tenant Board members are, according to the chair of the Board, "valued by the Board, particularly in relation to tenant-facing services provided by the association, and they have been instrumental in changing the association's policy and practices".

When any tenant-facing policy and procedure is reviewed it is passed to the association's Tenant Forum to seek the views of tenants. The Tenant Forum has established a series of sub-groups (maintenance, policy, community development, social, youth, anti-social behaviour, time banks, and a group which considers disability issues). Each sub-group will be referred relevant issues by the Forum and provide it with detailed comments on that particular subject area. These views are then fed into the review itself.

Tenants are also involved in a number of other ways in reviewing services. Staff, Board members and tenants identified the following opportunities for tenants to provide their views on services:

- customer panel (group of approximately 50 tenants)
- telephone surveys
- annual tenant surveys
- informal opportunities via social events
- Community Development Team (surveying tenants on a continual basis)
- community chats.

Tenants themselves were very clear about their role in the continual improvement process and their opportunity to feed into the rolling programme of policy reviews. They also stated that the culture of the association was focused on customer satisfaction and that if they raised their dissatisfaction with a policy or procedure the association would act on their views and initiate a review.

Provision of information on Best Value, continuous improvement and performance

The association does not produce an annual Best Value Performance Plan (BVPP), but includes a chapter within its Corporate Plan on reviews/continuous improvement, setting out a programme of reviews and the outcome of reviews recently undertaken. The Chief Executive could not see the value of producing a stand alone document, and felt that, as the stated outcome of reviews should impact on the association's Corporate Plan, this was the most obvious place to produce information about continuous improvement. The Corporate Plan is sent to key stakeholders such as the Welsh Assembly Government, lenders and main partners and the local authority.

Information is shared with tenants via the tenant newsletter. This is well produced, provides tenants with information about services provided by the association, tenant involvement activities and opportunities, and services available to tenants provided by a range of agencies operating in the locality. Reviews undertaken by the association were reported to tenants using the tenant newsletter and the outcome of reviews (for example changes in maintenance policy and practice were reported to tenants via this route). In addition, the performance of the association in relation to Key Performance Indicators (KPIs) is reported to tenants via the tenant newsletter, in text and graphical form.

Monitoring of Best Value/continuous improvement

Where a review results in the production of an action plan, the action plan is reviewed by the Monitoring and Evaluation meetings of the Board. However the primary approach used by the Board to monitor continuous improvement is via the use of the Balanced Scorecard. The Balanced Scorecard is used for business planning purposes and performance management.

All of the activities of the association are organised under key aims and strategic objectives, and performance targets are established. The association has two strategic aims and four strategic objectives:

- Key Aim 1 – to provide a high quality service
 - Objective 1 – to provide friendly, high quality housing and related services, which are focussed on the needs and aspirations of our tenants, future tenants and the communities we serve
- Key Aim 2 – to be fit for purpose
 - Objective 2 – to maintain and improve the financial health of the association
 - Objective 3 – to ensure that structures policies and procedures are efficient and targeted at achieving the business plan

- Objective 4 – to maintain and develop a skilled, flexible and motivated workforce who feel valued by the association and are able to contribute to its success.

An essential factor of Balanced Scorecard is that it gives timely information to the Board and the indicators are reported to every board meeting. The indicators are grouped under each of the four objectives and are colour coded to identify those that are below target, and those that are below target but within a threshold of tolerance. Staff advised that under-performance against Balanced Scorecard indicators has led to services or specific aspects of services being reviewed. This approach clearly links the association's performance to its key strategic objectives.

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?

Staff, the chair of the Board and tenants all considered that services were improving, particularly services to tenants. The chair of the Board suggested that services to tenants had improved significantly over the last ten years. It was reported by staff and the chair of the Board that KPIs were moving in the right direction and the association had constantly recorded high rates of satisfaction among its tenants. Tenants said that maintenance and reception services are areas where the greatest improvements had been made recently.

Staff, the chair of the Board and tenants all attributed the improvement in the delivery of services to the way that the association does business. Focusing on meeting the needs of tenants, future tenants and the communities that the association serves is a central aspect of the business of the association and therefore seeking to continually improve the services delivered to tenants is a key aspect of this activity. In addition, staff are motivated to perform well and operate in what was described as a "learning and blame-free culture".

Staff, the chair of the Board and tenants all attributed the association's success in improving services to the leadership of the Chief Executive and Directors Team of the association and the impact that their leadership has had on the culture of the association.

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

KPIs	2002/03	2003/04	2004/05	2005/06 ¹
Vacant units	1.49%	1.33%	1.18%	1.10%

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

Units vacant > 6 months	0.28%	0.56%	0.21%	0.62%
Rent loss due to voids	1.97%	1.65%	1.54%	1.40%
Rent due from current tenants	3.13%	3.56%	4.42%	3.63%
Days to re-let vacant units	10	10	12	4
Rent collected as % of rent collectable	96.0%	99.4%	99.1%	100.1%
Tenancies in arrears	37%	39%	43%	35%
Emergency repairs completed within target	99%	100%	98%	100%
Urgent repairs completed within target	96%	96%	97%	97%
Non-urgent repairs completed within target	96%	95%	97%	95%
Housing management cost / unit	£382	£399	£453	£478
Rent owing by former tenants	1.6%	1.8%	1.7%	1.5%

The chair of the Board stated that, as a community-based association, community development was one of the key areas of growth activity for the association and an area where the association had over time developed a particular expertise. He was concerned that measuring continuous improvement in this area of activity was a little more difficult than measuring improvement in housing management activity.

Is the influence of tenants increasing?

Staff, the chair of the Board and tenants all considered that the influence of tenants within the association was increasing, but stated that the introduction of Best Value had played little or no role in this increasing influence.

All attributed the increasing influence of tenants to the culture of the organisation and the fact that it actively encourages tenants to become active, actively seeks the views of tenants on the services it provides and acts on the feedback provided by tenants. Tenants stated that they were treated as equals by all members of staff and were supported by staff and board members when arranging involvement activities. Tenants felt that they had a voice on every aspect of the association's business through the Tenant Forum.

Staff stated that tenants have gained more confidence over time and taken more responsibility in the roles that they play. Tenants have recently been actively involved in the appointment of both staff and contractors, have represented the association at conferences and worked with other housing associations to improve their approaches to tenant involvement.

The chair of the Board stated that it had taken about 7 years for the Tenant Forum to mature into the vibrant and active group that it is at present. He also felt that the investment that the association had made in tenants, and tenant board members, providing training opportunities and developing their skills, was felt well beyond the association, with tenants playing a more active role in the communities where they live.

One positive outcome for tenant involvement created by Best Value was the establishment of the Anti Social Behaviour sub-group of the Tenant Forum. This sub-

group had been formed initially to contribute to the association's BVR of crime and disorder, but had continued to meet long after the conclusion of the review.

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

The views of staff were that the association spent a considerable amount of time on issues of efficiency and it was part of the culture of the organisation to constantly challenge the way that it does things. So whilst they considered that the association did provide cost effective, efficient and effective services they recognised that there was always room for improvement. The association was involved in the HouseMark benchmarking club and compared costs with other associations. It was reported that the association's costs and its performance when compared with comparable associations were favourable. Staff felt that reviews undertaken result in greater value for money and greater efficiency.

However, staff and tenants stated that the recent review of maintenance services did not select the contractor who offered the service at least cost but considered issues such as quality of work, their willingness to use local labour and their willingness to offer apprenticeships to young unemployed people in the community.

The chair of the Board suggested that areas where the association performed particularly well were tenant participation, community development and supporting people services.

Tenants considered that the rents charged by the association represented good value for money as the homes they lived in were of good quality, warm and well maintained. The rents also compared very favourably with local authority and private sector rents in the locality.

It was the view of staff, tenants and the chair of the Board that it was the association's approach to continuous improvement, not Best Value, which had helped it improve the cost effectiveness, efficiency and effectiveness of its services.

Effect of development consortia

Staff members and the chair of the Board were quite clear in their view that the opportunity cost of establishing the housing association consortia had outweighed the immediate savings offered by the formation of the consortia.

However, they recognised that the establishment of the consortia offered the opportunity for the associations involved to learn from each other. Additionally it offered the opportunity for savings through joint procurement and through joint approaches to addressing issues such as asbestos and the Welsh Housing Quality Standard.

The future of Best Value

The views of the staff members and chair of the Board were that housing associations should have choice in how they deliver continuous improvement and not have one approach foisted upon them. They felt that Best Value, by requiring associations to produce a five year programme of reviews, was too inflexible. They also felt that the review process set out in the guidance was too resource-intensive.

The views of the staff and chair of the board were that Best Value should be replaced by a more outcome-focused approach to continuous improvement, where associations demonstrate how they have achieved improvement. They suggested that any guidance should concentrate on the key expectations of housing associations as set out in the Regulatory Code, and focus on the real driver of improvement – culture and leadership.

Conclusion

The association has a culture of improvement and uses a range of improvement mechanisms to deliver continuous improvement. The association's staff, chair of the Board and tenants suggest that Best Value has little relevance or impact on driving improvement within the association and suggest that the critical success factors in securing continuous improvement were leadership and culture.

The association carries out a substantial number of reviews each year using a range of different approaches. Whilst reviews apply the 4Cs to areas for improvement, the association acknowledges that it has difficulty with the 'compete' element. The association shows a five year programme of reviews in its corporate plan, but it is flexible about when reviews are undertaken. Tenants and the Board have the ability to request reviews. The association also has a rolling programme of reviews for policies and procedures, which are reviewed every three years.

The association does not have a fixed methodology for undertaking reviews. The scope and leadership of the review is determined by the Directors Team. Review teams are sometimes led by a senior member of staff where the Directors Team determine that the association has the required expertise to undertake the review in-house. Where the Directors Team determine that the association does not have the required level of expertise in-house or requires a certain degree of objectivity in the review, the association will commission consultants to undertake the review.

Reviews engage with the Board, members of staff and tenants. The association has a strong culture of involving tenants in determining the future direction of the association. Tenants are involved in all service reviews. Where the association is reviewing a tenant facing policy or service area, the Tenant Forum will be asked its views on the subject, and will respond via one of the Forum's sub groups. Tenants are also involved in a number of other formal and informal activities to gauge their views of the services provided by the association. Staff welcomed tenant involvement and actively encouraged tenants to become involved. Tenants felt that they were treated as equals by staff, and that the association was keen to seek their views and acted upon the views that they provided.

The association does not produce a separate BVPP. Information on continuous improvement is contained in the association's corporate plan. The association reports on the outcomes of continuous improvement activities and the association's performance to tenants via the tenant newsletter.

The outcome of reviews is reported to the Board, who also monitor action plans that arise from reviews. The association has adopted the Balanced Scorecard approach to

business planning and performance management, which ensures that the Board and the Directors Team can continually track progress against key performance indicators that are connected to the association's key aims and objectives.

The association is performing well in relation to KPIs and levels of tenant satisfaction are high. The association's staff, the chair of the Board and its tenants attribute this to the culture of improvement within the organisation, but says that Best Value has had a marginal 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 culture of the organisation and the focus of the association on the needs of its tenants, future tenants and the communities it serves.

The association feels that Best Value is outdated and that the Welsh Assembly Government needs to provide associations with choice in the approach that they adopt to deliver continuous improvement, rather than limited them to one approach. In addition the association staff felt that any guidance should be linked to the key expectations of housing associations and should focus on the outcomes of continuous improvement, rather than the process that associations should follow.

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:	No stand alone BVPP produced. Information about continuous improvement contained in Corporate Plan.
<ul style="list-style-type: none"> statement of strategic aims 	Contained in Corporate Plan
<ul style="list-style-type: none"> summary of performance against stated objectives and targets 	Contained in Corporate Plan
<ul style="list-style-type: none"> comparison of results with other RSLs, other social landlords, and published BVPIs 	Contained in Corporate Plan
<ul style="list-style-type: none"> key findings report on past year's service reviews, and summary of resulting action plans 	Contained in Corporate Plan
<ul style="list-style-type: none"> summary of service review programme for year ahead 	Contained in Corporate Plan
<ul style="list-style-type: none"> statement of how the RSL will address equality issues within its reviews 	Contained in Corporate Plan
<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 	Contained in Corporate Plan
Wide circulation of BVPP or summary to all tenants and stakeholders	Corporate Plan circulated to Welsh Assembly Government and local authority
Adoption of SMART performance targets	Contained in Corporate Plan
Development of clear and effective methodology for reviews	Approach to reviews vary. No detailed methodology provided.
Use of 4Cs	Yes, but association recognises difficulty with 'compete' element
Rolling 5 year programme of service reviews	Yes

Covering all aspects of association's business	Yes
Consultation with tenants on programme of reviews	Reviews are very much driven by the needs of tenants. No formal consultation with tenants on the programme of reviews although tenants can request reviews where they are unhappy with the policy or service area.
Development of tenant participation compact(s)	There is an overall Tenant Compact and Tenant Compacts for individual estates. Tenant Forum actively involved in every aspect of the association's business.
Establishment of clear methods for measuring and reporting on customer satisfaction	Annual tenant survey undertaken with 1/3 of tenants.
Integration of principles of BV into everything association does	The association has a culture of continuous improvement embedded within it.