

## **LOCAL GOVERNMENT AND HOUSING COMMITTEE**

### **BEST VALUE AND REGISTERED SOCIAL LANDLORDS**

#### **Purpose**

1. To present the consultation paper on Best Value and Registered Social Landlords (RSLs).

#### **Summary**

2. The Committee is invited to make comments on the consultation paper (**see Annex 1**) and to note the timetable for issuing the Assembly's guidance to RSLs.

#### **Timing**

3. The consultation paper was issued on 22 February and responses have been requested by 23 April. It is intended to issue final guidance to RSLs in early June.

#### **Background**

4. Best Value became a statutory requirement for local authorities under the 1999 Local Government Act, and the National Assembly issued guidance to local authorities on how to meet its requirements in March 2000. A Best Value in Housing Working Group was formed in December 1998, to oversee the implementation of Best Value across the social housing sector.

5. In September 2000 a sub-group of the Best Value in Housing Working Group was formed, tasked with producing a consultation paper and specific guidance on Best Value for RSLs. In October, RSLs were advised of the National Assembly's plans to issue Best Value guidance during 2001/2. This commitment to apply Best Value to all social housing in Wales was re-stated in 'Better Homes for People in Wales', published in January.

#### **The proposals**

6. The Consultation paper has been issued to all Registered Social Landlords, all local authorities, representative bodies, and a range of other agencies that work with or have interest in RSLs' activities. The full list of consultees is attached at **Annex 2**.

7. The paper has been developed in order to further the Best Value objectives of promoting continuous improvement in service delivery, increasing the influence of tenants over service delivery, and delivering cost effective, efficient and effective services. The proposals stress the need for RSLs to actively involve tenants and their other customers at all stages. The paper also emphasises the need for RSLs to consult local authorities when devising their programmes, and to co-operate with any local authority reviews that impact upon RSL work.

### **The five mandatory elements**

8. The proposals are generally non-prescriptive, but include five mandatory elements. RSLs will be expected to develop:

- an annual Best Value Performance Plan, which must be circulated to tenants, stakeholders and the community. The Plan should look back at performance over the past year, and forward at the targets the organisation plans to meet during the year(s) ahead.
- a clear and effective methodology for reviewing their services, activities and processes, using the '4 Cs' of Best Value – Challenge, Consult, Compare and Compete.
- a rolling programme of service reviews, to ensure that all aspects of the RSL's business are reviewed within a 5-year period.
- a Tenant Participation Compact or Compacts, setting out how it will involve tenants in its activities, and the resources that will be available to support this. (This reaffirms an expectation that RSLs were informed of in February 2000).
- clear methods for measuring and reporting on customer satisfaction, to complement the arrangements for involving customers set out in the Tenant Compact(s).

### **Other elements**

9. The proposals also expect RSLs to develop performance measures that take account of the National Assembly's published Performance Indicators. RSLs will also be required to set local indicators, in consultation with tenants, benchmarking partners, and others. The Assembly will encourage all RSLs to achieve the standards set by the top 25% of performers.

10. RSLs will be encouraged to draw up 'Best Value Action Plans', setting out the responsibilities for co-ordination and reporting, project management, involving staff, communicating and working with residents, risk management, and training and support services. RSLs will need for to devise a 'toolkit' for carrying out their service reviews.

11. The consultation paper suggests the following deadlines for RSLs to meet in implementing Best Value:

- *By 1.4.01:* RSLs must have fully implemented their Tenant Compact(s)
- *By 1.4.02:* RSLs must have developed their methodology, their service review programme, and methods for measuring and reporting customer satisfaction
- *By 1.7.02:* RSLs must have issued their first Best Value Performance Plan

12. It is proposed that the National Assembly will support RSLs in implementing Best Value in a variety of ways, including consultation seminars, Innovation and Good Practice (Sections 16 /87) grants to individual RSLs, and grants to promote good practice.

### **Regulation and audit**

13. RSLs are subject to performance audit inspections on a rolling 5 year cycle. The purpose of these audits is to ensure that RSLs are complying with 'Regulatory Requirements', the Assembly's published minimum standards for RSLs. This consultation paper proposes that Regulatory Requirements will remain. The National Assembly intends to incorporate the five key elements of its Best Value guidance to become part of Regulatory Requirements by 2002/3.

14. The National Assembly will review its regulation of RSLs during 2001/2. Until this is complete, it will only audit and enforce compliance with existing Regulatory Requirements, but each RSL's progress with Best Value will be assessed during audits. When deciding how it will audit Best Value, the National Assembly will assess the innovations introduced by the Audit Commission, e.g. open reporting, and assessment of customer satisfaction.

### **Consultation issues**

15. Views are being sought on all aspects of the consultation paper. However eight specific questions have been highlighted, some addressed specifically at RSLs. The Committee may wish to comment on these:

- (i) Do you have any views on which RSLs the guidance should apply to?  
Should the guidance apply to RSLs with fewer than 250 homes?

- (ii) Do you have any views on the five essential elements of the framework? Are they appropriate? Are they sufficient?
- (iii) Does your RSL already have a mechanism for service review? Is the organisation clear about whether and how it needs to be adapted to meet the principles of Best Value?
- (iv) Would you welcome the development of a customer satisfaction survey service for Welsh RSLs?
- (v) What PIs would you consider useful to aid the Best Value process for comparison, target setting, illustration of the RSL's continuing improvement, and for reporting to its tenants and customers?
- (vi) Have you any comments about how Best Value can be integrated with your organisation's existing continuous improvement work?
- (vii) Have you any comments about the proposed implementation timetable?
- (viii) What other action could the National Assembly reasonably take, to assist RSLs with implementing Best Value?

## **Compliance**

16. The National Assembly has powers under Section 75 of the Housing Associations Act 1985, as amended by the Housing Acts 1988 and 1996, and under the Government of Wales Act 1998 to 'facilitate the proper performance of the functions of registered social landlords', and 'to exercise supervision and control over such persons'. It also has powers to 'issue guidance with respect to the management of housing accommodation by registered social landlords' under Section 36, Housing Act 1996, as amended by the Government of Wales Act 1998.

17. There are no issues of regularity and propriety.

18. The compliance costs RSLs will face in responding to the requirements of Best Value will be offset over time by the efficiency savings which best value will deliver. Finance Group has been consulted about this submission, and is content with the financial aspects.

## **Cross-cutting themes**

19. The proposed guidance will encourage RSLs to include 'cross-cutting' reviews, for example to look at the whole range of its services to a defined client group, or tenants in a particular area.

**Action for Subject Committee**

20. The Committee is invited to note the consultation paper, to comment on its proposals, and to raise any issues it wishes to with the Minister for Finance, Local Government and Communities.

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**BEST VALUE FOR REGISTERED SOCIAL LANDLORDS - A  
CONSULTATION PAPER**

**1. Proposal**

- 1.1 The National Assembly proposes to issue guidance to Registered Social Landlords (RSLs) on applying the principles of 'Best Value' to their work. This consultation paper sets out:
- \* the key elements of the proposal
  - \* the preparations that RSLs need to make
  - \* how the National Assembly will support RSLs to deliver Best Value
- 1.2 The National Assembly will be pleased to receive your comments on any aspect of this paper, but has highlighted a number of specific questions that it hopes you will wish to comment upon.
- 1.3 There will be a separate consultation exercise during 2001/2 on proposed changes to the regulation of RSLs. The review of regulation will include the issue of how RSLs' compliance with Best Value will be assessed, from 2002/3.
- 1.4 The Best Value guidance we issue following this current consultation will become *recommended* practice for RSLs during 2001/2. We intend that the key elements of the guidance will then be incorporated within Regulatory Requirements from 1 April 2002, after the changes to the regulatory framework are finalised.
- 1.5 We believe that Best Value is relevant to all RSL activities. RSLs will need to ensure that all services and processes are included within the service review programmes that they develop.
- 1.6 Our intention is that the Best Value guidance will apply to all RSLs with over 250 units of accommodation within their organisation or Group. However we will encourage RSLs below this size to apply the same principles to their work.

*QUESTION 1: Do you have any views on the issue of which RSLs the guidance should apply to? Should the guidance apply to RSLs with fewer than 250 homes?*

## **2. Introduction**

- 2.1 Best Value is a key part of both the UK Government and The National Assembly for Wales' agendas. Best Value became a statutory responsibility for local authorities under the 1999 Local Government Act.
- 2.2 Although Best Value is not a statutory obligation for RSLs, the National Assembly considers its principles to be equally applicable to them. This is reflected in 'Better Homes for People in Wales', which outlines our proposals for a National Housing Strategy. This includes a commitment to apply Best Value to all social housing in Wales. For the past year, we have also encouraged RSLs to adopt Best Value principles in planning and reviewing their activities.
- 2.3 This consultation paper has been prepared by a sub-group of the National Assembly's Best Value in Housing Group (BVHG), (membership at **Annex A**). The BVHG was set up in December 1998 to monitor the application of Best Value throughout the social housing sector. This paper has been developed by the National Assembly in close co-operation with the Welsh Federation of Housing Associations (WFHA). We now wish to receive input from all RSLs and their stakeholders, notably tenants and other customers.
- 2.4 The National Assembly recognises that despite their common role as social landlords, RSLs are very different to local authorities. It is inappropriate therefore, to expect RSLs to apply Best Value in exactly the same way. We acknowledge the business case for RSLs to be flexible and innovative. We want to produce a Best Value approach that reflects this and is appropriate for the sector.
- 2.5 We will work to increase local authority awareness of the Best Value framework for RSLs. In turn, we expect RSLs to work in partnership with local authorities on their Best Value initiatives.

## **3. What do we mean by Best Value? What are we aiming to achieve?**

- 3.1 Best Value has been described as 'the duty to secure continuous improvement'. In short, it is about reviewing the whole of an organisation's activities on a rolling basis, and identifying the best ways in which services can be improved.

- 3.2 Our objectives from 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
- 3.3 For most RSLs, these concepts are not new. The National Assembly acknowledges that several RSLs have already been pursuing continuous improvement programmes for some years. Many have made substantial progress, and whilst they may not have been using Best Value terminology, they have been applying many of its key principles. In devising our approach we are keen to allow RSLs to build upon these gains, whilst ensuring that their approaches are robust and comprehensive.
- 3.4 We want RSLs to develop a clear framework and methodology for assessing Best Value. However we wish to avoid being too prescriptive on the detail, for example on exactly how services are reviewed, or how Performance Plans should be structured. In other words, there is no single 'correct' approach. Our guidance will have some mandatory elements, but these will be deliberately few in number.
- 3.5 We believe that motivation and corporate commitment will be crucial. Individual RSLs will fail to understand the purpose of Best Value if they regard it as something to be done purely because the Regulator requires it. To be successful, RSLs need to make Best Value a central feature of their organisational culture. To get the most from Best Value, they will have to embrace it. A significant culture change may be needed, and this may prove difficult in the short term.
- 3.6 Board members and senior managers have vital roles to play in securing this commitment, and in minimising any short-term disruption. A corporate approach, with Best Value driven from the top, will be essential. Best Value depends on effective leadership. The challenge for senior management will be to ensure that it becomes an integral part of everyone's work, not just an 'add-on' task.

#### **4. Key Expectations**

- 4.1 As stated above, we are keen to allow a flexible approach. We want to continue to allow RSLs to devise their own methods for reviewing services, and for developing their goals.
- 4.2 When constructing their approach, we expect RSLs to involve their tenants actively, and where possible their other customers. The resulting



framework must ensure that tenants can be involved at all stages of the Best Value process, for example in reviewing services, in agreeing service targets, and in developing Performance Plans.

- 4.3 Partnership working with local authorities will also be crucial. RSLs should consult with them when devising their programmes, and should co-operate with local authorities engaged in corporate reviews that impact upon RSL work, for example regeneration initiatives and community care strategies.
- 4.4 RSLs should be as open as possible in their approach, however we recognise that it may not be possible to involve all stakeholders in reviews that address confidential or commercially sensitive issues.
- 4.5 Whilst encouraging flexibility, we propose that there should be five essential elements to the process. This is to ensure that all RSLs embrace the underlying principles. These five elements are set out in sections 5 to 9 below.

<i>QUESTION 2: do you have any views on the five essential elements of the framework? Are they appropriate? Are they sufficient?</i>
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## **5. Best Value Performance Plans.**

- 5.1 RSLs will be expected to produce a Best Value Performance Plan (BVPP), which should be a public document, updated annually. The BVPP should be the main mechanism by which the RSL accounts for its performance to tenants and stakeholders. It should look back at performance over the past year, and forward at the targets the organisation plans to meet during the year(s) to come. Specifically, we propose that each RSLs' Plan should include:
  - : a statement of the RSL's strategic aims
  - : a summary of its performance against stated objectives and targets
  - : a comparison of its results with those achieved by other RSLs, other social housing providers, and the published BV Performance Indicators
  - : a report of the key findings of *all* the past year's service reviews
  - : a summary of the action plans arising from those reviews
  - : an outline of the programme of reviews for the year ahead
  - : a statement of how the RSL will address equality issues within its reviews
  - : a statement of its targets for the next year, and longer term targets
  - : a commentary on the means by which it will achieve these targets
- 5.2 The Performance Plan should become a primary corporate document, and as such the Board should approve it. As part of the process, the Board

should agree the programme of service reviews, how they will be carried out and how results will be presented, implemented and reviewed. The Performance Plan should also be consistent with the Business Plan. For some RSLs, it may be logical to combine the Performance Plan with the Business Plan, and/or the Annual Report.

- 5.3 To ensure maximum openness and accountability, the Performance Plan or a summary should be circulated widely to tenants and stakeholders and within the communities the RSL serves. For some RSLs, it may be appropriate to embody the Performance Plan within the Annual Report or to annexe the Plan to it. Details of when Performance Plans must be issued by, are set out in section 11.
- 5.4 Target-setting will be a critical activity during the preparation of the Performance Plan. Most RSLs already have a range of service targets in place, but under Best Value there may be a need to review and extend these. When addressing this, RSLs should ensure that all performance targets are 'SMART' - Specific, Measurable, Achievable, Realistic and Timely.
- 5.5 To assist RSLs, we intend to include a model framework for a Best Value Performance Plan within the final guidance.

## **6. A Methodology for Service Reviews**

- 6.1 RSLs will be expected to develop a clear and effective methodology for reviewing their services, activities and processes, using the '4 Cs' of Best Value – Challenge, Consult, Compare and Compete.

6.1.1: CHALLENGE: this involves fundamental appraisal – why does the RSL carry out the activity, and why in that way? Do customers, or others benefit? It will be important to analyse the organisational culture – are staff empowered? Is serving customers' needs the primary goal? Does cost reflect value to customers? Are there other ways to achieve a better result?

6.1.2: CONSULT: this requires the RSL to involve its customers and stakeholders in planning, standard setting, reviewing, decision-making, and progress monitoring. It will be crucial to develop clear and effective methods of obtaining feedback, and to ensure that there is as close an alignment as possible between customer priorities and organisational goals. RSLs should also consider the use of professional market research techniques.

6.1.3: COMPARE: this involves studying the organisation's performance in relation to others. Comparisons can and should be made at several levels, for example national level, local or regional level, and within the organisation itself. As competition and customer expectations rise, it will be increasingly important for RSLs to compare the results they achieve with their peers. In doing so, they need to move beyond relying upon the Assembly's published Performance Indicators.

6.1.4: RSLs need to establish 'benchmarking' arrangements as part of a comprehensive approach to management information. Benchmarking can focus on costs, processes and outcomes – all have value. Successful benchmarking requires substantial commitment however, and a willingness to select good performers to benchmark with.

6.1.5: Comparing user satisfaction with different areas of service is a vital element. Customer satisfaction is the most crucial of all tests, and will help the RSL to identify areas of relative under-performance for early review.

6.1.6: COMPETE: this 'C' requires the RSL to review its existing arrangements for providing its services – and to ask itself: 'are they the most efficient and cost-effective'? Consulting and involving tenants and other users throughout the process is vital.

6.1.7: All contracts should be reviewed and market tested, and in some circumstances put out to tender. Innovative forms of contract, for example partnering, need to be considered. The key maxim is 'what matters is what works best'. RSLs need to devise clear methods for assessing which of the following four approaches will deliver the best value for tenants, and for other customers:

- directly providing the service in house
- contracting out the service, after competitive tender
- forming a joint venture or partnership after external competition
- offering the service to other potential customers

- 6.2 Service review should be an opportunity to stand back and to identify ways of improving services to tenants at the same or lower cost, or at a higher cost providing customers are content with this. If approached with openness and enthusiasm, it can become an opportunity to innovate, not a bureaucratic ‘must-do’.

*QUESTION 3: does your RSL already have a mechanism for service review? Is the organisation clear about whether and how this mechanism needs to be adapted to meet the principles of Best Value?*

- 6.3 Reviews should take a long-term view but also seek to identify and achieve short-term gains. Each one should result in an *action plan*, setting out the objectives, performance indicators and targets for the function, and how these will be achieved. Action plans should also include a mechanism for monitoring and reviewing targets over the review cycle.
- 6.4 For all reviews, there should be a clear brief, informing those taking part about the precise scope of the review, how long the review should take, and what they are expected to produce. The brief should be made widely available.
- 6.5 It is important to involve tenants and customers in all aspects of Best Value. It is particularly important when conducting reviews and when setting service standards. RSLs should offer as much training and support as they can. We recognise that persuading tenants to serve on review teams or to attend focus groups is not always easy, but we stress the value of this.
- 6.6 When seeking to involve tenants, experience from local authorities and from the pilot projects indicates that at first, it may be better not to use ‘Best Value’ and its related terminology – jargon is often unhelpful for securing initial involvement. Organisations need to focus on issues of concern, then build an understanding of Best Value principles via training and support.

## **7. A planned programme of Service Reviews**

- 7.1 We propose that all RSLs should develop a rolling programme of service reviews, to ensure that every aspect of their business is reviewed within a maximum 5-year period. The precise order of reviews will be for each landlord to decide. RSLs may wish to begin their programmes with some straightforward reviews to encourage participants to understand and commit to the process. However RSLs will be advised to tackle early on any activities where there is serious under-performance. There may

also be a case for RSLs to prioritise the review of higher expenditure activities. Until these are reviewed it will be difficult to judge whether resources are being used effectively.

- 7.2 Best Value provides an opportunity to review services from the customer viewpoint. It will be vital to consult all residents on the programme, and about how services are parcelled up for review. Tenants' views about current performance should be a key consideration in determining the order of reviews. Once agreed, the programme should be publicised widely.
- 7.3 We recognise that priorities will change over a 5-year period. If the order of reviews is changed to reflect this, the reasons for doing so should be explained to customers in the next issue of the Performance Plan.
- 7.4 RSLs should consider including 'cross-cutting' reviews within their overall programme. For example by looking at the whole range of its services to a defined client group such as older people, or the tenants in a particular area. Experience elsewhere has shown that 'cross-cutting' reviews can be more clearly focused on the service user, and can encourage more radical thinking. However they are resource intensive because the RSL has to look at so many activities at once. It will be important to balance them with service-specific reviews.
- 7.5 When stock is managed for an RSL by another RSL or unregistered managing agent, those involved will need to decide how to organise the review process. Supported housing providers will, for example, need to consider how to conduct their service reviews where those services are delivered by another party. All parties will need to agree be clear about how Best Value service reviews will differ from other review processes, e.g. annual project reviews.
- 7.6 RSLs should build into their service review programmes a mechanism for independent assessment of the process. The frequency with which this is done will be a matter for each RSL, but a periodic 'audit' is recommended, either from outside the organisation, or via internal audit, to ensure the service review process is adequate.
- 7.7 We recognise that in planning their service review programmes, RSLs may need to review fewer activities in the first year than in subsequent years. This will allow for a 'standing start', and give them time to learn from the initial reviews. However we would caution against end-loading the programme.

## **8. Tenant Participation Compacts**

- 8.1 Every RSL should develop a Tenant Participation Compact or Compacts, setting out how the RSL will involve its tenants in its activities, and the resources that will be made available to support this. RSLs should refer to the separate guidance issued by the National Assembly. RSLs are expected to be working towards the full implementation of Tenant Participation Compacts by April 2001.
- 8.2 Tenant Participation Compacts are formal agreements, aimed at getting more tenants actively involved in each RSL, to contribute to the process of continuous improvement. They should be a key component of the RSL's Best Value framework. An assessment of the Compact and the work being done to implement it will be one of the main ways in which the RSL's performance will be evaluated during audit, both before and after the National Assembly's review of RSL regulation.

## **9. Clear Methods of Measuring and Evaluating Customer Satisfaction**

- 9.1 We propose that each RSL should develop clear methods for measuring and reporting on customer satisfaction with its services. These methods should complement the arrangements for involving customers, as set out in the Tenant Compact(s). Levels of tenant and other customer satisfaction will be a key test of whether an RSL's approach to Best Value is working.
- 9.2 Many RSLs already have a proven record in this area, and have established a range of methods for obtaining customer feedback. The options available include focus groups, tenants associations or forums, continuous surveys and periodic tenant attitude surveys. Ideally a range of measures should be employed. The methodology should also ensure that tenants with communication difficulties are given appropriate assistance, to enable them to express their views.
- 9.3 The National Assembly is considering the promotion of a common methodology for benchmarking the satisfaction of social housing consumers across the social housing sector. Such an initiative is already under way in England, in which the National Housing Federation processes a standardised survey of RSL tenants. We will be discussing the idea in depth with the Welsh Tenants Federation and with TPAS (Cymru). However as part of the consultation, we wish to gauge the general level of support for this idea, and to ask RSLs whether they would be keen to participate.

*QUESTION 4: Would you welcome the development of a common customer satisfaction service for Welsh RSLs?*

## **10. Performance Indicators**

10.1 When developing their own PIs, RSLs should take account of other PIs which are collected:

- (i) Best Value PIs and other PIs published by the National Assembly
- (ii) the RSL's own existing local indicators, set in consultation with tenants, benchmarking partners, and others

10.2 RSLs should not anticipate any immediate changes to the PIs collected by the National Assembly, at least not for 2001/2002. Discussions on appropriate Indicators and harmonisation with local authority BVPIs are taking place within the Best Value Housing Group, set up by the National Assembly. However, any changes will not be put in place until 2002-2003 at the earliest. It is expected that a form of PI that collects information on tenant participation and satisfaction will be required. Other PIs may be omitted or amalgamated to reduce the administrative burden on RSLs. We also encourage RSLs to explore the use of their own indicators for less quantifiable areas, for example harassment, anti-social behaviour, contribution to housing the homeless, housing sustainability issues, etc.

10.3 The Assembly believes there is potential to improve the performance of all RSLs. We recommend that all RSLs should aim to achieve the standards currently set by the top 25% of performers, as listed in our published performance indicators. We expect Performance Plans to include information on how the RSL's performance compares to these top performers, and on how it intends to move towards that level of performance or improve upon it.

*QUESTION 5: What PIs would you consider useful to aid the Best Value process for comparison, target setting, and illustration of the RSL's continuing improvement, and for reporting to its tenants and customers?*

## **11. Best Value planning**

- 11.1 We want RSLs to integrate the principles of Best Value into everything they do. However there are dangers in promoting it as a 'project' or an 'initiative'. For example staff may construe it as a time limited exercise that is separate from core activity.
- 11.2 Thorough planning will be required. We recommend that RSLs should draw up a 'Best Value Action Plan', setting out clear roles and responsibilities for:
- : overall co-ordination and reporting
  - : initial project management, and involvement of staff
  - : communication and joint working with residents
  - : systems & support services
  - : risk management
- 11.3 A key part of the planning process will be to devise a 'toolkit' for carrying out reviews. Each organisation needs a clear and consistent approach, which is understood and 'owned' by all. Some will already have a methodology in place, which may need little or no changes. Others may have to start from scratch, and would be advised to pilot their methods first. Once Best Value has become established, the review methodology will itself need regular review, to ensure that the process remains thorough, dynamic and challenging.
- 11.4 Best Value action plans should have a special emphasis on training. We recommend that the training should include staff, Board members and tenants, particularly during the initial stages. A shared understanding of the concept is vital. Training and feedback will also be important following service reviews. Everyone involved in the process needs to know what has been learnt from the process, how the organisation intends to respond, and about any changes they as individuals may be required to make.
- 11.5 RSLs already involved in improvement initiatives, e.g. EFQM / Business Excellence model, ISO 9000, Investors in People, Chartermark, will need to consider how they will integrate these with Best Value.

<p><i>QUESTION 6: Have you any comments about how Best Value can be integrated with your organisation's existing continuous improvement work?</i></p>
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- 11.6 Cost considerations must also be addressed at the planning stage. In the short-term, Best Value is unlikely to generate savings, as there will be setting-up costs. For example staff time, training, changes to IT and information systems, and the cost of publicity and survey work. These need to be planned and budgeted for. In time, there will be considerable potential for efficiency gains as the Best Value programme becomes more established, and as all participants become more familiar with the process.
- 11.7 There is no single correct approach to Best Value, but RSLs may find it useful to ensure that their framework reflects all the key elements we have specified.
- 11.8 We propose the following timetable for RSLs to adopt their Best Value framework:

By 1 April 2001:

As outlined in previous guidance, RSLs are expected to have fully implemented their *Tenant Compact(s)* by this date.

By 1 April 2002:

RSLs will be expected to have put in place all remaining elements of their Best Value framework including, as a minimum, their *methodology for conducting service reviews*, their *programme of service reviews*, and their *mechanisms for measuring and evaluating customer satisfaction*.

By 1 July 2002:

RSLs will be expected to have put in place their *Best Value Performance Plan*, which should include details of their performance during 2001/2, their targets for 2002/3, and comparisons of their performance against the 'top performers', as defined by the published performance indicators for 2000/1. However we would encourage RSLs that feel ready to produce a Best Value Performance Plan for 2001/2, to do so.

<p><i>QUESTION 7: : Have you any comments about the proposed timetable for implementing Best Value?</i></p>
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## **12. Best Value and Regulation**

- 12.1 RSLs in Wales are rightly proud of their reputation as providers and innovators. We do not wish to stifle their creativity by burdening them with an increased level of regulation.

- 12.2 We propose that our 'Regulatory Requirements' will remain as minimum standards. We see no conflict between them and the principles of Best Value. Regulatory Requirements provide an important level of comfort to tenants, lenders, and the communities that RSLs serve. An RSL that is already meeting Regulatory Requirements has already gone a long way towards achieving Best Value.
- 12.3 However we do intend to review Regulatory Requirements during 2001/2, along with audit and the other elements of the regulatory framework. Preparations are in hand to begin this review soon, and a separate consultation paper will be issued early in 2001/2. We will work closely with WFHA, the Welsh Tenants Federation, TPAS (Cymru), the Council of Mortgage Lenders, and others to devise the new arrangements.
- 12.4 In the short term, until this review of regulation is complete, we will only audit and enforce compliance with the existing Regulatory Requirements. However the opportunity will be taken at any arranged audit visits to discuss the RSL's progress in its approach to Best Value.
- 12.5 Without pre-judging any other outcomes from the review, we can confirm now that we intend the five key elements of the Best Value guidance we issue for 2001/2, i.e. the proposals in sections 5 to 9 of this paper, to become *requirements* for 2002/3. This will necessitate long term planning by RSLs, to ensure that there is a clear Performance Plan and Service Review Programme in place by April 2002.
- 12.5.1 For many years, RSLs have been subject to a wide-ranging process of risk audit by their Regulator. The current system has many strengths but, it is argued, also some flaws that should be addressed. For example, many believe there is an over emphasis on detail, and that exception reporting, i.e. focussing on areas of non-compliance with Regulatory Requirements, has a demoralising effect. Best Value provides an ideal opportunity for us to review the approach to audit.
- 12.6 In planning our review, we are aiming to develop a type of audit that encourages RSLs to strive for excellence. We also intend to assess the innovations already introduced by the Audit Commission, the Housing Corporation and others in their auditing of Best Value. In particular, we are keen to introduce open reporting, and to place more emphasis on assessing customer satisfaction with services. We may need to retain traditional risk audit as a reserve power for failing RSLs. The checks that ensure that RSLs are in good financial health are also likely to remain, e.g. quarterly returns of management accounts. However any changes we make will be thoroughly tested first, by means of a series of pilot audits, later this year.

### **13. Promotion of Best Value**

13.1 The National Assembly recognises that it has an important role in encouraging RSLs to adopt Best Value. We intend to support them in this process in a variety of ways, including:

- Three Consultation Seminars - see paragraph 15.2 below
- Innovation and Good Practice (Sections 16 / 87) projects
- The provision of grant aid to the Welsh Federation of Housing Associations to promote good practice in Best Value to RSLs
- Further development of a common customer satisfaction survey, in conjunction with the Welsh Federation of Housing Associations
- Pilot audit visits to test out new approaches to audit, that encompass Best Value
- Further development of the Performance Indicator framework

<i>QUESTION 8: What other action could the National Assembly reasonably take, to assist RSLs with implementing Best Value?</i>
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13.2 Given the all-embracing nature of Best Value, we are keen to develop and share good practice, and methods for promoting it in the longer-term. We will be inviting RSLs and others to make proposals under our Section 16/ Section 87 Innovation and Good Practice Grant programme as to how this can be achieved.

13.3 We intend to produce a detailed annexe to our guidance, detailing sources of further advice and information, including publications, contact addresses and web sites.

### **14. Consultation Issues**

14.1 As well as comments on the overall style, content and usefulness of this paper, the National Assembly is keen to receive your views on the specific questions highlighted in this document. These are, in summary:

- |       |   |
|-------|---|
| (i)   | Do you have any views on the issue of which RSLs the guidance should apply to? Should the guidance apply to RSLs with fewer than 250 homes? |
| (ii)  | Do you have any views on the five essential elements of the framework? Are they appropriate? Are they sufficient?                           |
| (iii) | Does your RSL already have a mechanism for service review? Is   |

the organisation clear about whether and how it needs to be adapted to meet the principles of Best Value?

- (iv) Would you welcome the development of a customer satisfaction survey service for Welsh RSLs?
- (v) What PIs would you consider useful to aid the Best Value process for comparison, target setting, illustration of the RSL's continuing improvement, and for reporting to its tenants and customers?
- (vi) Have you any comments about how Best Value can be integrated with your organisation's existing continuous improvement work?
- (vii) Have you any comments about the proposed timetable for implementing Best Value?
- (viii) What other action could the National Assembly reasonably take, to assist RSLs with implementing Best Value?

## **15. Consultation timetable**

15.1 To achieve inclusive policy development we propose the following stages:

- |   |   |                            |
|---|---|----------------------------|
| * | Consultation document   | Responses by 23 April      |
| * | Consultation seminars (in South-West, South-East and North Wales) | March, 13, 15 and 16       |
| * | Assessment of responses   | 23 April to 11 May         |
| * | Issue of final guidance   | late May / early June 2001 |

15.2 The Consultation seminars are intended to provide consultees with an opportunity to ask questions of the National Assembly, and to clarify any aspects of the consultation proposals that are not clear. Further information about these seminars will be provided to all RSLs in the near future.

**16. Consultation responses and where to send them**

16.1 You should send your responses to this consultation by letter or e-mail to:

Peter Owen  
Housing Directorate  
National Assembly for Wales  
Cathays Park  
Cardiff  
CF10 3NQ

Telephone: (029) 2082 5785  
Fax: (029) 2082 5136  
E-mail: [peter.owen@wales.gsi.gov.uk](mailto:peter.owen@wales.gsi.gov.uk)

**YOUR RESPONSES MUST ARRIVE NO LATER THAN MONDAY 23<sup>rd</sup>  
APRIL 2001.**

16.2 Further copies of the consultation paper are available from:

Susan Wyson  
Housing Directorate  
National Assembly for Wales  
Cathays Park  
Cardiff  
CF10 3NQ

Telephone: (029) 2082 6938  
Fax: (029) 2082 5136  
Email: [susan.wyson@wales.gsi.gov.uk](mailto:susan.wyson@wales.gsi.gov.uk)

**National Assembly for Wales Best Value in Housing Group (BVHG)**

**Membership**

John Bader	National Assembly for Wales
Lynne Edwards	National Assembly for Wales
Peter Owen	National Assembly for Wales
Allan Bond	National Assembly for Wales
Anne Delaney	Audit Commission, Wales
Keith Edwards	Chartered Institute of Housing Wales
David Evans	City and County of Swansea and Welsh Local Government Association (WLGA)
Terry Hennigan	Welsh Tenants' Federation
Roger Howard	Welsh Tenants' Federation
Gareth Hughes Roberts	Tenants Participation Advisory Service Cymru
Steve Partner	Flintshire County Council and WLGA
Richard Walker	Cardiff University
Tony Whitaker	United Welsh HA and Welsh Federation of Housing Associations (WFHA)

**Best Value and RSLs sub-group**

*(This group has undertaken the detailed work in preparing the consultation paper)*

**Membership**

Mark Gardner	Eastern Valley Housing Association
David Hedges	WFHA
Hugh Jones	Gwalia Housing Group
Kevin Protheroe	Cardiff Community Housing Association
Mike Santon	United Welsh Housing Association
Robert Sparks	WFHA
Allan Bond	National Assembly for Wales
Chris Gittins	National Assembly for Wales
Joy Kent	National Assembly for Wales
Geoff Marlow	National Assembly for Wales
Peter Owen	National Assembly for Wales