

This Key Line of Enquiry (KLOE) on Judgement Two – 'What are the prospects for improvement?' - is part of a set of KLOEs produced by the Housing Inspectorate. To find out more about how KLOEs are used please read the KLOE guidance notes available from the Housing Inspectorate.

KLOEs represent sets of questions and statements around either service or judgement specific issues which provide consistent criteria for assessing and measuring the effectiveness and efficiency of housing services. These KLOEs are designed to provide inspectors, inspected bodies and others with a framework through which to view and assess services.

The KLOE for Judgement Two of inspections on 'What are the prospects for improvement?' takes a slightly different format to the other 12 KLOEs which relate to service specific issues under Judgement One of inspections on 'How good is the service?'

The Judgement Two KLOE are framed around three main questions which are:

- ◆ What is the evidence of service improvements?
- ◆ How good are the current improvement plans?
- ◆ Will improvements be delivered?

The Judgement Two KLOE on 'What are the prospects for improvement?' covers the following areas:

- ◆ track record;
- ◆ service user benefits;
- ◆ learning;
- ◆ use of best value principles;
- ◆ contents of plans;
- ◆ quality of plans;
- ◆ ambitions;
- ◆ prioritisation;
- ◆ capacity; and
- ◆ performance management.

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<p><b>Judgement Two – question 1 – What is the evidence of service improvements?</b></p>		
<p><b>Track record</b> How effectively has the organisation successfully implemented:</p> <ul style="list-style-type: none"> <li>the recommendations from previous inspection reports from regulators or other regulatory or improvement work relevant to the services inspected, such as external audit or peer review; and</li> <li>their own corporate and service improvement plans, whether following a best value review or equivalent as a result of legislative requirements?</li> </ul>	<ul style="list-style-type: none"> <li>Has fully integrated recommendations and action points from previous inspection reports from regulators, peer reviews or from external audit, into its service planning system and has completed the actions it has set out to achieve within corporate and service plans on time, to budget and with the required outcomes and impacts.</li> <li>Has achieved progress at a rate and extent exceeding expectations set in relation to the baseline performance of the organisation, and within the context and constraints in which the organisation operates (ie, levels of improvement in a poorly performing housing organisation need to be demonstrably greater, and targets more stretching, than in a high performing one).</li> </ul>	<ul style="list-style-type: none"> <li>Has not fully integrated recommendations and action points from previous inspection reports from regulators, or other peer reviews or from external audit, into its service planning system. A mixed picture emerges of some actions that are detailed within corporate and service plans completed, others in progress and some not commenced.</li> <li>Has achieved progress to date which is less than would be realistically expected of the organisation given its context and the constraints faced.</li> </ul>
<p><b>Service user benefits</b> How extensively has the organisation delivered clear and discernible benefits for all customers</p>	<ul style="list-style-type: none"> <li>Has delivered discernible benefits for all groups of customers, including the most disadvantaged, from the improvements implemented. The organisation, in implementing its corporate and service plans, has ensured that actions have brought considerable benefits to the quality of life of all customers.</li> </ul>	<ul style="list-style-type: none"> <li>Has made changes but delivered improvements of mixed quality. The organisation may have expended much energy but there are few outcomes for customers and achievements are concentrated on processes and internal infrastructure.</li> <li>Has completed some key actions, some of which have</li> </ul>

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of the service in the last two years?	<ul style="list-style-type: none"> <li>Has delivered clear benefits as measured through national and local indicators which compare well with other service providers, high levels of customer satisfaction and through demonstrable changes on the ground.</li> <li>Has achieved benefits for customers, the scale and extent of which are considerable given the constraints faced by the organisation. The scale and extent of achievements represents good value for the effort and resources deployed.</li> </ul>	<p>resulted in improvements to the quality of life of some customers, but for others including the most disadvantaged, the impact has been minimal.</p> <ul style="list-style-type: none"> <li>Has delivered variable quality of improvement as reflected in the local and national PIs which show that, while some elements of the service may be in the best quartile, others are below average. Customer satisfaction is mixed and service users and communities have limited awareness of any improvement in services.</li> <li>Has not achieved improvements and benefits of a scale and extent that would be expected given the type of organisation and the constraints it faces. What has been achieved does not represent good value.</li> </ul>
<b>Learning</b> How well is the organisation implementing service improvements as a result of learning from its own experience and from others, for example complaints systems, customer surveys, staff and customer suggestions and best practice?	<ul style="list-style-type: none"> <li>Proactively seeks to learn from its own experience and from others. It has robust systems in place to capture and implement learning points from a wide range of sources and share these across services within the organisation.</li> <li>Uses this learning in service planning and reviews of service delivery. Shares learning systematically across the organisation.</li> <li>Can point to significant service improvements that are attributable to suggestions and feedback from customers, staff and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Learns from customers, staff and partners but only as a reaction to problems raised by them. It does not deliver continuous improvement in services because it does not set out to proactively learn from itself and others.</li> <li>Changes to services only occur when risks are exposed or when the organisation is forced to change by external agents.</li> <li>Has limited mechanisms to share learning across the organisation and consequently good practice is not adopted throughout.</li> <li>Has few examples of where it has significantly improved services as the result of learning from customers, staff and other stakeholders.</li> </ul>
<b>Judgement Two – question 2 – How good are the current improvement plans?</b>		
<b>Use of best value principles</b> How thoroughly has the	<ul style="list-style-type: none"> <li>Can show that it has recently reviewed and challenged its objectives, policies and practices. Reviews have taken a broad, overarching strategic approach to</li> </ul>	<ul style="list-style-type: none"> <li>Has not recently reviewed and challenged all or many of its objectives, policies and practices. Any reviews that have taken place have not been done in a</li> </ul>

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<p>organisation applied the principles of best value in preparing its service and/ or improvement plans?</p>	<p>looking at services. It can demonstrate how this was done, who was involved and how this review has informed its service and/ or improvement plans.</p> <ul style="list-style-type: none"> <li>Periodically reviews the need for the service, or particular aspects of the service, when preparing plans for individual service areas. The reasons for any decisions arising out of this challenge are clear.</li> <li>Has applied lessons it has learnt from other providers in the public, voluntary or private sectors to improve services and/or make them more cost effective.</li> <li>Acts on the information it receives from its comprehensive benchmarking of all key service areas and is aware of how its performance compares to others. It can give examples of how it has used information gained from benchmarking and good practice to plan improvements and set appropriate targets.</li> <li>Involves a wide range of stakeholders, including hard-to-reach groups, in its consultation process and can show how this consultation has influenced its service and/or improvement plans. The consultation is high quality, based on good information, timely, quality and high quality engagement and feedback.</li> <li>Has recently reviewed its procurement arrangements and who is best to deliver services, particularly for significant areas of expenditure. It has evaluated these and takes an approach which is the most cost effective and which provides high quality services in line with customer preferences.</li> </ul>	<p>overarching strategic way, but in an ad-hoc way. In preparing plans for individual service areas, the organisation has not thoroughly considered the need for all or parts of the service or how these may best be provided.</p> <ul style="list-style-type: none"> <li>Has made only limited attempts to look outside the organisation for examples of good practice.</li> <li>Has undertaken little benchmarking and the organisation is only vaguely aware of how its performance compares with others.</li> <li>Can show only tenuous or unclear links between how it plans to improve services based on learning from other organisations.</li> <li>Has carried out limited consultation about the service and/or improvement plan(s) and it is not clear how stakeholders or hard-to-reach groups have been identified and consulted. The approach adopted to consultation and engagement with customers and other stakeholders is not adequate. Insufficient information is provided and time allowed. The organisation cannot show comprehensively how consultation has influenced what it plans to do.</li> <li>Does not have a well developed approach to procurement and has only undertaken limited examination of whether other service providers may be better able, in terms of both cost and quality, to provide elements of the service. The organisation cannot demonstrate that its plans will deliver best value for all its customers.</li> </ul>
<p><b>Contents of plans</b> How much have the organisations' plans for services and improvement:</p>	<ul style="list-style-type: none"> <li>Has service and/or improvement plans which clearly take into account all key issues raised in recent and forthcoming legislation and, where applicable, other regulatory requirements.</li> <li>Regularly looks at good practice in other organisations</li> </ul>	<ul style="list-style-type: none"> <li>Has service and/or improvement plans which do not fully address a number of the key issues raised in recent and forthcoming legislation and, where applicable, other regulatory requirements.</li> <li>In developing plans the organisation does not look to</li> </ul>

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<ul style="list-style-type: none"> <li>• taken account of changes in the external environment such as recent or forthcoming legislation, regulatory requirements and good practice;</li> <li>• addressed the key service weaknesses and set new targets to achieve the desired outcome; and</li> <li>• set a framework that will deliver clear improvements for customers, that are both challenging and outward focussed?</li> </ul>	<p>including, where appropriate, outside the housing sector, in preparing its plans.</p> <ul style="list-style-type: none"> <li>• Has a good understanding of its key service strengths and weaknesses, including costs. This understanding is based on objective performance information and the views of customers, staff and other stakeholders.</li> <li>• Service and/or improvement plans include realistic and achievable actions to address these weaknesses.</li> <li>• The organisation has set future objectives and new targets which are clear from the plans and which are linked to overall organisational objectives.</li> <li>• The service and/or improvement plan(s) include clear and challenging intended outcomes including in respect of value for money. These outcomes are in line with identified customer priorities.</li> </ul>	<p>the best performers.</p> <ul style="list-style-type: none"> <li>• Has a sketchy understanding of its key service strengths and weaknesses. This understanding is based on limited information. At best, the service and/or improvement plan(s) only partially address these weaknesses.</li> <li>• Has future objectives and new targets which are not clear from the improvement plan(s). The links with overall organisational objectives are also unclear.</li> <li>• Has improvement plan(s) which do not show clear outcomes for the service and/or are only partially in line with identified customer priorities.</li> </ul>
<p><b>Quality of plans</b></p> <p>How robust are the organisations' plans and do they set a sustained focus for the organisation to achieve objectives and priorities?</p>	<ul style="list-style-type: none"> <li>• Has robust plans which set a clear and challenging framework for the medium and longer term. The plans include clear milestones along with challenging, though realistic, targets and timescales for completion. Priorities within the plans are clear and they also include clear responsibilities for all actions and the associated resource requirements. The plans can be described as genuinely SMART (Specific, Measurable, Achievable, Resourced and Time-bound).</li> </ul>	<ul style="list-style-type: none"> <li>• Does not have robust plans, nor a range of actions for the short, and especially medium- and longer-term to deliver objectives and priorities. Responsibility for each element of the plans may not be clear, nor are there milestones, targets and timescales for all actions.</li> <li>• Does not have clear priorities within the plans and information on resource requirements is limited. Timescales for implementation of the plans in light of resources available are either over-generous or over-ambitious. Targets are not challenging or are over-ambitious.</li> </ul>

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<b>Judgement Two – question 3 – Will improvements be delivered?</b>		
<p><b>Ambitions</b></p> <p>How strong is the leadership of the organisation and does it have a clear vision and ambitions for the future, that provide clear, challenging, robust and realistic aims?;</p> <p>Do the aims take account of the new relationships (if an Arms' Length Management Organisation (ALMO) is providing the service)?</p>	<ul style="list-style-type: none"> <li>• Has a good understanding of the local context in which it operates. Has a good understanding of the priorities of the local community and those of key partners/ stakeholders as well as its own corporate aims. Its aims are consistent with corporate and community objectives as well as national and local priorities.</li> <li>• Has refined its corporate strategies in recognition of the creation of the ALMO (or ALMOs) – if applicable.</li> <li>• Has longer-term aims which are challenging, yet realistic, given its context, past performance and resources. The aims are robust with a clear indication of the outcomes and the challenging targets to be achieved.</li> <li>• Has overall aims developed through engagement with customers and other stakeholders. They recognise the aims, share a common purpose with the organisation and are enthusiastic about achieving them.</li> <li>• Enables users and other stakeholders (where appropriate) to positively influence decisions about services. Residents are encouraged, by the way they are advertised and managed, to attend board and committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not have a good awareness of the context in which it is operating not the priorities of the local community and of key partners/ stakeholders. Its aims are not consistent with corporate and community objectives and do not fully reflect national and local priorities.</li> <li>• Has refined some corporate strategies in recognition of the creation of the ALMO (or ALMOs), but has some key gaps – if applicable.</li> <li>• Has some clear aims, but these are unrealistic given its context and performance. The aims, overall, are not robust as it is not always clear what the outcome will be or the target to be achieved.</li> <li>• Has had limited engagement with customers and other stakeholders in the development of aims and consequently they are not seen as shared.</li> <li>• Has ad hoc arrangements for users and other stakeholders to influence decisions about services. Residents are not encouraged to attend board and committee meetings.</li> </ul>
<p><b>Prioritisation</b></p> <p>In delivering improvements, how effectively has the organisation made clear what its priorities are and what are not priorities for improvement, so that it has a clear basis for</p>	<ul style="list-style-type: none"> <li>• Has an integrated approach to setting priorities and allocating resources against them. The basis for the priorities is clear, robust and determined, utilising a wide range of research and information to understand local needs. It moves resources away from areas that are not priorities or from services where development is not needed. The approach is cyclical, reviewing priorities and allocating resources coherently in line with budget setting and other cycles.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not have clear priorities and therefore is unable to target resources effectively. The organisation does have some information and research to understand priorities but has not used this comprehensively to shape its improvement plan or the timing and scale of its actions.</li> <li>• Has not allocated resources to all services and growth areas. Has not explicitly identified areas that are a lower priority.</li> </ul>

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<p>service priorities?</p> <p>Are service priorities consistent with corporate priorities and can resource allocations be shown to clearly be targeted and redistributed where necessary in order to meet the stated priorities?</p>		
<p><b>Capacity</b></p> <p>Does the organisation have the capacity to deliver service aims and drive improvement? Can it demonstrate that:</p> <ul style="list-style-type: none"> <li>• it has the right balance of resources and skills in place;</li> <li>• there is clarity about what officers, councillors and Board members are responsible and accountable for; and</li> <li>• it has partnerships that are used effectively to deliver priorities?</li> </ul>	<ul style="list-style-type: none"> <li>• Is self aware about its capacity and has the people, skills, IT systems, suppliers and capability it needs to deliver its aims, priorities and drive improvement.</li> <li>• Maximises its own internal capacity through effective human resource (HR) practice which has ensured that the staff, managers, councillors and Board members it recruits are high quality, well trained and have good support.</li> <li>• Annually reviews the skills and abilities of its staff, managers, councillors and Board members, and uses training programmes to address gaps.</li> <li>• Has active, visible and effective management and leadership, recognised by staff, partners and stakeholders. Leadership is evident from senior managers, councillors and Board members in their ambitions for the service, the organisation and its contribution within the community.</li> <li>• Has councillors, Board members, a management team and staff who are representative of the gender, race and age profile of their tenants and the broader community they serve.</li> <li>• Has councillors, Board members and officers who are clear about their strategic and operational roles, responsibilities and accountabilities, and the</li> </ul>	<ul style="list-style-type: none"> <li>• Does not have all the people, skills, suppliers and capability it needs to deliver its aims and priorities.</li> <li>• Does not have fully effective HR practices and therefore staff, managers, councillors and Board members do not have the skills they need to adequately perform their roles.</li> <li>• Has a framework for reviewing the skills and abilities of its staff, managers, councillors and Board members, but it is either not implemented consistently, or training does not address gaps identified</li> <li>• Has mixed qualities of leadership and management, and this is confirmed by staff, partners and stakeholders.</li> <li>• Has councillors, Board members, a management team or staff who are not representative of the gender, race and age profile of their tenants and the broader community they serve</li> <li>• Has a lack of clarity and accountability around some key strategic and operational roles of councillors, Board members and officers. The organisation does not generally have clear protocols and, consequently, relationships are not effective.</li> <li>• Often makes decisions slowly and with an operational focus. The officer and Board/ councillors structures do</li> </ul>

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	<p>boundaries between them. These are clearly set out in protocols, standing orders and the constitution and there are effective, productive relationships between them.</p> <ul style="list-style-type: none"> <li>• Has effective decision making and officer and councillor/ Board structures which work well in the management of the organisation and in improving services. Decision making is open, transparent and, where appropriate, inclusive of customers.</li> <li>• Has, in the case of a group structure or similar, established clear delegations to allow local operational freedom but still gives the 'partner' ALMO/ RSL the necessary controls of the group as a whole.</li> <li>• Has invested in up-to-date ICT and this has improved its ability to deliver services.</li> <li>• Has taken a modern approach to procurement, enabling the organisation to realise efficiency savings and improve the quality of services delivered.</li> <li>• Has a robust medium-term financial plan (MTFP) which demonstrates the organisation has the financial capacity to deliver its aims. The MTFP takes account of the organisation's priorities and commitments within its improvement and other plans.</li> <li>• Can demonstrate consistent and transparent links between the HRA Business Plan and the ALMO's Business Plan (where appropriate).</li> <li>• Has agreed respective council and ALMO (where appropriate) responsibilities for preparing and maintaining the HRA.</li> <li>• Has formed successful partnerships with external companies, other service providers and the voluntary and community sectors. These partnerships enable the organisation to provide more efficient and high quality services.</li> </ul>	<p>not assist effective decision making and delegation. Customers have limited involvement and perceive that the organisation is not open.</p> <ul style="list-style-type: none"> <li>• Has not, in the case of a group structure or similar, established a full range of clear delegations to allow local operational freedom. The 'partner' ALMO/ RSL does not necessarily have adequate control on the group as a whole.</li> <li>• Does not have up-to-date ICT systems and this reduces its ability to take on new services or enhance existing ones. A reliance on manual systems takes capacity away from improvement.</li> <li>• Has not developed modern procurement methods and there are few examples of where the organisation has realised the opportunities this can bring.</li> <li>• Does not have a MTFP and the organisation has made little more than forecasts of its available resources against key budget headings. Future commitments and priorities are only loosely reflected and it is not robust.</li> <li>• Has some confused links between the HRA Business Plan and the ALMO's Business Plan (where appropriate).</li> <li>• Has generally agreed respective council and ALMO (where appropriate) responsibilities for preparing and maintaining the HRA, but may still have some issues to resolve.</li> <li>• Has established relationships with contractors and other service providers, however, these are not real partnerships and their potential has not been realised.</li> </ul>

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<p><b>Performance management</b></p> <p>Does the organisation have effective performance management arrangements in place to ensure the achievement of objectives, priorities and the implementation of improvement plans?</p>	<ul style="list-style-type: none"> <li>• Has a strong performance management culture within the organisation and it is thoroughly embedded across all services and well understood and used by officers, councillors and/ or Board members.</li> <li>• Has robust and high quality corporate and service planning arrangements which make clear the contribution of services and individuals to corporate aims, priorities and targets. These are closely scrutinised and monitored and action is taken to deal with under-performance and slow progress.</li> <li>• Has codes of conduct and registers of interests in place to guide the standards of behaviour expected from councillors, Board members, managers and staff.</li> <li>• Has strong systems in place to manage performance. Targets are challenging, reflect local and national priorities and link to its service plans and overall objectives.</li> <li>• Has a clear role (as a council) in reviewing its ALMO's (where appropriate) performance against its business and Delivery Plans, and has procedures for dealing with poor performance or non-performance by either party.</li> <li>• Involves tenants and other stakeholders in the monitoring of performance including setting of targets and addressing area of under-performance.</li> <li>• Can show that managers, councillors and/or Board members use the information to understand the reasons for variations in performance against targets. They take appropriate corrective action in response to variations and follow this up to ensure the desired outcome is achieved.</li> <li>• The organisation understands how well it performs compared to others, particularly the best performers. Targets reflect the desire to achieve and sustain</li> </ul>	<ul style="list-style-type: none"> <li>• Has a performance management framework, but this has not been fully embedded across the organisation and it is not used consistently by managers, councillors and/ or Board members. A clear understanding of performance monitoring and management does not exist at all levels.</li> <li>• Has evident corporate and service planning arrangements but they are not effective in maintaining a focus on aims and priorities. The cascade of aims, priorities and targets to services and individuals is not clear.</li> <li>• Has some codes of conduct in place to guide the standards of behaviour expected from councillors, Board members, managers and staff, but they are not well known or referred to.</li> <li>• Has generally weak performance management systems for services or improvement plans. The information collection is not always relevant or useful in managing performance, often concentrating solely on BVPIs or Housing Corporation PIs.</li> <li>• Has some key weaknesses in its role (as a council) in reviewing its ALMO's (where appropriate) performance against its business and Delivery Plans, and in the procedures for dealing with poor performance or non-performance by either party.</li> <li>• Have some un-ambitious targets which do not link clearly to service priorities.</li> <li>• Involves tenants and other stakeholders in a limited way in setting targets and managing performance.</li> <li>• Can only show some isolated examples of the information being used to address under performance, more often little corrective and follow-up action is taken by officers, councillors or Board members.</li> <li>• Compares its performance with others, but this tends to</li> </ul>

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	<p>excellence.</p> <ul style="list-style-type: none"> <li>• Ensures that people who use the service have access to service standards and targets and know what to do if they are unhappy with the services they are receiving. Information on complaints and performance against service standards is used in reviewing overall performance.</li> <li>• Has excellent financial monitoring and the budget management at all levels of delegation. Uses resources flexibly in line with priorities and provides high quality reports to officers, councillors and Board members, to enable them to undertake their different monitoring roles.</li> <li>• Knows the cost effectiveness and value for money of its services. It uses this information to make changes in the way services are provided to improve its performance.</li> <li>• Is risk aware and assesses the risk inherent in what it plans to do. The action to be taken to address risks is incorporated in service/business plans as well as improvement plans. There is clear evidence that risk is managed in the delivery of services.</li> <li>• Routinely remodels its Business and Delivery Plan(s) to take account of developing risks in the market, or its funding streams.</li> <li>• Has avoided any conflicts of interest by appointing separate suppliers for internal and external audit services. If an ALMO, has done so at an early stage of its operation.</li> </ul>	<p>be only its neighbours and does not include the best performers.</p> <ul style="list-style-type: none"> <li>• Does not have service standards for all services and does not make clear the action customers should take if they are not satisfied. Does not use feedback on complaints and performance in the delivery of service standards in reviewing overall performance.</li> <li>• Has adequate financial monitoring and budget management. The organisation provides limited information to officers, councillors and Board members and they do not have the ability to act appropriately.</li> <li>• Does not know if it provides value for money in all services. It undertakes basic cost comparisons but there is little evidence of how this is used to change the way services are provided.</li> <li>• Is risk aware of the more obvious risks, such as health and safety. It does not routinely assess the risks inherent in what it plans to do. Risk assessment and management is inconsistent in service/business plans. Only limited evidence exists of risk being effectively managed in the delivery of services.</li> <li>• Has considered risks in the market, and its funding streams, in developing its Business and Delivery Plan(s), but does not review them regularly.</li> <li>• May have appointed internal auditors, but has been slow (if an ALMO) to appoint independent external auditors.</li> </ul>