

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

### **Case Study Report 6**

#### **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 vice-chair. Two focus groups were held – one with association staff from a range of departments and grades, and one with members of the Tenant Representative Council.

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 uses a number of mechanisms for continuous improvement, most of which are not badged as Best Value, for example its ongoing review of policies. It also uses a range of formal mechanisms such as Investors in People and Chartermark.

Whilst no-one who took part in the case study objected to the Best Value principles, it was felt that the approach set out in the Assembly guidance was overly prescriptive - 'You can't argue with the 4Cs or the 3 objectives set by the Assembly for Best Value within RSLs – they are reasonable principles of the process of a review ... but when you embed them in a bureaucratic system, then you get problems'.

Staff, the vice-chair and tenants consider that the association tried to implement Best Value as prescribed, but were not able to do this effectively. People were described as being overwhelmed by Best Value as it was not linked to other mechanisms and requirements such as internal audit, personal objectives, corporate strategy and key performance indicators.

Ad hoc improvements were seen by staff as being just as important, if not more so, than those brought about through Best Value service reviews. For example, a review of the way in which rent arrears was collected was brought about by staff attending a workshop session at a conference. Other improvements made were reactions to things that were identified as not working well within the association, such as gas servicing.

During an inspection by the Wales Audit Office, the association put together a report on continuous improvement to try to get over to the inspectors the range of improvement activity that lay outside of formal Best Value mechanisms. As part of this report, the chief executive produced a significant list of improvement activities within the association during a two-year

period. The list was divided into activities under each of the main Key Lines of Enquiry (KLOE) headings. Six examples of continuous improvement were described in detail within the report:

- induction of new tenants
- anti-social behaviour strategy
- gas servicing
- accommodation register
- an accessible homes project
- a young builders project.

The main drivers for improvement within the association were felt to be the management team, the views of tenants, changes in legal and regulatory requirements and changes made to meet actual and perceived needs of customers.

At the time of the case study, significant changes to the way in which the association approaches continuous improvement were being put in place (see the 'The future of Best Value' below for more detail).

### **Reviews of services**

The association started out with two pilot service reviews, one of which was on reactive maintenance. The action plan for this review has yet to be implemented and the process was described as confounding the ambition of the association.

The second pilot review of anti-social behaviour was described as being more successful than the rest, with a stronger review group and funding sought after the review to help implement the recommendations. The results of two tenant surveys showed that tenants did not like the association's approach to anti-social behaviour and the 'ten big questions' approach (see below) was useful. However, this review was found to be time consuming and raised tenants' expectations to an extent which has yet to be met.

After these two pilots, the process of undertaking service reviews 'unravelling a bit'. Best Value came to be seen as an increasing burden and was low on people's priorities. However, a number of BVRs have been undertaken and completed including:

- community development
- relationship with tenants
- planned and cyclical maintenance
- IT.

BVRs were led by a senior officer who worked with a group of key contacts, both staff and tenants, who were kept informed, consulted and assisted the project leader. A formal project group could be formed if that was what was wanted and in many cases, this is what happened. Board members were not involved in BVRs.

Guidance on BVRs was structured around the 4Cs with, for example 'ten big questions' to be asked in relation to challenge:

- What are we trying to achieve? Are we good at it and can we prove we are good at it – where's our evidence?
- Why are we doing it this way?

- What do our customers want?
- Has our customer base and operating environment changed since we set up this service? Do our customers need different or additional services?
- Is there a credibility gap between what we think we are providing and what we are actually providing?
- Should we continue this service?
- Are we the right organisation to provide this service?
- Do our customers want us to be their service provider?
- How can we improve the quality of our service?
- How can we make our service more cost-competitive?

The association published a 5-year programme of reviews as it was obliged to do so and consulted staff and tenants on this. The intention of the association was to review all its services over the 5 years but this has not happened. A number of reviews have been started but not completed for various reasons.

Staff who had been involved in reviews had varying views. One review was described as an 'additional, onerous exercise'. However, as already noted the Best Value approach to the review of anti-social behaviour was seen as appropriate and stimulated significant improvements to the service. The reports resulting from BVRs were seen by some staff as problematic – 'weighty and no-one reads them'.

Staff highlighted a wide range of non-Best Value service reviews which had led to improvements in the way that the association does things, for example, its pilot approach to letting homes on a specific estate which has been rolled out to all properties. Staff feel that they continually look for opportunities to improve things 'almost on a daily basis'. Staff feel that they can raise issues about continual improvement and that there are practical mechanisms through which they can do this.

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

Tenants are involved in the association in a number of ways. A third of the Board of the association are tenants, there is a Tenants Representative Council, a number of tenants and residents associations and a group for tenants with disabilities which has recently received a Tenant Empowerment Grant to develop its work.

The association has a quarterly tenants' newsletter for which tenants are encouraged to write and provide their views. The newsletter is used to provide feedback to tenants on the main issues that they have raised in relation to Best Value and other reviews and what the association is going to do about them.

A survey of all tenants is carried out every two years and tenants have been involved in carrying out mystery shopping of the association's services.

Tenants were involved in the initial decisions about which services were to be reviewed and when. They have also been involved on individual service review teams and are consulted as part of all service reviews.

Staff consider that the association is good at going to people to ask their views and getting them to identify what information they need from the organisation.

In relation to the new approach to continuous improvement, tenants were consulted (along with staff and board members) on what should and should not be included. A matrix of priorities was developed and a plan published which will be included in the tenants' newsletter.

The association continually seeks feedback from tenants in a number of ways and provides information on what it has done in response to tenants feedback, for example in the tenants' newsletter.

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

The association produces an annual BVPP which includes information about all reviews being undertaken, including BVRs. The 2005 BVPP included:

- a summary of progress from 2004/05
- action plans from recently completed reviews
- improvements made by the association during the year (most of which fall outside of the formal Best Value process), for example improvements in gas boiler servicing were driven by the results of an internal audit carried out as the area was identified as being a high risk
- reviews currently being undertaken and a programme of future reviews
- a statement about Best Value and equal opportunities
- performance information for two years compared to the median in Wales and an indication of whether the association is improving or not
- corporate plan targets.

The BVPP also includes information on how the association plans its business and how performance is monitored. The BVPP is circulated widely to all tenants, staff and key stakeholders as well as to the Assembly. However, it is seen largely as a document for the Assembly rather than for the association itself - 'Is the BVPP useful? As a source of information, I don't know ... but the discipline of drafting it helps keep continuous improvement on the agenda.'

Information is also provided to tenants in the tenants' newsletter which is produced quarterly by the association and approved by the Tenants Representative Council. The association does not know how widely the newsletter is read, but a high proportion of tenants who responded to the most recent tenant survey read and like the magazine.

The operational plan includes targets for all areas of the association. Performance reports are produced quarterly and the directors, managers and Board receive the same document. The association monitors its performance through the use of performance indicators, with reports using figures and a traffic light system against the association's own targets for each indicator. Where performance is judged as being in the red, officers provide an explanation. For the national indicators, the association's performance in terms of quartile is provided.

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

Best Value and continuous improvement are monitored through the operational plan by the senior management team of the association. There is very little content specifically in relation to Best Value. The Board has never received the outcomes or action plans from BVRs, rather the issues are incorporated into the directors' overview reports and strategic reviews.

The Corporate Plan of the association has five key objectives:

- the delivery of excellent customer services
- providing new homes and maintaining them to a high standard
- improving the communities where we work
- taking a prudent, yet innovative, approach to managing our business
- making Team X a great thing to be part of.

For each of these, a series of strategic priorities and operational objectives are set out. The operational plan is structured under the same key objectives.

Individual BVRs resulted in reports which could be very lengthy. Staff felt that there had been a focus on process rather than on outcomes or the action plan.

In the future, monitoring will be via the operational plan to the management team and senior management teams. All improvement projects will result in an implementation plan which will be rolled into the operational plan. Directors produce overview reports for the Board on a regular basis on particular issues which will pick up on continuous improvement as appropriate. The Chief Executive produces an overview report for every Board meeting, and this again this picks up on continuous improvement as appropriate.

Board meetings include elements of improvement activity at every meeting, eg. performance monitoring information, approval of new policies/strategies/initiatives that have emerged from improvement projects and content of the various overview reports.

The management information reporting format of the association is being developed to ensure that the association can track improvements through outcomes. There are currently 60-70 performance indicators and this number is likely to increase. A traffic light system is used to highlight areas of underperformance and a covering report includes a commentary on any areas assessed as red.

### **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?**

Overall, staff feel that the Best Value guidance put continuous improvement on the agenda for the association.

Staff, tenants and the vice-chair all consider that services within the association are improving. Specific examples included:

- gas servicing
- the induction process for new tenants, where the experience of an initiative put in place for a specific scheme resulted in improvements made across the board for all new tenants
- the voids process, with useful input from one of the association's contractors
- customer services
- maintenance – tenants felt that the association 'is excelling itself'
- wardens and caretakers
- accessibility to senior management
- anti-social behaviour
- rent arrears
- race equality.

Staff and tenant representatives felt that there was better cross-association working, driven by the one of the five objectives in the corporate plan which is to foster a team approach.

Tenants also identified a number of areas where they felt that services were not improving, including gas servicing (associated with the more robust approach being taken by the association to gaining entry to tenants' homes).

The evidence drawn on to make these judgements includes performance indicators, feedback from tenants and others, the conclusions of the Wales Audit Office inspection and the annual self-assessment process.

Tenant surveys show a consistently high level of satisfaction, similar to other associations working in similar environments.

The table below summarises the association's performance against KPIs over the last 3 years.

<b>KPIs</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Vacant units	1.7%	1.0%	0.6%
Units vacant > 6 months	1.3%	0.9%	0.1%
Rent loss due to voids	2.3%	1.5%	1.3%
Rent due from current tenants	2.1%	2.0%	2.2%
Days to relet vacant units	8	6	7
Dwellings let within one week	56%	56%	43%
Rent collected as % of rent collectable	98.1%	97.2%	97.8%
Tenancies in arrears	33%	35%	32%
Emergency repairs completed within target	97%	98%	99%
Urgent repairs completed within target	98%	98%	98%
Non-urgent repairs completed within target	99%	98%	98%
housing management cost/ unit	£453	£474	£467
Rent owing by former tenants		1.5%	1.0%

One of the issues raised by staff is that, in some areas, the association does not have good baseline information so it is difficult to identify and evidence improvements.

The drivers for improvement of services were seen as a range of continuous improvement mechanisms with Best Value playing a role. However, the only area of service in which improvement was largely attributed to Best Value was anti-social behaviour.

### **Is the influence of tenants increasing?**

Staff and the vice-chair felt that the influence of tenants 'had always been there' and was increasing. It was noted that many of the processes were reliant on a small group of very committed tenants.

Tenants felt that the influence of tenants was not increasing, evidenced by a decline in the number of tenants actively involved, with only 7 on the Tenants Representative Council. They felt that opportunities to get involved are not publicised enough and that there is a gap between the Tenants Representative Council and the tenant members of the board. However, they noted that tenants have had an influence in a number of areas such as anti-social behaviour, and have received training on key processes which has helped their understanding. Other examples of tenant influence were the decant policy and tenant welcome packs. Such examples were noted as being 'small but significant'.

Staff did not attribute the increasing influence of tenants to Best Value - 'the organisation has a culture of involvement anyway'. In some cases, Best Value was seen as frustrating tenants as individual reviews raised expectations that the association could not fulfil. The process of involving tenants in the development of next year's operational plan was felt to have significant potential for increasing their influence in the future.

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

Different views were given by those who took part in the case study. The chief executive felt that the association did not know enough about the cost of its various services to be able to say that they are cost effective. However, the association achieves the majority of its targets.

Staff felt that they are constantly providing critical analysis to see if services are cost effective and efficient, but that they do not have a clear understanding of costs. However, there are examples of where services have been made more efficient, such as the better use of IT in relation to anti-social behaviour.

Tenant representatives felt that the rents charged by the association 'are more than fair' and that they constitute value for money.

### **Effect of development consortia**

Staff felt that the development consortia provided a number of significant opportunities in relation to continuous improvement. Examples included collaborative working in a number of areas, skills audits and a cross-association training programme. The consortium was also felt to provide an ideal opportunity to compare between member associations how they do things, particularly in relation to development and maintenance. All members of the individual consortium were open to scrutiny by each other. There are already examples of where associations have picked up where another member association is highly successful in an area and have implemented a similar approach - Barriers to communication between

associations are being broken down within the consortium .... people are motivated by doing things in different ways’.

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

At the time of the case study, the association was moving to a new approach for continuous improvement. A series of ‘improvement projects’ are identified in this year’s association operational plan. These are identified by the Management Team and individual responsibilities for delivering them are agreed during an appraisal fortnight where teams consider what the organisation’s objectives are and what needs to improve. The Tenant Representative Council is consulted as part of this process.

Each improvement project will be facilitated by a senior officer, who can set up a project group if they wish and call meetings if needed, but this is not required and it is anticipated that teams are likely to be ‘virtual’. However, the project leader is expected to engage people widely during the project. The make-up of the teams will vary according to the review, but all will be based on the principle of wanting different perspectives.

The guidance produced to support the new approach to continuous improvement sets out the following approach for a review:

- how do we know what to review/improve?
- how should we undertake reviews?
- planning service improvements
- implementing the improvement plan
- evaluation of outcomes.

with brief guidance on the issues to consider, information sources to be used and questions to be asked.

The responsible person for each improvement project will be expected to complete a checklist, set up an evidence file and ensure quality control checks are undertaken by peers or through internal audit. The implementation plans from improvement projects will be monitored through a revised management information system. The checklist includes the following stages, clearly demonstrating the way in which reviews are expected to be integrated into the mainstream plans of the association and make use of the 4Cs:

- relevant association aims and objectives
- reasons for review and anticipated improvements
- specified associated services/functions that are not included in the review
- recorded information about current situation – inputs, outputs, outcomes
- challenge
- consult
- compare
- consider equalities and ecological issues
- consider risk issues and cross reference to risk map
- compete – procurement options
- consult – stakeholders response to proposals
- implementation plan with SMART targets
- arrangements for monitoring progress with implementation plan
- evaluation of the outcomes of the improvement – related back to the association’s aims, objectives and stakeholder expectations.



Within the new approach, the association will identify four areas each year that are deemed suitable for a BVR approach and internal audit will be part of the process of deciding this. There will not be a 5 year plan of reviews of all the activities of the association. Instead, there will be a wide range of non-Best Value improvement activities or projects included in the operational plan. The 4Cs are seen as applying to all improvement projects, whether they are BVRs or not. The internal auditor is involved in improvement projects as appropriate.

If there is to be revised guidance on Best Value or continuous improvement, the association would like to see a framework rather than a procedure with a focus on outcomes - 'We need to get away from the madness of Best Value procedures.'

Staff noted in particular the need for:

- flexibility
- a focus on continuous improvement not Best Value
- a concise form of reporting from BVRs
- identification and dissemination of good practice.

The member of staff with responsibility for Best Value/continuous improvement felt that the 4Cs should be retained - 'I can't see how any business can make important decisions without using the 4Cs'. He felt that one of the key issues is how areas for potential improvement are selected and what kind of approach is adopted. Another issue was project management of change in relation to delivering improvements and whether this should be included within guidance from the Assembly. The economy and efficiency side of the guidance was felt to require further development reflecting the Welsh policy stance on efficiency.

Tenant representatives felt that Best Value needed to be reinvigorated and reemphasised. Specific points made by the tenants were that:

- any new guidance needs to emphasise that tenants should be listened to and not just paid lip service
- the process of developing new guidance should involve tenants from individual associations
- the 4Cs should be used to develop the new guidance
- the guidance and its implementation needs to be reviewed regularly, say every two years.

## **Conclusion**

The association initially placed great emphasis on Best Value as a means of continuous improvement, but this has reduced over time. The association has recently changed its approach to ensure that continuous improvement is embedded in the strategic and operational planning processes of the organisation.

The association experienced varying degrees of success in relation to the use of Best Value as a tool for continuous improvement, with some clear successes.

The association has a culture of continuous improvement with a range of mechanisms used and evidence of service improvement in a number of areas. There were differing views about whether the influence of tenants was increasing and a lack of detailed knowledge about costs in relation to judging whether services were cost effective and efficient.

The association would like to see changes to the Assembly guidance on Best Value with more flexibility and recognition that the full Best Value review process is not needed to drive improvements in all cases.

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:	Stand alone BVPP produced.
<ul style="list-style-type: none"> <li>statement of strategic aims</li> </ul>	Not included in the BVPP but in the Corporate Plan.
<ul style="list-style-type: none"> <li>summary of performance against stated objectives and targets</li> </ul>	Targets and performance included in BVPP.
<ul style="list-style-type: none"> <li>comparison of results with other RSLs, other social landlords, and published BVPIs</li> </ul>	Report includes results of BVPIs for last 2 years against median for all Welsh associations and trend of improvement/decline for the association.
<ul style="list-style-type: none"> <li>key findings report on past year's service reviews, and summary of resulting action plans</li> </ul>	BVPP 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>	Included in BVPP.
<ul style="list-style-type: none"> <li>statement of how the RSL will address equality issues within its reviews</li> </ul>	Included in BVPP.
<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>	Targets for next year included in BVPP.
Wide circulation of BVPP or summary to all tenants and stakeholders	Circulation of BVPP to all tenants, staff and stakeholders.
Adoption of SMART performance targets	Targets set for large number of performance indicators and BVPIs. BVR improvement plans variable – some SMART targets, some not.
Development of clear and effective methodology for reviews	Clear BVR methodology set out.
Use of 4Cs	4Cs used in all BVRs.
Rolling 5 year programme of service reviews	Rolling 5 year programme was used. In the future it will not be.
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. Tenants will now be involved through development of operational plan which will include improvement activities.
Development of tenant participation compact(s)	Tenant Compact in place
Establishment of clear methods for measuring and reporting on customer satisfaction	Use of Tenants' Representative Council, biennial 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 not embedded but new approach to continuous improvement should embed improvement activities within overall planning and implementation processes.

