An evaluation of Best Value Guidance for Registered Social Landlords

Introduction

In April 2002, Best Value principles were introduced as a non-statutory requirement for housing associations. Whilst there is no statutory requirement for housing associations to work along Best Value lines, the Welsh Assembly Government made a commitment to apply Best Value principles to all social housing and in 2001 issued Best Value guidance for Registered Social Landlords.

Since then, there have been several policy developments which have changed the context within which associations operate.

This research project has two key objectives:
• to determine the effectiveness of the Best Value guidance in achieving its aim of enabling associations to apply the principles of Best Value to their work and to achieve Best Value policy objectives; and
• to make recommendations for the future development of the Best Value regime as it applies to Welsh housing associations.

The main phases in the research were:
• a policy/literature review;
• face-to-face and telephone interviews with a range of key stakeholders;
• telephone interviews with the chief executive or senior manager of 31 of the main developing associations in Wales;
• case studies in six housing associations.

1 National Assembly for Wales (2001) Best Value for Registered Social Landlords
(National Assembly for Wales: Cardiff).
Summary of findings

The Assembly’s guidance on Best Value for housing associations was fully implemented by most associations immediately following its issue, and appears to have been instrumental in helping to foster a culture of continuous improvement in many associations. That culture now appears to be generally well-embedded across associations. New opportunities for driving continuous improvement have also been provided by development consortia, which are already beginning to do a lot of work jointly on continuous improvement, with more planned.

Many associations have already responded to the rapidly changing policy environment and are in the process of significantly changing, or of considering significant change to, their approaches to Best Value and continuous improvement. Any new guidance will need to be responsive to changing policy at a strategic level, with enough flexibility (and not too much detail) to ensure it does not become quickly outdated.

Associations have learnt lessons from the early implementation of Best Value guidance, and most have now moved on from Best Value in various ways:

- some have adapted Best Value to better suit their business;
- some have abandoned Best Value for other continuous improvement mechanisms;
- most are now combining Best Value with a wide range of other approaches to continuous improvement.

It is clear from published evaluations that a wide range of improvement mechanisms outside of Best Value work well to drive improvement. Any new guidance to emerge from this evaluation will, therefore, need to embrace and recognise the validity of a wide range of approaches to service review and continuous improvement, and be non-prescriptive about the improvement mechanisms to be used.

Across the UK, it is increasingly being recognised that embedding the principles and processes of continuous improvement within business and corporate planning processes is crucial to effective implementation. The Beecham Review\(^2\) points to the particular barriers to improvement imposed in Wales by the scale of organisations and the resources available to them. Welsh organisations, therefore, would have particular problems in pursuing continuous improvement processes as something separate from their mainstream business. Telephone interviews and key interviews showed, in many associations, whilst Best Value guidance is being applied, it does not appear to have been mainstreamed or embedded. Best Value is sometimes a ‘stand alone’ function, viewed as an ‘additional burden’, and leading to segmental, rather than holistic approaches to improvement. Other associations, however, have a more integrated approach to improvement and business planning across the organisation.

Many associations believed strongly that the successful pursuit of continuous improvement has less to do with the application of Best Value guidance than with organisational culture. This is borne out by published evaluations which suggest success in delivering improvements largely depends on the culture of an organisation and organisational buy-in to whatever approach is taken.

The policy context for continuous improvement is subject to continuous change. Any future guidance will, therefore, need to be robust enough to remain relevant in the face of those changes.
changes. This is likely to be best achieved by being clear about the objectives of such guidance and by ensuring the content of the guidance supports the achievement of those objectives.

Many associations believe current guidance on Best Value is too focused on process and not sufficiently focused on outcomes. Some believe the guidance is not sufficiently clear about whether specific outcomes are expected. If any new guidance is to recognise the validity of a wide range of approaches to continuous improvement, then a focus on process is no longer appropriate. Evidence of improvement, not methods of delivering improvement, is what matters. This suggests that any future guidance should be outcome-based, clear about what outcomes are expected, and provide a framework for continuous improvement rather than a procedure.

Many associations believe current Best Value guidance is inflexible and over prescriptive (for example, in respect of the requirement to review all activities of the association, the five-year timeframe, the conduct of Best Value reviews, and the content of Best Value Performance Plans). A minority of associations welcomed many prescriptive elements of the guidance, and some felt the guidance was not prescriptive enough. These associations wanted clear expectations of what they needed to do, clearer definitions, and better feedback about whether they were doing ‘the right things’. The majority would prefer any new guidance to emerge from this evaluation to be non-prescriptive, and this is consistent with the suggestion that any new guidance should provide a framework for continuous improvement rather than a procedure. However, it would also be important for any new guidance to provide greater clarity around terminology, definitions and expectations, and it would be helpful to many associations if it were to refer to examples of good practice in driving continuous improvement.

Although there were criticisms of the prescriptive nature of current Best Value guidance in respect of when and how Best Value reviews should be conducted, and associations were now timing and conducting reviews in a wide variety of ways, there was no objection to the principle that services and activities should be reviewed. Associations had generally found reviews useful and productive, and reported many successes in terms of improvements achieved as a result of reviews.

Most associations no longer regularly review all of their services and activities. Many associations have moved, or are considering moving, to a process which focuses reviews where they can make the most impact, or, as one association put it, ‘a regime based on risks and opportunities’.

Robust self-assessment emerges from policy evaluations as one strong driver of improvement. However, evidence from the Wales Programme for Improvement and from Comprehensive Performance Assessment (CPA) in England suggests the required robustness is not always applied, particularly in relation to service assessments.

Evidence also suggest self-assessment alone is not enough to drive improvement if it is not linked to good improvement planning. As yet, self-assessment is fairly undeveloped within housing associations. If any new guidance is to embrace self-assessment as one approach to service review, attention will need to be paid to ensuring the process is robust, and that appropriate focus is placed on resulting improvement planning.
Associations had generally found the 4Cs (consult, compare, compete, challenge) a useful framework for reviewing services and activities. Some of the 4Cs had been applied more rigorously than others, with several associations saying they did not understand what was required in some respects (especially in terms of ‘compete’). The robustness of any approach to service review will largely depend on the evidence base used for that review. Many associations expressed a desire for a future continuous improvement framework to focus more clearly on outcomes than is the case with the present Assembly guidance. Assessing whether desired outcomes have been achieved will require an effective evidence base from which this can be judged. A robust evidence base is unlikely to come solely from performance indicators. The evidence gap will be plugged in part by the publication of housing association inspection reports, which will provide an evidenced judgment of an association’s performance and share good practice. However, there still appears to be the need for a robust methodology for judging, for example, the quality of services and the influence residents have had on services.

Expectations in terms of one of the key objectives of Best Value, increasing the influence of tenants on the delivery of services, are set to change and to increase. For example, the Making the Connections\(^3\) agenda puts increased emphasis on public participation/engagement in services, and the Beecham Review stresses the need for citizen-centred local services. Tenant involvement in Best Value has been very patchy:

- tenants have not always been included as members of review teams. Many associations said tenants have been reluctant to be involved in reviews. Where tenants have been included, they have tended to be drawn from the same small group of active tenants;
- there are many examples of effective and innovative tenant consultation for Best Value reviews, but also examples where tenant consultation for reviews appears to have been somewhat cursory;
- only about half the associations interviewed had involved tenants in deciding which services to review. Some associations had reported problems in this respect, with tenants’ interests not always coinciding with business interests;
- information on Best Value provided to tenants was patchy. Only four associations interviewed still send tenants full versions of Best Value Performance Plans as required by current guidance, most believing they served no purpose. Most send some information via newsletters, but some of this information is minimal. Most associations report little or no tenant response to information sent.

All this suggests the need to ensure greater weight is given to tenants’ perspective on services, to involving tenants in decisions about services, and to providing information on performance to tenants. There are dangers, however,

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to being prescriptive about the way tenants should be involved in Best Value, and to formalising customer involvement when it should be the main focus of the whole organisation.

The literature review and key interviews demonstrated that continuous improvement needs to take place within a very broad policy context. There is, therefore, a need to ensure policies and practices on continuous improvement are well aligned. There is a need for clear alignment between, for example:

- housing association regulation, inspection and self-assessment, including clarity about what consequences there are for organisations that do not follow Assembly guidance;
- associations’ 30 year business planning to meet Welsh Housing Quality Standards (WHQS);
- the newly developed national resident participation strategy;
- the Making the Connections agenda for public services;
- recommendations emerging from the Beecham review of local service delivery;
- expectations of development consortia (especially in terms of expectations regarding efficiency improvement planning and continuous improvement in procurement);
- any new guidance on Best Value and continuous improvement for housing associations to emerge from this evaluation.

There is potential for multiple sets of guidance to emerge, all addressing in various ways the three key objectives of Best Value (continuous improvement in service delivery, increasing the influence of tenants, delivery of cost effective services).

Successful implementation would be more likely if an integrated approach were to be put in place at a policy/guidance level.

Evaluations of Best Value and Corporate Performance Assessment in England suggest inspection results have been significant drivers of improvement. Inspection reports for Welsh housing associations have only just begun to be published, and it is too early to tell whether they will have a similar effect. But, if they are to have a positive effect on the continuous improvement agenda in Welsh associations, it will be particularly important for there to be clear alignment between any new guidance to emerge from this evaluation, housing association inspection, and the consequences there are for organisations which do not follow that guidance or achieve good outcomes.

Currently, there is a significant lack of parity between the requirements of the Wales Programme for Improvement and guidance on Best Value for housing associations in Wales. This did not seem to be a particular issue for associations interviewed. However, parity becomes more important in the context of:

- the likely expansion of stock transfer associations;
- the possibility in the future of housing associations being included in joint local housing policy agreements between local authorities and the Welsh Assembly Government;
- the development of a common performance measurement framework;
- supported housing (with Supporting People as the largest housing budget), where Best Value applies to one group of providers (housing associations), the Wales Programme for Improvement to another (local authorities), and neither applies directly to voluntary sector
support providers;

• recommendations from the Beecham review in relation to voluntary sector organisations that provide public services.

The Welsh Local Government Association (WLGA) paper Taking Stock⁴ sets out proposed changes to the Wales Programme for Improvement which would bring the two regimes somewhat closer. Greater consistency would help address mutual suspicion and reduce the ability for local authorities or housing associations to present themselves as ‘different’. However, some key interviewees felt the Wales Programme for Improvement had been more successful at corporate improvement than at service improvement, made it difficult to get a consistent and comparable view of improvement, and provided less clarity for service users. This suggests any moves towards greater parity should not be achieved via wholesale adoption of the continuous improvement regime currently in place for local authorities, but should take account of the lessons which that regime has learnt in practice.

Finally, how successful has the Assembly’s Best Value guidance been in achieving Best Value objectives?

• How successful has Best Value guidance been in promoting continuous improvement in service delivery?

Some improvements can be evidenced through, for example, performance indicators, but it is not possible to evidence what role Best Value has had in securing those improvements. Best Value appears to have been only one of many things (including leadership and effective management) that have contributed to continuous improvement. Best Value reviews had identified and led on to many areas of improvement, but the general consensus was that continuous improvement was less to do with Best Value than with organisational culture.

• How successful has Best Value guidance been in increasing the influence of tenants on the delivery of services?

Best Value appears to have made limited contribution to this objective, and tenant involvement in Best Value has been patchy. The consensus of interviewees was that Best Value has not driven the tenant participation agenda, but that the drive towards increased emphasis on tenant engagement in services was part of a wider trend in public sector services generally.

• How successful has Best Value been in ensuring the delivery of cost-effective, efficient and effective services?

There is some evidence from associations of cost savings resulting from Best Value reviews, but also evidence of Best Value reviews bringing increased costs, in terms of the improvements resulting from reviews and of the resources needed to undertake reviews, with some associations questioning whether inputs have always justified outputs.

The conclusion would seem to be that, whilst a direct causal link between the application of the Assembly’s Best Value guidance and the achievement of the objectives of that guidance cannot be positively established, the guidance would appear to have helped to secure many improvements in service delivery, but to have been less effective in increasing the influence of tenants or in improving the cost-effectiveness of services.

Recommendations

The report proposes the Welsh Assembly Government should withdraw its current guidance *Best Value for Registered Social Landlords*, and issue revised guidance for housing associations on continuous improvement.

It proposes revised guidance should be clearly aligned with the Welsh Assembly Government’s wider policy agenda, including:

- housing association regulation, inspection and self-assessment;
- associations’ 30 year business planning to meet WHQS;
- the newly developed national resident participation strategy;
- the *Making the Connections* agenda for public services;
- recommendations arising from the Beecham review of local service provision;
- expectations of development consortia (especially in terms of expectations regarding efficiency improvement planning and continuous improvement in procurement); and be sufficiently flexible to ensure it remains responsive to changing policy and does not become quickly outdated.

It proposes revised guidance should:

- recognise the validity of a wide range of approaches to service review and continuous improvement, and not be prescriptive about the improvement mechanisms that associations should use;
- focus on ensuring the principles and processes of continuous improvement are embedded in associations’ culture and corporate and business planning;
- spell out its objectives, and ensure the content of the guidance is designed to support the achievement of those objectives;
- include clear explanations and definitions of terminology used;
- be outcome-based, clear about what outcomes are expected, and provide a framework for continuous improvement rather than a procedure;
- continue to require associations to review services and activities, but to adopt a systematic, risk-based approach to identifying which services and activities will be reviewed;
- require associations to demonstrate HOW they achieve continuous improvement and WHAT they have achieved;
- stress the importance of self-assessment in driving improvement, and of ensuring such self-assessment is robust;
- recommend (but not require) associations apply the 4Cs (or 3Cs and a P - consultation, comparison, challenge, procurement) to reviews of services and activities, outline the reasons this framework might be useful, and provide clear explanations of what is meant by each element of the framework;
- stress the importance of tenants in the process of continuous improvement, and of giving due weight to tenants’ perspective on services, involving tenants in decisions about services, and providing information to tenants on performance. It should emphasise (by linking to the newly developed Assembly resident participation strategy and the *Making the Connections* agenda) the importance of mainstreaming that involvement and strengthening the role of tenants in the organisational culture as a whole;
• ensure an appropriate focus is placed on the importance of improvement planning following review of services and activities; and
• be clear about the evidence regulators might want to see, and the consequences there will be for associations that do not follow the revised guidance or achieve good service outcomes.

In addition, the report proposes revised guidance should include, or refer to, examples of good practice in respect of issues outlined in other report recommendations, for example:
• different improvement mechanisms;
• embedding of continuous improvement;
• systematic approaches to review;
• risk assessment;
• robust self-assessment;
• the application of each of the 4Cs (or 3Cs and a P);
• the involvement of tenants in the process of continuous improvement, including:
  • ascertaining and giving due weight to tenants’ perspective on services;
  • involving tenants in decisions about services;
  • providing information to tenants on performance; and
  • improvement planning.

The report recommends tenants and tenant representative organisations should be fully involved in the process of drawing up any new guidance to help ensure a clear focus on the importance of tenants in the process of improvement.

The report suggests the Assembly Government should consider how best it can:
• collect and disseminate examples of good practice to provide robust evidence against which associations can judge the quality of their services and activities; and
• promote robust methodologies to assist associations in assessing their services and activities.

The report An evaluation of Best Value Guidance for Registered Social Landlords and further copies of this summary can be obtained from: Research and Information Unit
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