

Evaluation of Best Value Guidance to RSLs

Case Study Report 2

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 (who is also the member 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's Board aspires to make the association one of the best in Wales.

Before the issue of Assembly guidance on Best Value, the association had introduced 'control self assessment' for review of internal processes, which had been very successful, and had involved staff (who had enjoyed it). The association had intended to continue with the process but, following issue of the Assembly guidance, it decided to incorporate the principles of control self assessment into a Best Value approach. The main differences between the two approaches were that control self assessment was more focused on internal processes than external delivery, did not use the 4Cs, and took a more risk-based approach.

The association has also used a range of other improvement mechanisms as well as Best Value, including:

- internal audit (the association was one of the first in Wales to employ an in-house internal auditor, before this was required by Tai Cymru guidance)
- Investors in People (since 1998)
- Charter Mark (since 2000)
- balanced scorecard (which it describes as too complex and not very successful, though it has used the process mapping element to ensure that everything the association does is joined together, and to help it meet corporate objectives)
- EFQM Wales Quality Award (used for 3 years but now abandoned, partly due to misgivings about the support available from the Wales Quality Centre).

The association believes that the wide range of improvement mechanisms it has used have all helped to instil a culture of improvement in the organisation, and point to the

evidence of this in staff surveys. The 2005 staff survey, for instance, showed that 92% agree that they 'work for an organisation that doesn't stand still, and is constantly seeking to improve the way it does business', and 100% agreed that they 'work for an organisation that expects to do better each and every year'. The answers to both questions showed marked improvement from the previous year's survey.

The association says its corporate plan is its main driver for continuous improvement, and distils all issues that need to be addressed. The corporate plan is derived from KPIs, tenant feedback via surveys, staff feedback, external demand (from local authorities, the Assembly, etc.) and BVRs. Best Value has a role in this process, but does not start the process of continuous improvement, and is not its main driver.

There have been conflicts between Best Value and the corporate plan approach, particularly in terms of timing and the 5 year cycle of Best Value. For example, the association had considered that the maintenance service had needed urgent improvement, and had restructured it half way through a BVR of that service.

The association says it now follows the Assembly's Best Value guidance in some respects (eg. use of 4Cs, programme of reviews) but not in others (eg. issue of BVPP, tenant and stakeholder involvement).¹

The association's approach to Best Value has not changed since the issue of Assembly guidance, except that the same level of support is no longer offered to review teams. Initially, staff involved in BVRs were taken through a training programme by a consultant, and the consultant was involved in each review, but this is no longer considered necessary.

Reviews of services

The association reviews services using a Best Value approach. Two Best Value programmes run in parallel. One programme follows a published plan, which looks at one or two issues per year. The other is a programme of 'quick and dirty' BVRs carried on outside the published plan.

'Quick and dirty' reviews carried on outside the published plan are conducted by managers. They address small issues (eg. the IT requirements of a service) outside the main review programme, and are not published or reported to Board.

The published plan consists of a rolling 5 year programme of BVRs, consisting of one or two reviews per year. The association says it now needs to take a radical look at the programme of reviews, which, at the moment, are just rolling on.

To date, the association has carried out reviews of:

- income control
- allocations
- office services
- repairs

¹ More detail is given later in this report

- estate services
- tenancy management, support and enforcement

and is in the process of carrying out a review of community development and customer involvement.

Terms of reference and project plans for reviews carried out under the published plan are discussed with the review leader by the Chief Executive, and they are then taken to the Regional Boards (which include tenants), who may add other issues. The Regional Board also agrees a budget for the review, and a timescale. Review teams are provided at the outset with information on changes that are likely to occur in the service area under review.

The timescale for reviews is generally 6 - 12 months, and the association pointed to the need to ensure that reviews are intensely project managed, with clear short-term deadlines.

The review leader is appointed by the Senior Management Team (SMT), and is normally a manager with knowledge of the area under review, but not necessarily the lead for that area.

The SMT also selects a staff group to be the review team, and sometimes the review leader will add other staff volunteers to the team. Staff of different grades and from inside and outside the review area are included in each review team. The inclusion of staff from outside the area under review works well, and they raise 'off the wall' ideas and question why things are done. It helps to increase staff awareness and knowledge of the organisation as a whole, and to build positive relationships between departments, but can make meetings difficult to arrange, and can compete with the 'day job'.

Board members are not included on review teams, as they have strong views about separating out executive and non-executive functions, and believe that their involvement in detail could blur lines of accountability. There are also issues in respect of time commitment. The Board believes it can best play a 'critical friend' role on completion of reviews.

Review teams do not include tenants, or people from outside the association.

Review teams go methodically through the 4Cs, and also an 'E', which covers equalities:

- consult

For tenant consultation, reviews largely rely on information from the substantial 25% tenant satisfaction surveys carried out every three years. Some reviews have used other tenant feedback (eg. repairs satisfaction and service charge feedback), and specific tenant surveys (eg. on satisfaction with the complaints process and on tenants involvement) have been carried out to support some reviews. Staff members are consulted via a questionnaire on the subject under review. Reviews do not normally consult other stakeholders, but partners are sometimes consulted via a questionnaire (eg. Housing Benefits departments were consulted during the review of income control), and in one review contractors were invited to attend consultation workshops;

- compare
Teams compare the performance of the two regions within the association. They sometimes visit other housing associations or organisations outside the sector (eg. call centres). They have sometimes carried out benchmarking via questionnaire or by phone, although they report that it can sometimes be difficult to obtain information and that other associations can be quite secretive. They use KPIs to compare their services with others, and Housemark and CIH websites to compare with best practice;
- compete
Teams describe this as the most tricky area. They look at value for money, costs, service charges, etc. and use KPIs and cost data on Housemark;
- challenge
No external challenge is used on reviews. Staff on review teams say they look at the way services are currently provided and see if they could provide that service in a better way, questioning what they do, and 'stepping back from the day job', but that it is sometimes difficult to stand back and see their own organisation. Senior management says that reviews tend not to be very challenging, tending to recommend continuation (with improvement) of the status quo, and that staff tend to be more conservative in recommending change than management would like, and tend not to challenge the fundamentals regarding what is done and why it is done. This has occasionally brought review teams into conflict with SMT, who have sometimes added in more radical recommendations;
- equalities
Review teams look at equality of access, the diversity agenda, disabled access, accessible formats of any information, and cultural factors.

Reviews result in a written report and action plan. Progress reports and final draft reports on BVRs are provided to SMT via presentations by the review team leader. SMT may then suggest other areas for investigation, or make further recommendations. A formal presentation of the report is then made to the Audit Committee, who question the report further.

The association believes that Best Value is a good management tool, which has helped to formalise and bring order to the process of improvement, and helped to avoid knee-jerk reactions to problems. It believes that BVRs are an effective approach that definitely make a contribution, engage staff, enhance staff's knowledge of each others' work, and encourage the association to compare itself with others.

When asked whether reviews have driven improvement, the association's response was that they have supported improvements that the association would have done anyway. Several examples were given of reviews which had supported improvement, eg. the reviews of:

- income control, which introduced All-Pay, and improved relationships with housing benefits departments;
- allocations, which introduced choice-based lettings;
- office services, which resulted in improved use of Language Line, and completely redesigned reception (the association said that the Disability Discrimination Act was

the reason for doing this, but that the BVR had helped in understanding what needed to be done);

- maintenance, which combined two regional maintenance teams into one, combined responsive and planned maintenance staff into one team, designed new computer programmes to monitor gas safety, employed a member of staff to take responsibility for estate maintenance, and adopted a new procedure for tenant recharges.

Involvement of tenants and residents

The association has a range of estate-based tenant groups, and reports that tenants are keen to engage on this level. All tenant groups have an agreed constitution, and several have a tenant compact in place, but there is no over-arching tenant compact. There is no over-arching tenant association. The association believes that its Regional Boards serve that purpose. Regional Boards are appointed by the association Board, and a third of places are designated for tenants selected by tenant election. However, no tenant candidates have presented themselves, so any tenants expressing an interest are invited to attend Regional Board meetings, and some active tenants attend.

The association has recently started a process whereby, every month, each regional office telephones 12 randomly selected tenants who have recently contacted the association, to get their feedback on the services they have received. The association is also about to launch a panel of 90 or so tenants who have agreed to act as a sounding board for discussions, and be consulted via questionnaires, which it believes provides opportunities for involvement which are more convenient to tenants, especially elderly, disabled, and working tenants. The association also uses other innovative ways to try to involve tenants, for example by running children's events on estates.

Tenants interviewed were not a representative sample, but were not aware that the association carried out BVRs of its services.

Tenants are not involved directly in deciding which services will be reviewed, but Regional Boards (which include tenants) have an input into this decision. Tenants are not involved directly in setting terms of reference for individual BVRs, but terms of reference are taken to Regional Boards, who sometimes add issues in.

Tenants are not members of review teams.

Tenant focus groups, workshops, questionnaires, and interviews with tenant associations were used for consultation in early BVRs. Specific tenant surveys (eg. on satisfaction with the complaints process and on tenants involvement) have been carried out to support some recent reviews. Normally now, reviews make use of existing information, including information from ongoing feedback (eg. on response repairs and service charges), complaints, and tenant satisfaction surveys. A detailed 25% tenant satisfaction survey is conducted every 3 years. The association considers use of this information far more representative than a tenant focus group conducted as part of a review, and points to the dangers of over-consulting.

Provision of information on Best Value, continuous improvement and performance

The association does not produce a BVPP, but produces an Annual Review, which deals with corporate objectives, KPIs and benchmarking. It does not refer to Best Value directly, and does not specifically cover outcomes of BVRs. The Annual Review is sent to partners and funders.

A separate Annual Review is produced for tenants. This refers more specifically to BVRs and what the association has done as a result. Information on Best Value is also provided to tenants via newsletters. The association says that it has received no feedback on these publications, and their usefulness is called into question in view of tenants survey results which show that 30% of tenants say they only skip-read tenant information, and 50% say they do not read it at all.

Monitoring of Best Value/continuous improvement

The results of BVRs are provided to SMT, then to the Audit Committee, then to the Board (and Regional Boards where relevant). A database of recommendations and actions from reviews is monitored monthly by SMT, and annually by the Audit Committee. Recommendations from BVRs are not sometimes particularly SMART, but monitoring of progress against recommendations is thorough, and ensures issues are not lost.

Regional Boards receive quarterly reports on performance across the association, which include 9 out of the 15 published KPIs, some more detailed information (eg. a breakdown of serious/less serious arrears), local performance indicators, and comparisons over time, with the Wales average (but not top quartile), and with the association's targets. Board receives an annual presentation on KPI league tables.

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's Board members, senior managers and staff all say that services are improving. As evidence for the quality of its services, the association cites:

- KPIs
- very high staff satisfaction, with responses to staff survey questions showing improvement (sometimes marked improvement) from 2004 to 2005
- a significant improvement in tenant satisfaction between 2001 and 2004.

Tenants interviewed were not a representative sample, but felt that services were not improving, citing, for example, the performance of maintenance contractors, the difficulty in getting satisfactory responses to anti-social behaviour, and the move away from local lettings to choice-based lettings. However, the association's 2004 tenant survey of a representative sample of 500 tenants concluded that tenant satisfaction was higher than at a previous survey in 2001, evidenced by an increase in strength of positive opinion

(percentage of tenants 'very satisfied') at a general level, and a lower incidence of dissatisfaction with specific aspects.

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

KPIs	2002/03	2003/04	2004/05	2005/06²
Vacant units	0.80%	0.45%	0.47%	0.05%
Units vacant > 6 months	0.30%	0.10%	0.40%	0.05%
Rent loss due to voids	1.20%	1.20%	0.62%	0.40%
Rent due from current tenants	2.40%	2.49%	2.30%	2.58%
Days to relet vacant units	10	10	10	7.8
Dwellings let within one week	79.0%	58.0%	66.0%	62.0%
Rent collected as % of rent collectable	98.6%	98.1%	98.6%	99.3%
Tenancies in arrears	77.0%	32.9%	73.0%	35.0%
Emergency repairs completed within target	98.0%	98.5%	99.6%	99.5%
Urgent repairs completed within target	94.4%	97.4%	96.6%	99.8%
Non-urgent repairs completed within target	94.9%	97.8%	97.5%	99.7%
Housing management cost/ unit	£510	£523	£598	£514
Rent owing by former tenants	2.80%	2.10%	1.56%	2.35%

Staff felt that Best Value had been a real driver of improvement, as it has allowed staff to take a step back and look at services, provided deadlines which have given improvement work a high priority, and facilitated planned improvement rather than crisis management. However, they felt that the next round of reviews would be much harder and would not have the same impact, as they would need to 'improve on improvement'.

Board members and senior managers attribute improvements to teamwork, the Board driving change, managers coming up with ideas, and staff embracing change and making it work. They stressed that Best Value had rarely been a reason for change, but had supported change and continuous improvement. The association had been aware of the need for changes before BVRs, but Best Value had helped them see how to tackle those changes.

Is the influence of tenants increasing?

The association does not believe that the influence of tenants is increasing. It says that the influence of tenants at estate level is strong, and is remaining fairly constant, but that at an organisational level it is difficult to get engagement. It is trying to change this by, for example, encouraging greater involvement of tenants on Regional Boards, and through its new tenants' panel/sounding board.

The association believes that Best Value has played no role in moving this agenda on, except for the fact that feedback from tenants (especially from large scale tenant surveys) is now actively used in BVRs, and, as one staff member put it 'put tenants in the forefront of our minds in reviews of services'.

² Figures supplied by the association, but not yet published.

The focus group of tenants interviewed consisted of tenants from only two estates, and the experience of tenants varied greatly between those estates. Tenants from one estate spoke of widescale involvement with and support from the association, and felt that their influence in the association was increasing. Tenants from the other estate thought their influence was decreasing, citing particularly their inability to prevent 'less desirable' new tenants from moving on to their estate, and the difficulty in getting a satisfactory response to anti-social behaviour.

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

The association says its services are becoming cheaper and more streamlined compared to a few years ago, and are now more effective and efficient. The senior staff structure has been radically changed, and they say they are now doing more with a lot fewer staff, particularly at senior level.

They attribute this to:

- a focus on KPIs
- a new SMT keen to make an impact
- a drive from the Board
- the organisational culture whereby people want to come up with ideas for change.

They believe Best Value has played a role, but not a driving role, in terms of cost-effectiveness. They also point out that implementing the actions from some BVRs has had some up-front costs, but has led to better services.

Tenants interviewed felt that services were not cost-effective, believing that much of the association's budget was being spent on dealing with anti-social tenants.

Effect of development consortia

The association believes that development consortia offer new opportunities to drive continuous improvement. Within the consortium it is involved in it describes the level of trust as high. Members are sharing information they would not previously have shared (some of which is described as very confidential), and will now contact each other during policy reviews to seek other members' good policies. A staff sharing protocol is in place, whereby associations can ask for secondments if they have a temporary staff problem. There has been joint training, and there are informal working groups on anti-social behaviour, and on sharing financial expertise. However, the association says there is a downside, in that they hardly communicate now with other associations outside their own consortium, and that relationships between different consortia are sometimes quite hostile and explicitly competitive.

The future of Best Value

If there is to be revised guidance on Best Value or continuous improvement, the senior management and staff of the association would like to see a more risk-based approach to what is reviewed and when. Staff, however, felt that there would be some value in revisiting areas previously reviewed, to evaluate changes put in place, and to focus on failings which may not have had sufficient attention in previous reviews, or which may have been masked by larger problems.

Senior management and staff would also like to see less prescription in terms of process. Staff felt that it had been helpful to have tightly defined guidance at the outset of Best Value, but that associations have since built up their own experience. Board members, however, have found the prescriptive process helpful, in that it has helped them to measure Best Value outputs against those processes. They believe Best Value has done a good job, and just needs 'tweaking', but also believe it is time for a move towards prescribing the outcomes that the Assembly wants to see.

Conclusion

The association uses a range of improvement mechanisms, including Best Value. Its corporate plan is its main driver for continuous improvement, and Best Value supports this. Best Value methodology follows Assembly guidance in some respects, but not others.

Two Best Value programmes run in parallel. One follows a published 5 year plan of one or two reviews per year. The other are additional 'quick and dirty' reviews. Reviews apply the 4Cs, plus an 'E' (equalities). SMT selects a manager to lead each review, and selects members of staff who comprise the review team. Review teams include staff from inside and outside the area under review, and the inclusion of staff from outside the review area is seen as very positive. Review teams do not include Board members, tenants, or people from outside the association. Reviews result in a written report and action plan. The association believe that BVRs have supported improvements that it would have done anyway, rather than driven that improvement.

Tenants are not involved directly in deciding which services will be reviewed, or in setting terms of reference for reviews, but Regional Boards (which include tenants) have input into these decisions. Tenants are not involved in review teams. Consultation for reviews relies largely on existing information (ie. ongoing feedback and the results of a detailed tenant satisfaction survey conducted every 3 years), with specific tenant surveys carried out to support some reviews.

The association does not produce a BVPP. It produces an Annual Review for partners and funders which does not refer to Best Value directly or cover outcomes of BVRs. A separate Annual Review is produced for tenants, which refers to BVRs and what the association has done as a result, and tenant newsletters also provide information on Best Value.

Recommendations and actions from BVRs are monitored by SMT and Audit Committee. Regional Boards receive quarterly reports on performance which cover most (but not all) KPIs and additional information, and includes comparisons over time, with the Welsh average (but not top quartile), and with the association's targets.

Evidence of service improvement over time has been patchy, and most indicators have shown fluctuating performance. However, 2005/06 figures show a marked improvement in 10 out of 13 KPIs. Staff felt that Best Value had been a real driver of improvement, but

Board members and senior managers felt that Best Value has supported continuous improvement but not driven it.

The association does not believe that the influence of tenants is increasing. It reports difficulty in getting tenants engaged, and is trying to change this via a number of new initiatives. It does not believe that Best Value has played any role in moving this agenda on. Views from tenants interviewed were contradictory, some speaking of widescale involvement and support, others feeling their influence was decreasing.

The association says its services are becoming cheaper and more streamlined, and believes Best Value has played a role, but not a driving role, in this. However, whilst Best Value has led to better services, implementing the actions from BVRs has had some up-front costs.

The association provided examples of the ways in which its new development consortium is helping to drive continuous improvement. Levels of trust within the consortium are high, but the association says there is downside in that relationships between different consortia are sometimes hostile and competitive.

If there is to be revised guidance on Best Value or continuous improvement, the association would like to see a more risk based approach to reviews, whilst staff felt there would be some value in revisiting areas previously reviewed. Senior management and staff would also like to see less prescription in terms of process. Board members have found the prescriptive process helpful, but would like to see a move towards prescribing the outcomes that the Assembly would like to see.

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 BVPP produced. 2 Annual Reviews produced – one for partners and stakeholders, one for tenants
<ul style="list-style-type: none"> statement of strategic aims 	Both annual reviews contain objectives for the next year plus overall objectives for the next 5 years.
<ul style="list-style-type: none"> summary of performance against stated objectives and targets 	Annual review for partners and stakeholders contains 7 KPIs and other performance information. Annual review for tenants contains 6 KPIs and a report on progress against last year’s objectives.
<ul style="list-style-type: none"> comparison of results with other RSLs, other social landlords, and published BVPIs 	Annual review for partners and stakeholders includes comparisons with the Welsh median for 5 out of 7 KPIs. Annual review for tenants includes comparisons with the top 25% associations for 5 out of 6 KPIs.
<ul style="list-style-type: none"> key findings report on past year’s service reviews, and summary of resulting action plans 	Annual review for partners and stakeholders does not cover outcomes of BV reviews. Annual review for tenants lists BV reviews and what the association has done as a result.
<ul style="list-style-type: none"> summary of service review programme for year ahead 	Annual review for partners and stakeholders does not contain BV review programme. Annual review for tenants contains information on

	current and future reviews.
<ul style="list-style-type: none"> statement of how the RSL will address equality issues within its reviews 	Annual review for partners and stakeholders does not address this. Annual review for tenants contains a statement of how it addresses equality issues in reviews.
<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 	Both annual reviews contain objectives for the next year plus overall objectives for the next 5 years.
Wide circulation of BVPP or summary to all tenants and stakeholders	Annual review is circulated to all partners and stakeholders. A separate annual review is circulated to all tenants.
Adoption of SMART performance targets	Targets set for most (but not all) KPIs and internal indicators. BVR improvement plans sometimes not SMART.
Development of clear and effective methodology for reviews	Project plans for each review agreed with CX and Regional Boards.
Use of 4Cs	4Cs used in all BVRs, together with 'E' (equalities).
Rolling 5 year programme of service reviews	Rolling 5 year programme is used.
Covering all aspects of association's business	All aspects covered.
Consultation with tenants on programme of reviews	Information on programme provided to tenants, but tenants not directly involved in deciding programme. Regional Boards (which include tenants) have input.
Development of tenant participation compact(s)	No overall tenant compact. Tenant compacts in place with several estate-based groups.
Establishment of clear methods for measuring and reporting on customer satisfaction	Detailed 25% tenant satisfaction surveys carried out every 3 years.
Integration of principles of BV into everything association does	Corporate plan main driver for continuous improvement. BV used to support this process.