

## SOUTH LONDON YMCA

### VALUE FOR MONEY SELF ASSESSMENT

#### 1. Statement from Board including acknowledgement of responsibility and major areas of focus.

In the same way that the Association's annual statement on internal control demonstrates ownership of the control environment, the Board is now required to publish an annual Value for Money (VfM) statement. The HCA describes this as a 'robust self assessment' where the Board will be required to demonstrate that they are not just seeking to, but also are delivering VfM.

The annual self assessment statement should cover the following areas:

- The cost of delivery of services and how these costs relate to relevant benchmarks
- If the targeted gains for the year have been achieved, and the future targets
- How decisions over use of resources are made
- The return on the use of our assets
- How we evidence improved performance
- How we assess our VfM options
- How the Board has gained assurance over these areas

The VfM standard sets specific expectations that the self- assessment must:

- enable stakeholders to understand the return on assets measured against the organisation's objectives
- set out the absolute and comparative costs of delivering specific services
- evidence the value for money gains that have been and will be made and how these have and will be realised over time

The Regulatory Framework sets an expectation that we should develop a strategy to deliver continuous improvement in:

- Running costs. Published data must convey to stakeholders an overall sense of our performance and not just cherry pick where we have done well.
- Return on assets. The HCA expects such analysis to underpin decisions on our assets. For example whether to hold a particular building in its current form, dispose of it to another provider on the open market, or convert it to another tenure.
- Evidence of gains. Targets need to be set against which we can be held to account by stakeholders.
- Transparency. Our strategy and performance must be transparent to stakeholders.

#### 2. Our approach

We will review both costs and service delivery outcomes to get a balanced view of VfM. We will also ensure that VfM is integrated into our culture and be proactive in demonstrating to stakeholders, funders and customers that we are efficient in our activities, and demonstrate a balanced approach to self-regulation.

To achieve these aims we will review all outcomes at both organisational and service levels. The main areas to focus on will be procurement, IT and terms and conditions of employment. We fully understand that assessing and measuring VfM will be a challenge.

Our self assessment comes in two parts. Firstly, from a review of the findings of this self assessment, we are developing our VfM Strategy. This sets out what VfM means at SLYMCA,

how well we perform compared with other Registered Providers of Social Housing (RPs), what principles will be used to guide decisions on VfM and finally what we intend to do over the coming years to deliver further efficiencies. When finalised, our new VfM Strategy will be available on our website ([www.slymca.org.uk](http://www.slymca.org.uk)) and from our head office at Marco Polo House, Croydon.

The new strategy explains that although customers are generally very satisfied with the services we provide, we could do more to increase satisfaction still further. It also commits SLYMCA to becoming a high performing, below average cost organisation – which is a challenge, but one that we are committed to meeting.

The second part of our self-assessment is contained in this document, which describes how SLYMCA meets the HCA standard and, if there are any gaps, what we intend to do to fill them.

### **3. Current environment and challenges**

VfM has always been a key dimension in delivering housing services but the current economic climate makes it more important that even small associations like SLYMCA adopt a comprehensive and strategic approach to getting the most from the resources they have.

From April 2013 SLYMCA, like other RPs, was required to carry out a robust self-assessment indicating how well we meet the Homes and Communities Agency (HCA) new standard on Value for Money and how wisely we spend the money our customers give us through their rents and service charges.

Many of our customers are already disproportionately affected by the current economic situation. We have an obligation and social responsibility to demonstrate to our customers that we are operating as efficiently and effectively as possible, offering an open and transparent approach to customer scrutiny and self-regulation.

### **4. How we deliver VfM**

We are embarking on a review of how we deliver VfM including a VfM strategy action plan, developing a measurement framework and establishing a VfM team. To inform this self assessment we will undertake a VfM survey and also ensure that all VfM work has a customer focus.

### **5. Our costs and our performance**

In the current competitive environment it is crucial that we monitor our cost base and seek savings wherever possible. At the end of 2013 we undertook a full financial assessment process to ensure that this year's budget is accurate and achievable. This was enhanced by a detailed scrutiny of service and central budgets by our corporate management team. This work was also informed by our annual review of rents and an independent salary benchmarking exercise that we commissioned.

We monitor our performance against key ratios quarterly and will report them on an annual basis going forward.

#### **Current position – year to 31 March 2014:**

- Average annual voids rate - 4.8%
- Rent debt percentage – 3.4%
- Annual staff costs per customer - £6,397

- Total maintenance costs per customer - £1,452
- Total annual utility costs per customer - £628
- Telephone costs per customer – £174
- Total net fixed asset value per customer - £32,546
- Total assets employed per customer - £38,618

We are developing a plan to review key areas of our costs and performance, including reporting on, and measuring where possible, our achievement levels against soft targets. As part of our review of financial performance we will carry out reviews of major contracts and, where appropriate, we will measure the return on assets employed. We will also identify and report on value added.

Our initial reviews will focus on the following:

- Our major cost element is our staff salaries and we are currently undertaking a salary benchmarking exercise to ensure that our salaries are at the right level.
- The next highest cost element is utilities. We already have a system in place to tender all our electricity and gas contracts as they become due to ensure we obtain the best possible price. We will investigate this process to see if further savings can be made by grouping contracts and tendering them at the same time to, hopefully, benefit from higher volume purchasing. We will also investigate buying groups and other procurement arrangements that might lead to us obtaining cheaper utility prices.
- Whilst our telephone costs do not appear to be excessively high this will be another area for us to review. This review will cover both mobile and fixed line rentals and call charges and will extend to those lines used for data as well as voice.
- We strive to maintain our buildings to a high standard and our property maintenance expenditure is a large cost element. We will review our facilities service and concentrate on procurement processes in high cost areas.

By involving staff we will also seek quick wins:

- Service based cost savings
- Improvements in processes
- Improvements in performance

## **6. Quality and customers**

We regularly review the quality of services and customer involvement by way of service audits. Another key element of this process is our annual customer survey. Value for Money is not just about costs and we also need to take account of quality and customer satisfaction when assessing our performance. To understand what our customers think about the services we provide, SLYMCA undertakes an annual survey of customer satisfaction and we benchmark these results with other providers biannually.

We also undertake an annual analysis of our customers' needs and benchmark the results year on year. Our needs assessment tool is Outcomes star and whilst there are many areas of need that we monitor we focus our analysis on average need levels, average risk levels, average distance travelled and outcomes. Individual reports have been developed for each of our services detailing their specific performance. Team plans have subsequently been developed using this data, and other data sources, to identify areas which the services will develop over 2014/15.

### **Current position**

The headlines from the 2013 customer survey are shown below:

- Taking everything into account, 95% of customers are satisfied with the service provided by SLYMCA.
- Overall, 86% of customers are satisfied with the way SLYMCA deals with repairs and maintenance.
- Overall, 90% of customers agree that SLYMCA understands their needs.
- Overall, 89% of customers agree that SLYMCA's services make positive changes to their lives.

These results show a great improvement from last year and are a direct result of our partnership working with customers and the value brought by the investigations undertaken by our customer scrutiny panel, the first report of which was on repairs and maintenance.

Our customer needs analysis in June 2014 identified the following:

- Motivation and use of time are the highest areas of need. This trend seems evident across all services, and is consistent with the level of need presented in 2013.
- Substance misuse and offending are the lowest areas of need. However, the level of need relating to these two areas does fluctuate from service to service.
- The percentage of customers presenting with a significant need tends to match with the trends relating to level of need, with motivation being the most common significant need. The main exception to this is substance misuse, where only 39% of customers have a significant need.
- Self care presents as being the second lowest need in relation to average need and prevalence, with only 37% of customers having a significant need. However, risk assessments indicate that 70% of customers present with a significant risk relating to self care.
- Self care/abuse presents as the most common risk, with 70% of customers presenting with a significant risk, though this is not replicated in levels of need.
- Distance travelled is generally positive, with an average 50% reduction in need being seen across the ten needs areas. There is a distinct correlation between the level of need and the distance travelled, with the areas of lower need achieving a higher distance travelled.
- Performance within the CLG outcomes was generally very positive. The one area noticeable in relation to a lower percentage of successful outcomes is in relation to supporting customers into work. Only 44% of customers with a need around moving in to work successfully did so. While this is lower than other areas in the analysis, it is likely that the benchmarked results with our Pan Homelessness Benchmarking Group will show that this represents a good level of performance in comparison with our benchmarking partners.
- However, successful outcome rates of over 90% were achieved in:
  - \* Maximising income
  - \* Establishing links with external agencies
  - \* Establishing contact with family and friends
  - \* Better managing physical health
  - \* Better managing self harm
  - \* Reducing harm from others
  - \* Increased choice, control and involvement.

## **7. Our staff**

As mentioned above we are undertaking a benchmarking exercise related to our staff salaries. In addition we undertake a staff survey biannually. Our results in this survey are benchmarked against those of the other RPs who are members of the benchmarking syndicate.

### **Current position**

The headlines from the 2013 survey are shown below:

- 90% of our staff agreed that they are clear about what they are expected to achieve in their job. This was 2% above the syndicate average.
- 92% of our staff agreed that they are clear about how their work will contribute to the success of the organisation. This was 1% above the syndicate average.
- 92% of our staff answered positively that the organisation is committed to meaningful service user/client/customer involvement. This question was not benchmarked, but the result showed an 11% increase over the 2011 survey.
- 65% of our staff believed that, on the whole, SLYMCA is a well managed organisation. This was 9% above the syndicate average.

### **8. How we make decisions**

The Board is responsible for the formulation of the strategic plans of the Association along with keeping adequate accounting records, the preparation and approval of the budget and financial monitoring. In order that it might properly fulfil these obligations it receives regular reports on all aspects of the work and it delegates the main day to day decisions to the Chief Executive and senior managers.

### **9. Benchmarking**

As mentioned above SLYMCA undertakes an annual survey of customer satisfaction and we benchmark these results biannually. In addition we undertake a staff survey biannually. Our results in this survey are benchmarked against those of the other RPs who are members of the benchmarking syndicate. We are also undertaking a benchmarking exercise related to our staff salaries.

We will also seek comparative data for other areas of our work. Initially we will approach members of our existing benchmarking groups, but our sources may also include other organisations with which we have good relations and from commercial sources such as HouseMark.

### **10. How we monitor performance**

We monitor financial performance via our monthly management accounts, which include variance reporting against our agreed budget. We also prepare annual statutory accounts and an annual report. The latter includes both financial and non-financial data.

We monitor rent collection performance and voids using our housing management system to produce monthly arrears and void reports. This system also provides the data by which we assess the performance of our facilities team against our various repairs targets.

Operational performance is monitored by regular service audits. These audits are carried out by a staff team that is peer led and always include a customer auditor.

In addition, and as mentioned above, we carry out annual customer surveys and biannual staff surveys.

## **11. Delivering VfM**

We will record our key achievements in this section once our VfM reviews have been carried out. This will highlight cost savings and also our achievement of soft targets that might be by way of case studies where empirical measurement is not possible. We will also include our successes in achieving new business, which obviously leads to the overhead burden of our existing services being correspondingly reduced.

## **12. Future plans**

In 2014/15 SLYMCA will continue to focus on Value for Money and in particular we will

- Review the costs of overheads across the organisation
- Focus on asset management, particularly in relation to delivering against our cyclical maintenance plan and ensuring VfM for our facilities function
- Make strenuous efforts to address issues with voids – particularly the time and cost of letting to new customers
- Maintain our current good arrears performance.