

**SOUTH LONDON YMCA
DECEMBER 2014**

VALUE FOR MONEY STRATEGY

1. Introduction

1.1 Organisational Overview

South London YMCA (SLYMCA) 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 they are best able to deliver the services we are currently contracted to provide, but also that they are structured in such a way as to ensure they provide the flexibility needed to react to future changes in service demand. By the end of the 2014/2015 financial year our asset management strategy will have 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), Local Authorities and to the taxpayer for this Social Housing Grant.

Our Board accept their responsibility for knowing how our assets are used to further our aims and purposes. With this in mind our Board are 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.

After achieving the successful completion of the major redevelopment at Sylvan Hill in early 2015, the Board and senior team will be reviewing the Association'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. This VfM strategy will, therefore, be updated in six months' time once the new development and investment strategies have been finalised and approved by the Board.

1.2 Operational Overview

VfM has always been a key dimension in delivering housing services but the current economic climate makes it even more important that South London YMCA (SLYMCA) adopts a comprehensive and strategic approach to getting the most from the resources we have. SLYMCA has a responsibility to its customers to ensure that their rent is being spent wisely and on the things that matter to them. Their views of how well we are doing are reflected in our annual staff 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 new VfM Standard set by our regulator, the Homes and Communities Agency (HCA), we have introduced 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.

The VfM Regulatory Framework published by the HCA 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.

We have carried out a rigorous VfM self assessment and the outcomes from this inform our strategy as laid out in this document. To ensure that we deliver a comprehensive and strategic approach to achieving VfM we refer to the VfM Standard during these processes. 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 Association's culture as a matter of course.

2. Current position

SLYMCA has undertaken a robust self-assessment of our approach to VfM compared against the new VfM standard. Our VfM self-assessment is a key document and is the way in which we provide a clear explanation of our approach to VfM to our customers and our regulator, the HCA. The self-assessment has been prepared by senior management and has been endorsed by our board. It has been shared with our stakeholders and our customers and has been published on our website. The self-assessment will be undertaken annually and we will review and refresh the actions identified in our VfM Strategy as a consequence.

2.1 Our costs and our performance

We monitor our performance against key targets quarterly and will report them on an annual basis going forward. The results for the year to 31 March 2014 are shown in section 4 below alongside our targets for the current year.

2.2 Quality and customers

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. The headlines from the 2013 customer survey are shown in section 4 below alongside our targets for the current year.

We also undertake an annual analysis of our customers' needs, distance travelled and outcomes, and benchmark these results year on year. A number of outcomes were identified as critical, and actions to improve these have been included in our 2014/15 Corporate Plan. The comparative figures for outcomes, actual against target, are shown in section 4 below.

2.3 Our staff

We undertake a staff survey biannually. Our results in this survey are benchmarked against those of the other Registered Providers who are members of our benchmarking syndicate. The headlines from the 2013 survey are shown below and also in section 4 below, together with our targets for 2015.

- 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.

3. Value for Money at SLYMCA

Our Vision, Mission and Values form the basis of our future plans and feed in to our three year Business Plan (2013-2016). In addition, each year we develop our annual Corporate Plan that details our targets for the year in order to achieve the aims of the Business Plan. VfM is a key element for us when we are developing these plans.

3.1 Our Vision, Mission and Values

Our Vision : Making a lasting difference to lives and communities.

Our Mission: Providing excellent housing and community services.

Our Values: ASPIRE – Aspirational, Supportive, Professional, Inspirational, Responsive, Empowering.

3.2 Our Business Plan (2013 – 2016)

The strategic themes of our Business Plan are:

- Inspire our teams to continue to develop, innovate and deliver exceptional services.
- Create positive change for people and communities.
- Reach more people, expanding what we do and where we do it.
- Sustain our future by achieving the financial targets we aspire to.

3.3 Our Corporate Plan and Objectives

The major targets in our Annual Corporate Plan 2014/15

- Complete salary benchmarking process
- Make recommendations to Board based on salary benchmarking process
- Review and improve recruitment and selection processes with a view to improving staff retention
- Evaluate Apprenticeship Scheme
- Implement structures to better capture information on all aspects of our work
- Develop systems for capturing all soft outcomes to demonstrate value of our work
- Deliver funding for our community programmes
- Design a new approach to better demonstrate our social impact and return on investment

3.4 The Value for Money Standard

Our regulator, 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, SLYMCA aims to not only comply with the regulatory framework but also to go beyond it.

3.5 Our Definition of Value for Money

SLYMCA has 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.

4. 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 over the

next few years. To secure improved VfM we need the involvement of our staff, our stakeholders and the understanding of our customers. We need them to fully engage 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 during the coming year. To guide the Association through the lifetime of 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 ~~overheads~~ operating costs across the organisation
- Improve asset management, particularly in relation to delivering against our cyclical maintenance plan and ensuring VfM from our facilities function
- Reduce voids – particularly the time and cost of letting to new customers
- Further improve our current good arrears performance.

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

Our specific targets for the year as compared with our current performance are identified in the tables below.

4.1 Our costs and our performance

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.
- Control costs and prioritise savings.
- Ensure robust financial management, with strong financial controls and effective treasury management.
- By the above, achieve surpluses to enable us to reinvest in and grow our business.
- Effectively manage our staff team.

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

Target	2014 (Actual)	2015 (Target)
Average annual voids rate	4.8%	3.1%
Rent debt percentage	3.4%	2.1%
Total annual utility costs per customer	£628	Reduce by 2%
Total maintenance costs per customer	£1,452	Maintain at this level

Our reviews for the current year will focus on the following:

- Our major cost element is our staff salaries and we have undertaken a salary benchmarking exercise and implemented the changes needed to ensure that our salaries are at the right level. We will also seek to make efficiency savings by reviewing our staffing structures. Restructuring has already taken place in three services and we will continue to restructure services as contracts are won or renegotiated.
- 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.
- 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 management service and concentrate on procurement processes in high cost areas. By judicious procurement arrangements we will aim to achieve better value for the same level of spend.
- 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.

By involving staff we will also seek quick wins:

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

4.2 Quality and customers

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

Question	2014 (Actual)	2015 (Target)
Taking everything into account are you satisfied with the service provided by SLYMCA?	95%	Being Maintaining our position in the upper quartile of our benchmarking group.
Overall are you satisfied with the way SLYMCA deals with repairs and maintenance?	86%	
Overall do you agree that SLYMCA understands your needs?	90%	
Overall do you agree that SLYMCA's services make positive changes to your life?	89%	

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

2014/15. The data for 2013/14 on outcomes in specific needs areas is shown in the table below along with the targets for the current year.

Outcome measure	2013/14 Actual	2014/15 Target
Reduced Overall Debt	89%	94%
Obtained Paid Work	44%	65%
In Education and/or Training	76%	85%
Better Managed Physical Health	97%	99%
Better Managed Mental Health	89%	95%
Better Managed Substance Misuse	77%	85%
Better Managed Self harm	93%	95%
Better Managed Risk of Harm to Others	76%	85%

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

4.3 Our staff

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

Question	2013 SLYMCA	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%	81% in 2011. This question was not benchmarked.	
Staff believe that, on the whole, SLYMCA 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.

We have also undertaken a benchmarking exercise related to our staff salaries this year. The outcome of this informed our annual salary review.

4.4 Our added value: the social value of SLYMCA

As identified in our Vision and our Mission detailed in paragraph 3.1 above, our purpose and focus is making a lasting difference to lives and communities by providing excellent housing and community services. We work exclusively to add value to communities by using our accommodation to provide support to vulnerable people to enable them to achieve independence.

In addition to their homelessness, customers 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 2009 the Department for Communities and Local Government commissioned Capgemini to carry out a study in to the financial benefits of the Supporting People programme, which funds the support we provide to our customers. Whilst this report is not new the major findings are still valid. In particular the report identifies the net benefit from the cost of supporting the various vulnerable groups that SLYMCA supports as noted in the table below.

Customer group	Net financial benefit as a percentage of cost
People with alcohol problems	444%
Women at risk of domestic violence	272%
People with drug problems	524%
Single homeless with support needs – settled accommodation	24%
Single homeless with support needs – temporary accommodation	91%
People with mental health problems	220%
Offenders or people at risk of offending, and mentally disordered offenders	73%
Teenage parents	-73%
Young people at risk – settled accommodation	28%
Young people at risk – temporary accommodation	70%
Young people leaving care	-6%

The table above clearly demonstrates the value of housing related support, with the exception of two customer groups.

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.

4.5 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 how we can use social impact measurement to look at our activities and evaluate the impact that these have on the people and communities in which, and with which, we operate.

5. How we deliver VfM

The VfM standard sets certain specific expectations with regards to how we report on VfM. In particular 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 VfM gains that have been and will be made and how these have and will be realised over time

Our starting point for our VfM processes was our Business Plan (2013 – 2016), which set the targets we are aiming for. 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. Our board have taken ownership of VfM within SLYMCA and a director has been appointed as the VfM lead. 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.

Future annual reviews will 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 will then explore what lessons can be drawn from our previous VfM strategy to help inform our new strategy. The next stage will be 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 will also check that we have the relevant benchmarking data and also ensure that our VfM approach will enable us to comply with the regulatory standard. Finally we will seek to identify the cultural barriers that need to be overcome to ensure that VfM is fully embedded within our staff team.

This process will lead naturally in to the annual self assessment and revised VfM strategy. Our long-term aim is to heighten our competence 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.

6. Communications

The contents of this VfM strategy will be communicated to all staff via our Corporate Briefing processes and through team meetings. Copies of the VfM self assessment and this strategy will be made available on our staff Intranet and, as part of the Corporate Induction process, SLYMCA's approach to VfM will be explained to all new staff. Our VfM self assessment and this strategy will also be posted on our website.

7. Review

This strategy will be formally reviewed in 2014/15 following our annual VfM self assessment.