

## **Evaluation of Best Value Guidance to RSLs**

### **Case Study Report 5**

#### **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. In addition, a telephone interview was undertaken with a tenant board member who was unable to attend the focus group.

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 associations' year on year performance over the last 5 years).

#### **Approach to Best Value/continuous improvement**

The association considers that it has a culture of continuous improvement and that this existed before the Assembly's Best Value guidance was issued. Staff consider that the association made a reasonable job of fully implementing the Best Value guidance when it was published, but has been moving away from this more recently. The association employed a Best Value Officer at an early stage. The chair of the association questioned whether they 'possibly followed the guidance too closely'.

Senior staff note that, while Best Value was a significant activity in the association for a number of years, continuous improvement is about much more than this. This is demonstrated by the range of improvement mechanisms used within the association to date, which have included:

- Best Value service reviews
- Investors in People
- internal audit
- its investing in leadership programme
- developing an efficiency plan
- investing and focusing on communication
- mock inspection
- self-suggestion scheme with financial incentives for all suggestions and quarterly and annual prizes
- a developing framework for performance management and reporting
- staff and tenant surveys
- benchmarking

- use of Key Lines of Enquiry (KLOEs)
- positive use of complaints and comments

Staff consider that Best Value was big on the agenda of the association between 2001 and 2004 'it was very much the flavour of the month', but that 'it has gone off the boil for the last 12-18 months.'

At the time of the case study, the association was starting to implement a new approach to continuous improvement (as described under 'The future of Best Value' below). As part of this, the role of the Best Value Officer has changed to a Continuous Improvement Officer.

### **Reviews of services**

The association has undertaken a number of BVRs, including:

- Repairs and Maintenance
- Letting homes, creating communities
- Living our values
- IT services

BVRs undertaken before mid 2006 followed the process set out in the association's Best Value toolkit:

- preparation
- baseline assessment
- research and review against the 4Cs
- agreeing key findings and recommendations
- action plan and completion of the review.

Each BVR had a lead director, a project leader and a service review team which met regularly during the review. The role of the team was to co-ordinate review activity, analyse findings and agree recommendations. Some or all of the members of the team were expected to carry out the research required. Teams were made up of staff, tenants and external partners where appropriate and could also include Board members and consultants. However, in practice, there was very limited involvement of Board members in reviews. Teams included staff from within the service being reviewed and from outside the service.

The teams were expected to gather evidence to answer each of the following questions in relation to each of the 4Cs:

- where are we now?
- where do we want/need to be?
- what changes do we want to make?
- how do we make sure that the service continues to improve?

and the association's Best Value toolkit included checklists to guide the work of the review teams.

Staff recognised that some of the BVRs undertaken had resulted in big changes in the way that services are provided to tenants. The maintenance review was cited as an example of a review where the Best Value process worked well. The timing of this review was felt to be right, the involvement of someone on the review from another organisation was found to be

very useful and the use of the Business Excellence model resulted in a small number of highly significant action points which went on to be implemented.

By contrast, staff involved in other reviews felt that the process was torturous and overly long and that reviews generated long reports with extensive action plans which had little chance of being implemented. In particular, the wide ranging scope of the 'Letting homes, creating communities' review was felt to be a mistake in hindsight. A further concern raised by staff was that action planning towards the end of a review could sometimes take place with very little reference to the resources available, resulting in an action plan that was very unlikely to be implemented.

Staff also noted that improvements in service came out of mechanisms other than BVRs. Examples were the anti-social behaviour service and the association's incentive scheme, where the initial stimulus for changing the service came from the results of tenant surveys. Complaints and comments are scrutinised to look at whether the association needs to change the way it does things.

Up to now, the Best Value Officer has been involved in all service reviews. Staff emphasised the importance of this role in 'keeping people on track'. However, in the future, a continuous improvement member of staff will not be involved in all service reviews. This is, at least in part, to ensure that the responsibility for driving continuous improvement is seen to lie with everyone, rather than with a specific officer or team.

Although the 4Cs will feature in service reviews in the future, it will be in a more flexible way than was the case in the past.

### **Involvement of tenants and residents**

Tenants have a significant involvement within the association. For the past year, the association has been implementing its customer involvement strategy which has the following strategic aims:

- We will place customers at the heart of everything we do
- We will communicate effectively with customers on all issues that affect or interest them
- We will involve tenants in determining our business strategy
- We will monitor the effectiveness of our residents' involvement structures and strategy

The association has a wide range of mechanisms through which tenants can become involved. These include:

- Tenants' Voice - an independent group, chaired and run by tenants
- a group for service users over the age of 55
- a customer panel – regularly consulted about changes to services or policies
- service specific forums
- tenant associations
- satisfaction cards
- suggestion/comments scheme
- complaints and compliments procedure
- a developing group of disabled service users

In addition, the association has 5 Board members who are tenants, one of whom sits on the association's asset management group.

The role of Tenants' Voice was felt to be crucial by association tenants. Tenants' Voice has replaced the former tenant consultative committee and is involved in any discussions on tenant-facing services such as planned maintenance, repairs, lettings, tenant incentive scheme, etc. at both an initial stage to inform broad direction and again at draft policy (or other document) stage. All new policies go to Tenants' Voice in draft form.

Tenants have been involved in BVRs undertaken to date through being part of service review teams and being consulted during the review. Tenants who had been part of service review teams felt that this had been a useful process and that they had had influence on the results of reviews and action taken as a result. An initial consultation session was held with tenants before the five-year programme of BVRs was agreed in 2002, but the association has not involved or consulted tenants since then on changes made to the programme. With the new approach to continuous improvement, there is an enhanced role for tenants in getting involved in more strategic decision-making, eg. tenants are now included on the asset management group of the association.

The association undertakes a large scale tenant survey every 3 years. In the past, this has been instrumental in identifying areas of greatest tenant dissatisfaction which have then been addressed by the association, eg. anti-social behaviour. While the response to significant levels of tenant satisfaction has not always been to undertake a BVR of a service, such areas of the association's services have always been reviewed in some way.

Those tenants involved in the case study felt that they are involved and consulted and that the range of ways in which tenants can get involved provides opportunities for everyone who wants to get involved to do so.

### **Provision of information on Best Value, continuous improvement and performance**

The association produces an annual report for tenants which looks at improvements made against the aims in the association's corporate plan as well as summary findings and outcomes from BVRs and summary performance information. This report is widely disseminated.

A tenants' newsletter is produced three times a year and contains regular information on improvements being made to services and the performance of the association, as well as being used to seek the views of tenants and encourage their involvement in the association. The newsletter was felt to have improved in recent years, with the driver for this being a mock inspection which emphasised the power of the newsletter as a means of communicating with tenants.

The association has a series of KPIs which form a pyramid with different levels of detail for staff at different levels of the organisation and the Board. Indicators are put into one of four sections (people, customers, results and growth) linked directly to the structure of the corporate plan.

### **Monitoring of Best Value/continuous improvement**

Each BVR in the past resulted in an action plan which was then monitored using a traffic light system with a commentary for outstanding actions. The Best Value Officer played a key role in monitoring the outcome of reviews. Staff noted that, sometimes, it was not helpful to have a series of separate action plans which are monitored separately.

From now on, all action planning will be related directly to the corporate planning process with service specific improvement plans incorporating actions from all types of review, whether Best Value or not. Service improvement plans will be monitored by a sub committee of the association, the remit of which includes internal audit.

The association's corporate plan has four areas – our customers, our people, our growth and out results. All annual plans (corporate plan update) and reports (annual report on performance) are structured under these four areas.

The performance monitoring system of the association is being continually developed. Quarterly reports to Board provide an update on performance against corporate plan targets. Performance against each target is shown in actual figures along with a traffic light colouring system to indicate areas where there are problems. A commentary is provided for the targets where performance is judged to be amber or red.

The quarterly report also includes management accounts, staffing statistics, a health and safety report and a report on complaints/compliments received by the association, enabling Board members to consider performance within a broader context.

### **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.

Particular examples of services that are felt to be improving included:

- arrears
- maintenance
- investment in homes
- lettings
- systems to capture informal feedback from tenants
- anti-social behaviour
- community investment
- human resources (providing services for a larger number of employees with a smaller number of staff)

Tenants considered that repairs had improved significantly with a much better customer focus. The provision of a summary of the six-year plan of improvements to properties to

meet the Welsh Housing Quality Standard in the tenants' newsletter was welcomed by tenants.

The evidence base for considering whether services have improved includes:

- levels of tenant and staff satisfaction from regular surveys
- other feedback from tenants (comments and compliments)
- feedback from other organisations (eg. awards received by the association, reputation amongst local authorities)
- comparative costs (through benchmarking)
- performance against national performance indicators.

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

<b>KPIs</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06<sup>1</sup></b>
Vacant units	0.7%	0.5%	0.2%	0.05%
Units vacant > 6 months	0.2%	0.4%	0.2%	0.03%
Rent loss due to voids	0.9%	0.9%	0.8%	0.9%
Rent due from current tenants but unpaid	2%	2.5%	2.3%	2.2%
Days to relet vacant units	5	7.5	5.3	6.1
Dwellings let within one week	68%	68%	70%	69%
Rent collected as % of rent collectable	98.8%	98.6%	101.3%	100.8%
Tenancies in arrears	35.1%	28.3%	26.6%	28.3%
Emergency repairs completed within target	99.8%	99.7%	93%	99.2%
Urgent repairs completed within target	99.8%	99.9%	88%	98%
Non-urgent repairs completed within target	99.8%	99.6%	96%	94.7%
Housing management cost/ unit	£426	£462	£484	£501
Rent owing by former tenants	2.07%	1.5%	1.6%	2.0%

The association's performance on repairs dipped in 2004/05 while a new way of working was being put in place. Figures for 2005/06 indicate dramatically improved performance compared to 2004/05.

Staff consider that most improvement in services has been driven by mechanisms other than BVRs and that, even where reviews have driven significant improvement, there are questions as to whether the inputs have justified the outputs. Staff also noted the importance of leadership in driving continuous improvement - 'a cultural mindset is much more important than processes... if people feel that they are working in an open environment, they will take more ownership of improvement.'

It was noted that sometimes the outcomes of changes made as the result of reviews are difficult to track as the way in which outcomes are measured may have changed too.

<sup>1</sup> Figures supplied by the association, not yet published.

### **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. Specific examples included:

- the ways in which the association will invest in tenants' homes. The association undertook a survey of tenants asking about their priorities in relation to improvements to their homes. This has significantly influenced the association's approach to delivering the Welsh Housing Quality Standard
- at an individual tenant level in relation to the degree of choice provided
- anti-social behaviour. The association changed the way in which it did things and now enables tenants to have influence on other tenants and agencies, and people have the confidence to deal with issues within their own communities
- tenants are involved in the production of any new policy, procedure or strategy.

Staff also felt that the association had improved the way that it provides feedback to tenants about what the organisation had done as a result of what tenants had said.

However, none of those involved in the case study felt that Best Value had played a significant role in this increasing influence. The tenants considered that Best Value might have 'pushed along change quicker, but it would have happened anyway.' Culture was again noted by staff as being crucial, for example, they felt that 'the role of the chair is vital in enabling the effective and inclusive involvement of tenant board members'.

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

Staff provided a number of examples of where the association had worked to ensure that its services are efficient. The association has an efficiency plan which identifies a programme of specific efficiency gains to be made in a number of areas. The association uses the HouseMark benchmarking system which enables it to compare costs and performance with others.

The organisation has reduced costs in specific areas, eg:

- staffing, by reducing the use of agency staff and creating a central peripatetic team of relief staff
- anti-social behaviour, by undertaking legal work in-house and selling services to other organisations
- planned maintenance, where a larger programme has been put in place within the same costs. Procurement was one of the five main areas to come out of the BVR of maintenance and cost savings have been achieved through changes in procurement arrangements.

Tenants identified a number of areas where they felt that the association was being cost effective, which included planned maintenance and lettings.

Staff felt that it was hard to separate out the role of Best Value in achieving efficient services from the wider continuous improvement work undertaken by the association. However, Best Value was thought to have been helpful in moving away from only looking at cost to including consideration of quality. The chair of the association noted that it will be difficult to continue making efficiency savings year on year.

### **Effect of development consortia**

The association believes that the establishment of the consortia provides a number of opportunities for continuous improvement.

The development consortia were felt to provide an opportunity to tackle a number of agendas, in particular, collaborative procurement. It was noted that the relationships built through the consortia are likely to extend beyond the maintenance and development functions. The chair of the association considers that greater understanding is developing between members of consortia and that the relationship between the consortium of which the association is a member and partner local authorities was much better than would have been the case for the individual associations.

Consortia were felt by the chair of the association and staff to provide an excellent opportunity for learning between the member associations.

### **The future of Best Value**

The association has recently changed its approach to continuous improvement and has developed a framework for continuous improvement that brings together BVRs, the role of internal audit and risk management within the corporate planning processes of the association. This is felt to be a very positive and appropriate move by the chair of the association - 'we wanted to get rid of the millstone of Best Value which didn't always deliver and was costly ... we wanted to move away from a Best Value Officer to everyone having responsibility to implement continuous improvement'.

The association's continuous improvement framework notes that the association is 'stepping away from the five year review cycle of heavyweight reviews .... and placing ownership for service improvement with the management teams'.

The main aspects of the new approach (implemented in July 2006) are:

- internal audit focusing on providing assurance on the operation of core systems and controls
- a system of annual reviews and Service Improvement Plans aligned with corporate and operational plans and the golden thread
- strategic risk management aligned with corporate planning, with the board playing the key role in identifying and responding to strategic risk.

The new approach encompasses three layers of improvement activity to be supported by a new toolkit which was to be developed at the time of the case study:

- strategic (like BVRs), structured by annual service improvement plans, including robust external challenge and resulting in a report/action plan
- operational, structured by annual service improvement plans and the annual review process
- everyday (driven by the culture of the organisation), with outcomes captured through the association's performance management systems.

Both the strategic and operational reviews will include use of the 4Cs as appropriate, with the level of review activity being determined by the degree of risk.



A continuous improvement team has been established which includes internal audit, continuous improvement and risk management functions.

If there is to be revised guidance on Best Value or continuous improvement, the association would like to see flexibility and a recognition that continuous improvement is about culture, with less focus on required processes.

Staff raised the following specific issues:

- the prescriptive nature of the guidance in relation to what BVPPs should include is particularly unhelpful, with far too much detail to be included
- the requirement to undertake a 5 year programme of reviews across all services should be removed
- continuous improvement activity needs to be linked to other corporate planning processes
- the guidance should include examples of a range of ways in which continuous improvement can be achieved
- there needs to be support at a national level for the sharing of good practice
- that the 4Cs 'don't do a bad job', but service review mechanisms need to be more flexible.

Staff felt that there needs to be a clear link between revised guidance and regulation and that, whatever guidance is put in place, it needs to keep pace with the challenges, opportunities and imperatives facing associations in Wales.

## **Conclusion**

The association has a culture of continuous improvement within which Best Value has played a significant role, particularly between 2001/02 and 2004/05. However, the association also made use of a range of other continuous improvement mechanisms and has recently changed its approach to one of continuous improvement bringing risk management and internal audit together with service improvement.

The association has undertaken a range of reviews, using Best Value and other mechanisms, of both tenant facing (eg. lettings and anti-social behaviour) and internally facing (eg. human resources and IT) services. Tenants have influenced when some services were reviewed (eg. via an initial consultation on priorities for the five-year plan of BVRs).

The association has a clear methodology for undertaking BVRs which is to be replaced by a toolkit to support the different types of review activity encompassed by its continuous improvement framework. Review teams have involved staff from across the association and tenant representatives.

Tenants consider that they have considerable influence on the way that the association provides services and that their views are listened to. The association is continuing to develop the range of ways in which tenants can get involved with the association and make their views known and has improved its feedback to tenants about what it has changed as a result. It is also providing opportunities for tenants to get involved in more strategic decisions

through both board membership and involvement in other groups such as the asset management group.

The association produces an annual report for tenants and others which focuses on improvement. The association also reports to tenants on the outcomes of continuous improvement activities and the association’s performance via the tenants’ newsletter. Information on continuous improvement is contained in the association’s corporate plan updates.

Staff, tenants and the chair of the Board consider that the objectives of Best Value (ie. improvement of services, increasing influence of tenants and the delivery of cost effective and efficient services) are being achieved, but that Best Value is not the main reason for this. Organisational culture and leadership were felt to be crucial, as was the need for any approach to continuous improvement to be aligned with the corporate planning processes of the organisation.

The association considers the Assembly’s guidance on Best Value is now outdated and needs to be replaced by something more flexible which has less of a focus on outcomes.

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

<b>Assembly guidance</b>	<b>Association’s approach</b>
Production of BVPP, or incorporation of requirements listed below within existing corporate documents:	Annual publication on association performance. Also corporate plan annual update.
<ul style="list-style-type: none"> <li>statement of strategic aims</li> </ul>	Report is structured around 4 key areas from the association’s corporate plan.
<ul style="list-style-type: none"> <li>summary of performance against stated objectives and targets</li> </ul>	Achievements against 4 key areas and summary performance information included, some with targets.
<ul style="list-style-type: none"> <li>comparison of results with other RSLs, other social landlords, and published BVPIs</li> </ul>	Performance information includes comparison with previous year. No comparisons with other RSLs or social landlords.
<ul style="list-style-type: none"> <li>key findings report on past year’s service reviews, and summary of resulting action plans</li> </ul>	Report includes key issues identified as part of action plans for past year’s reviews.
<ul style="list-style-type: none"> <li>summary of service review programme for year ahead</li> </ul>	Information about review to be carried out in the coming year and how tenants and others can get involved.
<ul style="list-style-type: none"> <li>statement of how the RSL will address equality issues within its reviews</li> </ul>	Not included, although section included on widening access to the association’s services.
<ul style="list-style-type: none"> <li>statement of targets for the next year, and longer term targets, and commentary on the means by which it will achieve those targets</li> </ul>	Not included.
Wide circulation of BVPP or summary to all tenants and stakeholders	Circulation of annual publication to all tenants and to wide range of stakeholders and partners.
Adoption of SMART performance targets	Targets set for range of KPIs.
Development of clear and effective methodology for reviews	Best Value Review toolkit.
Use of 4Cs	Yes.
Rolling 5 year programme of service reviews	In the past yes, but not now.

Covering all aspects of association's business	In the past yes, but not now. Strategic Best Value type reviews only to be used in areas where they are needed.
Consultation with tenants on programme of reviews	No, but results of tenant surveys and other feedback from tenants influence what is reviewed and when.
Development of tenant participation compact(s)	Customer involvement strategy in place.
Establishment of clear methods for measuring and reporting on customer satisfaction	Use of Tenants' Panel, three-yearly tenant satisfaction surveys, ongoing monitoring of satisfaction with aspects of service performance and continual seeking of feedback from tenants.
Integration of principles of BV into everything association does	The association has a culture of continuous improvement which will be strengthened by recent changes to its approach to continuous improvement