
Value for money self assessment and strategy

September 2015

1 Introduction

1.1 Organisational Overview

Evolve Housing + Support (Evolve) is committed to ensuring that the assets it owns are used in the most effective way to provide services that meet the needs of our customers, stakeholders and the local communities in which we operate. To achieve this we have reviewed our housing assets, in particular, to ensure that not only are they best able to deliver the services we are currently contracted to provide, but also that they provide the flexibility needed to react to future changes in service demand. Our asset management strategy has delivered 8 new buildings at a total cost of £29 million, supported by £16.5 million of Social Housing Grant. We also aim to demonstrate our accountability to all stakeholders, including customers, our regulator (the Homes and Communities Agency - HCA), Local Authorities and to the taxpayer for this Social Housing Grant.

Our Board accepts its responsibility for knowing how our assets are used to further our aims and purposes. With this in mind our Board is committed to demonstrating its responsibility for running our charitable organisation in a business-like manner, and for delivering VfM and social value from the efficient use of our assets.

Now we have successfully completed the major redevelopment at Sylvan Hill, the final project in our asset management strategy, the Board and senior team will be reviewing the organisation's development and investment strategies. This review will aim to ensure that we continue to make appropriate use of our assets in order to achieve further growth. A key driver for this review will be ensuring we can demonstrate that we are maximising the return on our assets and investments, and achieving even better value for money.

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

In the same way that the organisation'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.

1.3 Operational Overview

VfM has always been a key dimension in delivering housing services but the current economic climate makes it even more important that Evolve Housing + Support (Evolve) adopts a comprehensive and strategic approach to getting the most from the resources we have. We have a responsibility to our customers to ensure that their rent is being spent wisely and on the things that matter to them. Their views on how well we are doing are reflected in our annual customer survey and via customer representatives who are actively involved in scrutinising aspects of our services and in monitoring our performance. In light of the above and the VfM Standard set by our regulator, the HCA, we have revised our VfM Strategy to ensure that our board, our customers and other stakeholders have assurance that our resources are managed economically, efficiently and effectively to provide and maintain excellent buildings and to offer a range of services and opportunities to our customers.

We have carried out a rigorous self assessment of our approach to VfM compared against the VfM standard and the outcomes from this inform our strategy as laid out in this document. We will also strive to develop a linkage between cost and service delivery outcomes to get a balanced view of VfM. We will ensure that our focus on VfM is not driven purely by the need to meet the regulatory standard, but it will be integrated into our organisation's culture as a matter of course.

2 Our approach

We 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 review all outcomes at both organisational and service levels. The main areas of focus are procurement, IT and terms and conditions of employment, covering our largest areas of expenditure.

Our VfM self assessment is a key document. It has been prepared by senior management and has been endorsed by our board, and has been shared with our stakeholders and our customers. The self-assessment will be undertaken annually and we will review and refresh the actions identified in our VfM Strategy as a consequence.

We have developed our VfM Strategy based on the findings of the self assessment. This sets out what VfM means at Evolve, 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. We also describe how Evolve 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 the delivery our housing services. The current economic climate makes it more important that we adopt a comprehensive and strategic approach to getting the most from our resources and that we spend the money our customers pay us through their rents and service charges wisely.

Many of our customers are already disproportionately affected by the current economic situation and the Government's current welfare reform policy will further exacerbate this. 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 Value for Money at Evolve

The HCA, requires that our approach to VfM is consistent with the national VfM Standard. Through our robust self assessment and the action plan as described in this strategy, we aim not only to comply with the regulatory framework but also to go beyond it.

We have taken the view that VfM will be achieved when we know what outcomes we want and use our resources in the most effective way to achieve those outcomes. Our aim is to become a high performing and below average cost organisation. This does not mean that we will always aim to provide our services at lowest cost as this may adversely impact on the quality of service provided to our customers. It does, however, mean that we will always ask ourselves whether we can deliver a better service more cost effectively.

5 Our costs and our performance

We monitor and report on our performance against key targets quarterly and annually. The results for the year to 31 March 2015 are shown below together with our targets for the coming year.

In the current competitive environment it is crucial that we monitor our cost base and seek savings wherever possible. At the end of 2014 we undertook a full financial assessment process to ensure that the 2015/16 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 are developing plans so that our review of key areas of costs and performance also include reporting on, and measuring where possible, our achievement levels against soft targets.

Our consistent focus is to maximise the use of our resources and to manage them efficiently. To this end we:

- › Maximise the collection of rental income and minimise debt. For the past 2 years bad debt write-offs have been less than 2% of gross rents.
- › Control costs and prioritise savings. Our procurement processes ensure that we obtain best value as demonstrated by tendering our utility contracts as referenced below.
- › Ensure robust financial management, with strong financial controls and effective treasury management. This is evidence by our Financial Regulations and finance policies and procedures.
- › By the above, achieve surpluses to enable us to reinvest in and grow our business. Over the past 3 years we have consistently achieved reasonable operational surpluses of between 6% and 10%.
- › Effectively manage our staff team. In 2014/15 we spent almost £80,000 on staff training.

Key targets for the year measured against last year's performance are shown below.

Target	2014 (Actual)	2015 (Actual)	2016 (Target)
Average annual voids rate	4.8%	4.7%	4.1%
Rent debt percentage	3.4%	2.4%	2.1%
Total annual utility costs per customer	£628	£531	Reduce by 2%
Total maintenance costs per customer	£1,452	£934	Maintain at this level

As part of our review of financial performance we have carried out reviews of major areas of cost. Last year our reviews focused on the following:

- › Our major cost element (64% of total expenditure) is our staff. We undertook a salary benchmarking exercise in 2014 to ensure that our salaries are at the right level. This resulted in the realignment of salaries for some grades of staff.
- › Another high cost element (7% of non staff expenditure) is utilities. We 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. An example of this is the saving of £6,000 per annum achieved as a result of tendering our electricity contract for our Ingram Court service in May 2014. We are refining this process so that we can group contracts and tender them at the same time so that we can benefit from higher volume purchasing allowing further savings to be made. We have investigated buying groups and found no evidence that they would lead to us obtaining cheaper utility prices.

In the coming year our reviews will cover the following:

- › Whilst our telephone costs do not appear to be excessively high this will be an 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. Our aim will be to achieve a 5% saving on total telephone costs.
- › We strive to maintain our buildings to a high standard and our property maintenance expenditure is a large cost element (12% of non staff expenditure). We will review our facilities service and concentrate on procurement processes in high cost areas to achieve a 5% saving overall.

6 Quality and customers

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, we undertake an annual survey of customer satisfaction and we benchmark these results with other providers biannually. The headlines from the 2015 customer survey are shown below together with our targets for the current year. We also regularly review the quality of our services and customer involvement by way of service audits.

In addition we undertake an annual analysis of our customers' needs, distance travelled and outcomes, and benchmark these results year on year.

Current position

Our 2015 customer satisfaction survey identified that:

- › 86% of customers are satisfied with the service we provide.
- › 72% of customers are satisfied with the way we deal with repairs and maintenance. This is in line with our benchmarking partners.
- › 83% of customers agree that we understand their needs.
- › 83% of customers agree that our services make positive changes to their lives.

Our customer needs analysis in 2015 identified that:

- › In 10 of the 22 outcomes measures we capture, we saw an increase in positive outcomes compared to 2013/14.
- › In 2014/15 over 90% of our customers achieved:
 - › Maximising income
 - › Participating in leisure-cultural-faith-informal learning
 - › Establishing links with external agencies
 - › Establishing contact with family and friends
 - › Better managing physical health
 - › Better managing independent living
 - › Better managing self harm
 - › Better minimising harm from others
 - › Increased choice, control and involvement

Future targets

The outcomes from our last two customer surveys with this year's targets are shown below.

Question	2014 (Actual)	2015 (Actual)	2016 (Target)
Taking everything into account are you satisfied with the service provided by Evolve?	95%	86%	95%
Overall are you satisfied with the way Evolve deals with repairs and maintenance?	86%	72%	86%
Overall do you agree that Evolve understands your needs?	90%	83%	90%
Overall do you agree that Evolve's services make positive changes to your life?	89%	83%	89%

Overall customer satisfaction was impacted on by a considerable decline in satisfaction with maintenance. However, having benchmarked the data with sector partners, it is clear that the 2014 satisfaction levels were particularly high, and the 2015 levels closer to those of our benchmarking partners. Whilst this may be the case, we have been able to achieve these high satisfaction levels previously and we will strive to do so again in 2016.

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 are 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 during 2015/16. The data for 2014/15 on outcomes in specific needs areas is shown in the table below along with the targets for the current year.

Outcome measure	2014/15 Actual	2015/16 Target
Reduced Overall Debt	84%	94%
Obtained Paid Work	52%	65%
In Education and/or Training	82%	90%
Better Managed Physical Health	92%	95%
Better Managed Mental Health	85%	95%
Better Managed Substance Misuse	73%	85%
Better Managed Self harm	97%	99%
Better Managed Risk of Harm to Others	94%	95%

We will also develop models to establish the savings to statutory bodies from the work at our services.

7 Our staff

As mentioned above we undertook a benchmarking exercise related to our staff salaries in 2014, the outcome of which informed our annual salary review. 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

Details from the 2013 survey are shown below together with our targets for 2015.

Question	2013 Evolve	2013 Syndicate Average	2015 Target
Staff are clear about what they are expected to achieve in their job.	90%	88%	Maintaining our position in the upper quartile of our benchmarking group.
Staff are clear about how their work will contribute to the success of the organisation.	92%	91%	
Staff answered positively that the organisation is committed to meaningful customer involvement.	92%	This question was not benchmarked.	
Staff believe that, on the whole, Evolve is a well managed organisation.	65%	56%	

Whilst the outcomes from the 2013 staff survey are generally positive, especially when measured against those of our benchmarking partners, we strive to improve our staff satisfaction level. Directors visited all of our services to discuss the

outcomes of the survey and to seek further feedback. This feedback, together with the outcomes from the survey, has been fed in to our staff training and development plans.

8 Our added value: the social value of Evolve

Our purpose and focus is making a lasting difference to lives and communities. We do this by providing excellent housing and community services. We work inclusively to add value to communities by using our accommodation to provide support to vulnerable people to enable them to achieve independence. We also provide a range of services to others in the community who would be at risk of homelessness, such as 10 – 16 year olds who struggle to engage in formal education.

In addition to their homelessness, our customers in accommodation-based services also present with a range of needs, including physical, emotional and mental health issues; lack of basic life skills such as budgeting, cooking and cleaning; lack of employability skills, including literacy and numeracy, and other issues.

In 2013 we established a training and support programme at Palmer House, a 60 unit hostel commissioned by Croydon Council to deliver supported accommodation to former rough sleepers with complex needs, including mental ill-health and drug and/or alcohol misuse. The programme was set up to address the very high incidences of ambulance callouts to Palmer House for alcohol related health issues. The service achieved a dramatic reduction in the number of ambulance call outs as shown in the table below.

Year	Total call-outs	Average per month	Callouts- related to alcohol	Related to alcohol %
2012/13	162	13.5	98	60%
2013/14	107	9	48	45%
2014/15	58	5	20	34%
April - June 2015	3	1	0	N/A

In 2014/15 we saw a 46% drop in ambulance call-outs against the 107 callouts made in 2013/14. Within that, the percentage of those calls made relating to alcohol use reduced from 45% to 34%. Figures for the first quarter of 2015/16 show a further reduction and, In summary, the average call outs per month reduced from 13.5 in 2012/13 to 1 in quarter 1 2015/16.

A study published in March 2012 by the Centre for Public Health, Liverpool John Moores University estimated that each ambulance call out costs the NHS £299. Therefore the reduction in call outs from 13.5 per month in 2012/13 to the current level of 1 per month, as a result of the new programme, has delivered an annual saving to the NHS of £44,850.

We will continue to ensure good value to the taxpayer in future and we will keep our social impact and added value under review with the aim of reporting more fully on

these in future self assessments. However the two case studies below illustrate the impact our work has on individual customers.

Alexandra House

JS, a customer at Alexandra House, has been with Evolve for 2 years. Having had mental health and substance misuse issues, she has found the opportunities to engage with the organisation very positive in improving her confidence: "Since coming to Alexandra House, my support worker has really encouraged me and I've had opportunities to engage through learning. For example, I went on a training day to become a customer auditor for Evolve's services. On completing the training, I was selected to do some auditing jobs. I've used my good listening and observing skills in this role, and I'm committed and happy to offer my time to others. I have learned to liaise with everyone, from staff to other customers. I am no longer a nervous person, I am confident and competent.

"Being in charge of helping services improve makes me feel good. This opportunity has given me a confidence boost, and raised my morale and self-worth. It makes me feel customers are valued, especially as working in a team makes us all equal."

Palmer House

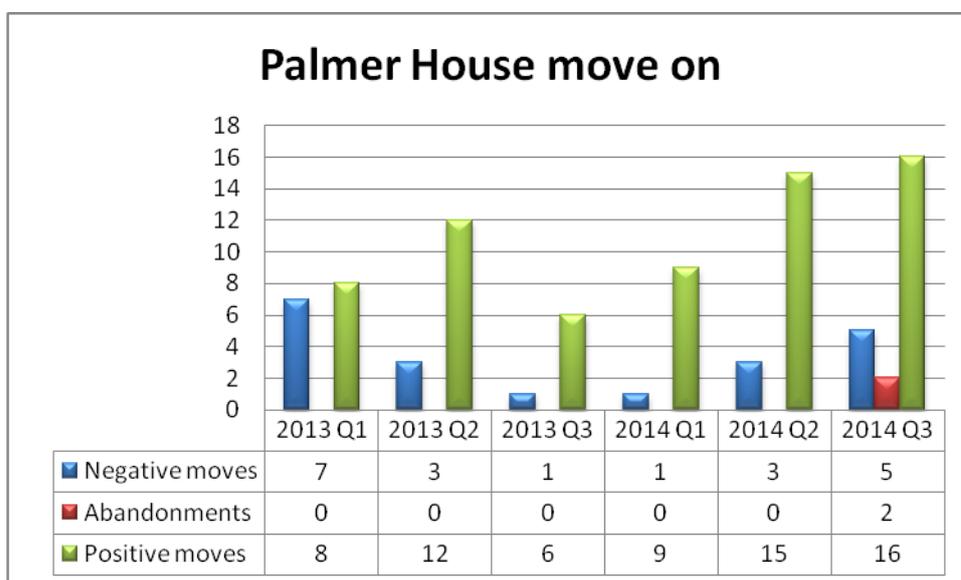
MD, a resident at Palmer House, in her own words: "I raised a family of 4, 3 boys and 1 girl. My eldest has always had mental health issues and my Mum had terminal cancer, and I looked after them both. I'm also a professional nurse, specialising in oncology, so all I've ever done is nurse. I've always been a hard worker but I became very reliant on alcohol and had a breakdown. My family and I were evicted when my son caused damage to the house due to his mental health. My youngest daughter was pregnant at the time we were on the street. I was going through a terrible time and I had nobody to turn to. Having an addiction makes you feel weak. It's demoralising and humiliating. You just lose all self-respect and self-control. I lost the respect of my children for a year. I didn't realise how selfish an addiction is. It's so blinkered, it eats away at you. I became very secretive and sneaky. It's only when you get to the lowest point of your life that you wake up from it. It was a real wake-up call knowing I could have lost my children.

"My sessions with my support worker do everything I need. I can unload everything that's ever bothered me, and my support worker sits and listens. You have to accept who you've become to go back to where you were and who you were before. You don't feel hurried, staff make you feel like you can be the person you were, can be, and will be. I've achieved so much since I've been at Palmer House. I have been abstinent from both drugs and alcohol for nearly a year. I'm looking to get back into nursing, which I've missed more than anything. I'm also going to work for a Well Woman Clinic, which will be the first step back to nursing if I can't get a refresher course. Every week I do about 6 hours of volunteering at the British Heart Foundation. I can see my life coming back. I have renewed confidence and I've achieved more than I thought I could. I don't feel ashamed anymore, I don't look in the mirror and think 'I don't know that woman.' I know who I am now. I'm back to myself."

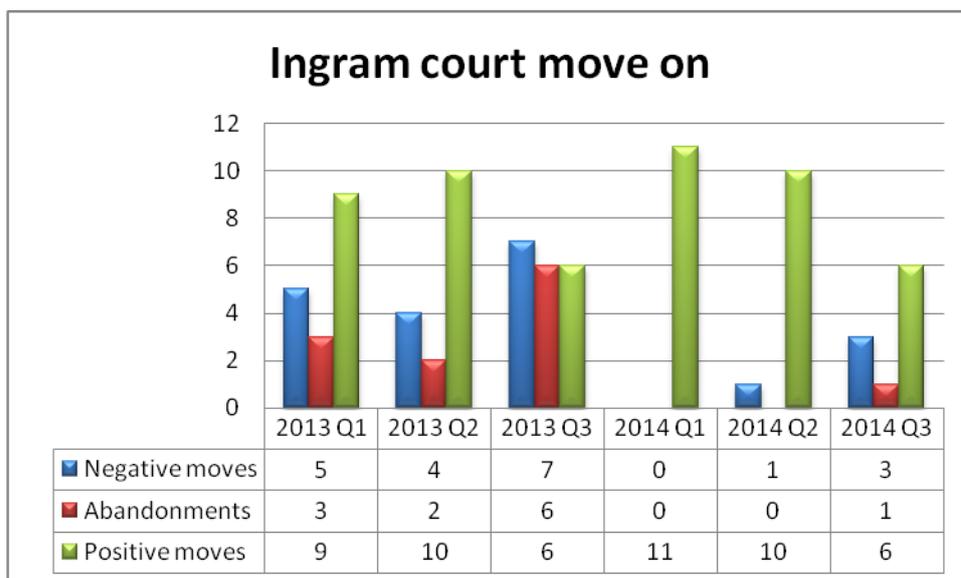
9 Reporting on soft targets

We will build on the existing data that our support planning software, InForm, provides us and on the assessment tool, Outcomes Star, to develop a measurement system for soft targets. In addition we will explore further if and how we can use social impact measurement to evaluate the impact our activities have on the people and communities in which, and with which, we operate.

During 2014/15 we undertook a pilot scheme at two of our services (Palmer House and Ingram Court) with the aim of reducing the numbers of evictions and abandonments. The outcomes were extremely successful as illustrated by the charts below and the scheme is being introduced at all of our services.



Over the course of the pilot Palmer House saw an increase in positive moves as a percentage of total moves from 70% in 2013 to 78% in 2014.



Similarly at Ingram Court, over the same period, there was an increase in positive moves as a percentage of total moves from 48% to 84%.

10 How we make decisions

The Board is responsible for the formulation of the strategic plans of the organisation and, by regular financial monitoring, ensuring adequate accounting records are kept and detailed budgets are prepared and approved. In order that it might properly fulfil these obligations it receives regular reports on all aspects of the organisation's operations and it delegates the main day to day decisions to the Chief Executive and senior managers.

11 Benchmarking

As mentioned above we undertake 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. In 2014 we also undertook a benchmarking exercise related to our staff salaries.

We will 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.

12 How we deliver VfM

We record our key achievements once our VfM reviews have been carried out. This highlights cost savings and also our achievement against soft targets. This 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 on our existing services being correspondingly reduced.

The starting point for our VfM processes was our Business Plan (2013 – 2016). We then used the data available to us from our VfM self assessment to establish our current position and to identify where we are on the VfM journey. Our VfM strategy was developed to provide a pathway to meeting our targets. We understand the importance of ensuring that the benefits achieved are not just short term but are sustainable in the long term. We have also taken steps to involve customers in the process whenever this is possible. In particular we have established a customer scrutiny panel that regularly investigates aspects of our service delivery and makes recommendations on improvements, both in service and value for money. The majority of the recommendations made in the panel's reports have been accepted and changes made accordingly in our policies and practices.

All annual reviews begin by ensuring that we have an appropriate VfM governance structure in place that fully engages our board and provides appropriate executive scrutiny and oversight. We then explore what lessons can be drawn from our previous VfM strategy to help inform our new strategy. The next stage is to undertake a robust review of our current level of performance as against our set targets, which are directly linked to our corporate strategy. We check that we have

the relevant benchmarking data and also ensure that our VfM approach enables us to comply with the regulatory standard.

This process leads naturally in to the annual self assessment and revised VfM strategy. Our long-term aim is to heighten our expertise in VfM management and to be continually challenging our cost base, monitoring the relationship of costs incurred to outcomes achieved, and aspiring to create an environment for continuous improvement.

13 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.

Managers are expected to account to their line manager for the financial and non-financial performance of their service and this is measured against agreed targets and budgets. These targets and budgets are set annually, but are kept under constant review and are updated when necessary. In addition, the senior management team reviews results and outcomes monthly, with further scrutiny provided by quarterly audit committee and board meetings.

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

14 Future targets and how we will achieve them

Our focus on VfM has raised our collective awareness of the importance of VfM in our service provision. The current economic climate has further highlighted VfM as a key area. To secure improved VfM we need the involvement of our staff, our stakeholders and the understanding of our customers. We need them to engage fully with this strategy and develop even more effective ways of delivering services than has historically been the case.

Our contract rates have been increasingly squeezed over the last five years and have fallen by approximately one third in that time – resulting in a corresponding efficiency improvement. Our supported housing contracts with local authority funders are now at a minimum level whilst still ensuring reasonable and market median rates of pay for front line staff. However, we believe we can deliver even greater efficiencies in our housing management and back office services.

This will require a change in custom and practice and a more critical assessment of the way in which our services are delivered. We will continue to raise VfM with our staff at our regular service meetings with the aim of embedding the principles in to their working practices. To guide the organisation through the strategy we have developed some key principles, which we will apply when considering VfM, and a simple action plan to focus our attention on the areas where we most need to make improvements.

During the coming year we will continue to focus on value for money and in particular we will:

- › Review our operating costs across the organisation and set targets for cost reductions
- › Improve asset management, particularly in relation to delivering against our cyclical maintenance plan and ensuring VfM from our facilities function
- › Reduce voids as detailed in section 5 above – particularly the time and cost of letting to new customers
- › Further improve our current good arrears performance.
- › Develop a range of measurements for soft outcomes to better demonstrate our social value.

We will also develop a plan to review key areas of our overheads, operating costs and performance including, if practical, reporting on and measuring 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.

15 Communications

The contents of this VfM self assessment and strategy will be communicated to all staff via our corporate briefing processes and through team meetings and copies will be made available on our staff Intranet. As part of the corporate induction process, Evolve's approach to VfM will be explained to all new staff. Our VfM self assessment and strategy will also be posted on our website (www.evolvehousing.org.uk) and be available from our head office at Marco Polo House, Croydon.

16 Review

This VfM self assessment and strategy will be formally reviewed annually.