



**Our value for
money
self-assessment
2016 - 2017**

CONTENTS

| | Page number |
|------------------------------------|--------------------|
| 1. Introduction | 3 |
| 2. Our strategy | 3 |
| 3. Why a value for money statement | 3 |
| 4. How we make value happen | 4 |
| 5. How we did during 2016 – 2017 | 4 |
| 6. Business health | 8 |
| 7. Conclusions | 11 |

1. Introduction

- 1.1 We're committed to providing value for money for all of our clients, and we seek to continuously improve. This assessment is aimed at clients, staff, stakeholders and board members. It sets out how we have achieved value for money and looks at past performance and our aims for the future.
- 1.2 We look to obtain the maximum benefit from the goods and services that we acquire, with the resources available. We not only measure the costs of goods and services, but also take into account the views of staff, clients and commissioners, and the quality of the services or goods being provided. Our commissioners can make value for money judgements either through strategic reviews or by the tendering process which examines the quality and outcomes for clients as well as the costs.
- 1.3 As a provider of first and second stage supported housing all surpluses are invested in future services and increasing or improving housing capacity. We consider that success in value for money is inseparable from success in an organisation achieving its overall objectives. We see the setting of the business plan, the allocation of resources and monitoring the cost, quality and performance against stretching targets as ongoing demonstration of value.

2. Our strategy

- 2.1 Our strategy is reviewed every year and has three objectives:
 - Provide high quality accommodation and support for homeless and vulnerable people
 - Develop our people
 - Develop our organisation
- 2.2 Our value for money strategy is reviewed every three years and value for money outcomes are reported annually. It was last reviewed and updated in April 2016. It aims to establish a culture whereby board members, staff and contractors will all ask themselves: "If I decide to incur this cost, how will it benefit our clients", because within our organisation, clients are at the heart of everything we do. It acknowledges that opportunities for efficiency come through maximising the use of our assets to deliver social, environmental and financial returns and that value is defined as a combination of cost, quality and performance.
- 2.3 Our board provides a clear lead on value for money. It sets the strategic direction and our objectives. It oversees performance against objectives and holds the executive to account. The business plan is central to both the value for money strategy and our procurement strategy.

3. Why a value for money self-assessment?

- 3.1 We're committed to achieving value for money for the following reasons:
 - It will help us achieve our vision "To give people who are homeless, vulnerable or in need of support, the opportunity to build a brighter future"
 - It is in line with our value "quality, efficiency and value for money"
 - It also makes good business sense for us to provide the highest quality service to clients with the limited resources that we have available.

4. How we make value happen

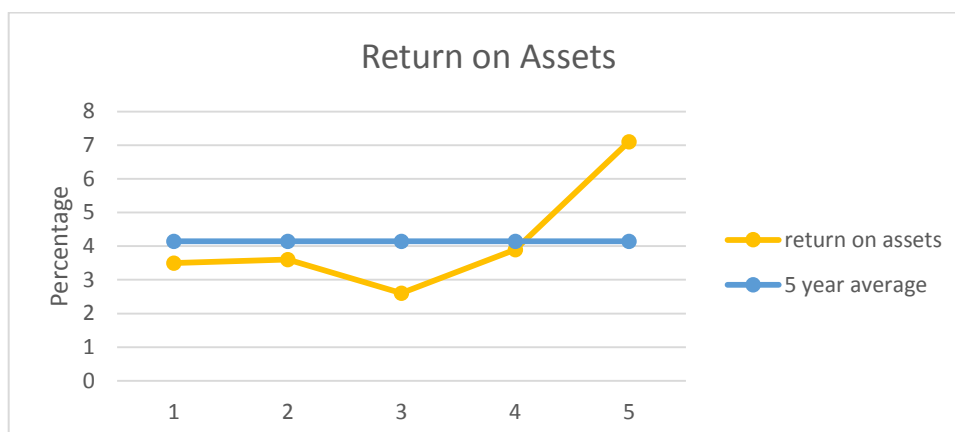
- An annual cycle of board review of the business plan objectives
- The approval of an annual budget, three year business plan and allocation of resources
- Monthly management accounts, with variance reports
- Monthly key performance indicators
- Quarterly reporting on client outcomes
- Value based assessment of all tenders and grant bids (including social value)
- Agreement with partner housing benefit offices of annual rent and service charge review
- Scrutiny of quality and performance by our client scrutiny and involvement team.
- Production of client lead assessments and improvement plans for board consideration.
- Use of professional advisors to support procurement and other efficiency improvements
- Clear process for managing and monitoring contractors
- Periodic reviews of areas of services (details of 2016/17 review results are set out in achievement narratives)

5. How we did during 2016/17

Objective 1 - Providing high quality accommodation and support

Asset management - Our asset management strategy will help us deliver our vision by ensuring that our properties are in good condition, in the right location and of a design that is fit for purpose. The demand for our properties is very high and we continue to provide services from some of our buildings while some buildings have support delivered by other providers.

Return on assets - The overall return on assets (using operating surplus from housing as a percentage of housing property at cost) for 2016/17 is 7.1% (2015/16: 3.9%) and results in a five year weighted average of 4.1%. The reason for this increase is a rise in the operating surplus as a result of a decision to lease a number of properties to another support provider (see Objective 3). The last Homes & Communities Agency's published sector wide return on asset percentage was from the 2015 global accounts and was 5.6%. The nature of our stock, which is mostly not self-contained and has higher levels of management services, means we'd expect a lower return than the general needs average.



Stock condition - We commissioned Savills to undertake a stock condition survey in 2008 and we have a rolling three year investment programme for existing stock. Due to our relatively small size and no borrowing, together with our detailed local technical knowledge, we do not plan to commission a further stock condition survey. Instead we will externally validate the investment programme to gain assurance that we have appropriate lifecycles and understand the long term investment needs of the buildings we own and lease.

Stock investment - During 2016/17 we invested £454k in maintaining and updating our properties. The ratio of planned to reactive maintenance was 61:39 which is consistent with our asset management policy target of 60:40. This is also consistent with the previous year's performance of 62:38.

| | 2016-17 £000's | 2015-16 £000's | 2014-15 £000's |
|----------------------|-------------------|-------------------|-------------------|
| Planned maintenance | £278 | £255 | £336 |
| Reactive maintenance | £176 | £158 | £127 |

Support services and social value - As a provider of high needs supported housing services our entire purpose is to provide social value. Our clients are among the most excluded in society and our support is aimed at increasing their levels of community inclusion locally and nationally. The impact of this is augmented because we work with those clients that other providers refuse. Our work transforms lives and means that clients:

- are able to live more independently, because they:
 - gain skills for independent living, and
 - are enabled to make choices and take control of their lives
- are supported to reduce offending
- access meaningful activities in the community

During 2016/17 we:

- provided support and accommodation to 844 homeless clients
- provided support to 1484 clients through floating support services
- provided accommodation and support to 138 clients through supported lodgings and private leasing service
- provided support to 273 clients through outreach services

Comparison of consolidated client outcomes over past 3 years

| % of clients achieving outcome | 2016-17 £000's | 2015-16 £000's | 2014-15 £000's | Performance | |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|
| | | | | 2015/16 to 16/17 | 2014/15 to 15/16 |
| Securing settled accommodation | 82% | 82% | 79% | ↔ | ↑ |
| Participating in work like activities | 77% | 74% | 64% | ↑ | ↑ |
| Achieving a qualification | 62% | 62% | 43% | ↔ | ↑ |
| Better managed physical health | 85% | 95% | 95% | ↓ | ↔ |
| Better managed mental health | 83% | 88% | 80% | ↓ | ↑ |
| Avoiding causing harm to others | 85% | 81% | 87% | ↑ | ↓ |
| Complying with statutory orders and processes in relation to offending behaviour | 84% | 86% | 78% | ↓ | ↑ |

Our performance – client satisfaction

As part of our drive to continually improve services we seek feedback from clients through our annual client questionnaire. Clients' responses help to inform us as to where we need to make changes in our services. The outcomes from the client questionnaire carried out in January 2017 show the following:

- 91% of clients feel that their support plan reflects their goals and they receive support to achieve them
- 84% of clients say that their support worker has discussed move on and support options for the future
- 83% of clients feel the support they receive has helped them become a positive and independent person

Coombs Caterers, who provide catering at four of our services, also carry out periodic surveys independently about the quality of the food service they provide. 70% of clients feel that the weekly food offer represents value for money (88% for 2015/16). We work closely with our caterers and are looking at the food offer, but we are constrained by the funding available.

Value for money achievements

- Utilising volunteers within the organisation during 2016-17, which worked out at over 790 hours and saved the organisation £8,177.
- We have secured over £8k in donations from local businesses
- Our private accommodation finding pilot in Arun has saved the public purse an average of £5,000 to £7,500 per week on bed and breakfast placements while ensuring that ten families were able achieve positive outcomes in securing jobs, qualifications and training as well as maintaining their tenancies.

Objective 2 - Develop our people

We survey our staff every two years to review the satisfaction with the whole staff team with the management, training and quality of the organisation. The results of the last survey of 2015 are set out here and a new survey will be issued and reported in late 2017:

- 82% of staff are satisfied with their job (74% in 2013)
- 73% of staff believe that the quality of service to clients is improving (73% in 2013)
- 45% of staff feel their pay is reasonable in comparison with people doing similar jobs in other organisations (56% in 2013).

We've reduced our recruitment costs significantly in 2016-17 by using on-line recruitment tools, both internally and externally. Over the year we placed in the region of 100 job adverts online, with a saving of over £17,000 when comparing these costs to the equivalent in local newspapers.

Value for money achievement

- We have had ongoing issues during the year with the recruitment and retention of night staff which meant that we were incurring the high cost and inconsistency of agency staff. With poor quality and cost resulting, we reviewed rates of pay to be more attractive than less demanding positions within the sector. Both retention and cost of night staff has improved as a result.
- After identifying the high cost of training we looked at the options available for more effective and cost efficient ways of training staff. Much of our mandatory training is now delivered through e-learning, using My Learning Cloud, and our workshops are delivered by a single provider leading to improved value. This saves time out of the office, cost of cover, cost of training courses and we are still able to provide focused learning to all our staff and ensure compliance.
- Recruitment costs were steadily increasing and as more recruitment is now being done online the costs of this were explored. We now recruit solely online, apart from the occasional senior role, with the actual cost of recruiting per job being reduced in comparison to newspaper advertising by up to 60%. Advertising online also gives us a wider reach and has provided a quicker and better response, which means we have more options and are able to fill roles more efficiently and with more suitable candidates.

Objective 3 - Develop our organisation

This objective is met by securing our current services through competitive tendering and growing the organisation in line with our business development strategy.

Retaining and winning new business - During the year we submitted eighteen tenders and, because of rules restricting the amount of business that could be awarded, we could only be successful in thirteen. We were successful in five of these, and we retained three of the four that involved existing business. In all tenders we continue to be driven down on costs and are seeking to ensure the commissioners will see value for money being

demonstrated in the service specification presented in each tender. Every new service is required to contribute to central overheads and contribute to our surplus.

In addition we were awarded two new grants from Learning Links and Department of Communities and Local Government and created two new pilot services for young people and mental health services.

Value for money achievement

- We tendered for existing business delivering support in a hostel in Southampton. In order to make our costs competitive, at a time where the landlord was increasing the amount we paid over to them under the management agreement, we looked closely at where we could make savings in the staff establishment. As a result we won back the contract, we have streamlined the staff team and the service, and will continue to deliver high quality support to the clients for a lower cost for both ourselves and the local authority.
- We have now leased out four properties to the support provider, ensuring that we cover our existing overheads and obtain the same surplus as we had whilst delivering the housing management to the clients ourselves. This protected us from voids and bad debts and has freed up our staff to work on delivery of other contracts.

Increasing housing supply - We also want to acquire more property in order to secure the long term future of our services. This could be a combination of purchasing buildings we currently manage or acquiring new properties. We reviewed the option for converting office space at our Southampton day centre into accommodation, successfully obtained planning permission and contracted, through our tendering process, the work to utilise non-productive space, creating additional income for the organisation, successfully bidding for capital grant and providing eight additional units of much needed accommodation for clients.

6. Business health

6.1 Our budget process is important in driving savings. The summary of budget against actual expenditure for the past three years indicates that costs are well managed.

| | 2016/17 £'000's | 2015/16 £'000's | 2014/15 £'000's |
|-------------------|----------------------------|----------------------------|----------------------------|
| Budgeted expenses | £8,331 | £9,194 | £9,725 |
| Actual expenses | £8,362 | £8,731 | £9,600 |
| Variance | (£31) | £463 | £125 |

6.2 The actual expenditure for 2016/17 includes £100k planned maintenance that was brought forward from 2017/18. This has led to an adverse variance to budget in 2016/17 of £31k.

6.3 The 2017/18 budget has addressed the risks associated with the reduction in funding available from commissioners and the continuing 1% rent reduction imposed by the Government rent policy, together with welfare reform changes, and has been prepared with consideration to economies throughout the organisation. Our aim is to make a small surplus to strengthen our balance sheet and achieve our objectives.

- 6.4 **Our performance** - Monitoring financial and performance information is essential in ensuring that value for money is achieved and sustained. Management information is reviewed on a regular basis throughout the organisation using a suite of key performance indicators. There is an expectation that in delivering efficiency savings and demonstrating value for money, service levels will either improve or be maintained.
- 6.5 Reviews in key areas of our financial structure have led to considerable staff efficiencies and savings. This can be seen from the increase in our operating margin over the past two years, despite a reduction in turnover. This year our increase in operating margin is mainly due to restructuring staffing levels following renegotiation of contracts, and a reduction in the activities of the private leasing service.

| | 2016/17 £'000's | 2015/16 £'000's | 2014/15 £'000's |
|-------------------|--------------------|--------------------|--------------------|
| Turnover | £9,112 | £9,094 | £9,675 |
| Operating surplus | £728 | £396 | £75 |
| Operating margin | 7.99% | 4.35% | 0.78% |















- 6.6 There are always areas which the organisation could improve upon and in 2017/18 we will continue using "lean thinking" to achieve increased efficiencies particularly in payroll and purchasing processes.

Comparison of costs over the past 3 years

| | 2016-17 £000's | 2015-16 £000's | 2014-15 £000's |
|---|-------------------|-------------------|-------------------|
| Salary costs | £5,050 | £5,013 | £5,173 |
| Light and heat | £190 | £188 | £214 |
| Catering costs | £540 | £538 | £569 |
| Information and communications technology costs | £250 | £288 | £192 |

- 6.7 Salary costs do depend, to a certain extent, on the number of contracts and services we run. This year we have, again, had to restructure staffing provision at services in West Berkshire and Southampton, to make efficiencies, so our staff force has decreased along with the cost.
- 6.8 Light and heat contracts are for procured for fixed terms to build certainty into the service charge budgets. Both gas and electricity contracts are due for renewal in 2017. Following the acquisition of new contracts and therefore properties, we successfully negotiated with two authorities to obtain the 50% discount for council tax on the new support provision.
- 6.9 Information technology costs decreased as the 2015/16 investment in a managed service which incurred implementation costs is now fully embedded and the pre-existing hardware and network infrastructure has now been replaced. As a result of this major change we now have a more secure and resilient system. We continue to have a programme of investment linked to the information systems strategy to achieve efficiencies in its use.

Comparison of key performance indicators over the past 3 years

| | 2016-17 £000's | 2015-16 £000's | 2014-15 £000's | Performance | |
|--|-------------------|-------------------|-------------------|---|---|
| | | | | 2015/16 to 16/17 | 2014/15 to 15/16 |
| Rooms available | 99.6% | 99.7% | 99.7% |  |  |
| Rooms occupied | 97.3% | 97.5% | 97.5% |  |  |
| Voids as a % of available units | 2.7% | 3.9% | 2.5% |  |  |
| Current arrears as a % of annual rent roll | 4.1% | 5.2% | 4.2% |  |  |
| % repairs completed in target time | 99.7% | 100% | 99.8% |  |  |
| Staff turnover – voluntary leavers | 31.4% | 27.8% | 28.8% |  |  |
| % of working days lost through sickness per employee | 2.8% | 2.3% | 2.9% |  |  |

- 6.10 Void performance improved with occupancy levels remaining high. Our aim is to fill voids on the day of a client's departure. This high level of occupancy supports our aim to make optimum use of our assets and to gain the greatest return from them. Void levels improved as the properties in Portsmouth where we do not support the clients ourselves and another organisation manages referrals, changed from a service level agreements to a lease from October so that responsibility for voids is now with the service provider.
- 6.11 Rent arrears are receiving close attention and managers are given specific objectives to reduce them and these are monitored through their supervision process. We are now experiencing clients being affected by the welfare changes and finding it increasingly difficult to move on, however due to the focussed efforts of our managers our current arrears percentages have fallen. This is one of the few performance indicators that we are able to compare with a national average which was reported in the Homes & Communities Agency's Global accounts 2016 as being 4.5%. This gives a good indicator of strong management in this area.
- 6.12 Repairs performance remains excellent due to close communication with our main contractor and good local technical knowledge.
- 6.13 Staff turnover remained high due to the number of contracts that were up for tender, increasing staff anxiety around their futures. The high number of tenders arising this year has also seen some staff leave voluntarily as they do not like the new shift patterns that were required to meet contractual expectations. Some staff that transferred into our organisation from other organisations choose to leave as they find adjusting to our performance culture difficult.
- 6.14 Sickness absence is still low due to focussed management through a structured attendance process.

7. Conclusions

- 7.1 Value for money is embedded in our ethos and we are committed to providing value for money for our clients, commissioners, stakeholders and the wider community. This is reflected throughout our structures to ensure strong governance, internal assurance, risk management and transparent monitoring and reporting.
- 7.2 Despite this, we're not complacent and will be monitoring progress of all our value for money initiatives this coming year with the aim of reporting further efficiencies in our self-assessment next year.
- 7.3 The board believes this self-assessment demonstrates to clients, commissioners, stakeholders and the wider community that we meet the required outcomes and expectations of the Homes & Communities Agency's value for money standard.