

---

# Value for money self-assessment and strategy

## September 2017

---

### 1 Introduction

#### 1.1 Statement from our Chair

Evolve Housing + Support (Evolve) is committed to the pursuit of excellence, efficiency and effectiveness. This self-assessment sets out how value for money is embedded in our day to day activities. We aim to be the foremost provider of homelessness services in London and linked to this is our desire to be known for offering quality services and great value for money to our customers and stakeholders.

Our business planning and our budgeting and monitoring processes support this aim. Our Value for Money Strategy demonstrates our approach to understanding our customers, our costs and the services we deliver. We are putting in place measurable outcomes to confirm that Evolve is fulfilling this vision.

I and my fellow Board members accept our responsibility for knowing how Evolve's assets are used to further our aims and purposes. The Board and senior team regularly review the organisation's development and investment strategies with the aim of ensuring that we continue to make appropriate use of our assets in order to achieve further growth. A key aim for the Board is to demonstrate that we are maximising the return on our assets and investments, and achieving value for money.

This report sets out:

- › The measurable outcomes of our VfM work in the past year.
- › How we achieved these outcomes across our services.
- › Our plans for next year.
- › The measurable outcomes of our VfM work over time.

The impact of the Government's welfare reform proposals will significantly affect our resources and how we allocate them and it is critical to us that this does not compromise our commitment to provide high quality homes and services. Our focus on value for money will ensure that Evolve continues to be a vibrant sustainable organisation for the benefit of our customers and the communities we serve.

Karen Cooper  
Chair

## 1.2 About Us

Our purpose is, "To make a lasting difference to lives and communities", delivered through living what we believe in:

- › Get involved
- › Get the basics right
- › Believe in people
- › Embrace diversity
- › Be ambitious
- › Empower others

We are:

- › Honest. We treat homeless, vulnerable people and staff fairly, with respect and with an unconditional positive regard.
- › Inclusive. We enable our customers to play a key role in defining and designing the work we do. We develop our managers not to just manage, but to lead their teams.
- › Optimistic. We don't pass judgement on customer or staff potential simply based on where they are in their lives at this point in time.
- › Determined. We ensure that customers and staff have a solid skills foundation to build their future development on.
- › Creative. We provide a pathway of opportunity to support customers and staff to achieve their full potential, whatever that may be.
- › Passionate. We believe that every customer and staff member has the potential to make significant contributions to the organisation, sector, and community; be that through paid employment or volunteering their time.

By focussing on our purpose, beliefs and attributes we aim to make our housing services great places to live in which, with the support of our community services, the full potential of individuals and communities can be realised.

We provide a broad range of supported housing and other services across the London Boroughs of Bromley, Croydon, Lambeth and the Royal Borough of Kensington and Chelsea including:

- › 515 beds spaces for vulnerable and homeless people of all ages.
- › Our work and learning programme, providing the resources for customers to explore and develop their interests and skills and become experts in managing their own lives.
- › The Customer Employment Partnership (CEP) promotes jobs available within all partner organisations, generally at entry level, designed to empower customers to take the first step in their career in the homelessness and care sectors.
- › Our counselling service, available to all our customers.
- › Horizons mentoring service that supports young people aged 10 to 16 who are at risk of social exclusion.

### **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 we adopt 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 developed 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 also strive to monitor the 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 Definitions**

### **2.1 What is Value for Money (VfM)?**

We define VfM as using our finite resources efficiently to achieve the best possible outcomes for customers, stakeholders and our organisation. This means operating efficiently and effectively in order to obtain the best return from our investment in our assets, particularly our property assets. It also covers paying the right price for goods and services, and ensuring our staff perform to their best. We aim to get the right balance between quality and cost and take into account the needs of our customers, as well as the business, when making decisions.

### **2.2 What is social value?**

We define social value as making a positive difference to the lives of our customers, and the wider communities in which we operate, and the economy in general. We strive to be an excellent landlord that works closely with customers and communities to make a lasting difference. Achieving social value cannot always be measured in monetary terms.

## **3 Our approach to achieving VfM**

Promoting the delivery of more and better for less has been deeply embedded in our governance and management processes for many years and we strive to maintain and develop this ethos. This is how we see the reality of Value for Money in our organisation. This document sets out our approach to managing our assets, creating social value, and improving our procurement processes in order to achieve our corporate objectives in the most cost effective way.

We have rigorous business planning and performance monitoring systems in place to drive continuous improvement and maximise the efficiency and quality of our services for customers. We are continually undertaking detailed work to establish the most efficient ways of delivering services, all focussed on achieving value for money. To achieve this aim 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.

We manage our resources to provide cost-effective, quality services to customers. At the same time we are focussed on finding new sources of income to improve services for our existing neighbourhoods and to invest in new neighbourhoods.

Evolve has a proven track record of being efficient and effective. As with many overarching themes, such as Risk Management and Health and Safety, success is predicated on value for money being embedded throughout the organisation and being intrinsic to what we do. We are efficient in our activities, and demonstrate a balanced approach to self-regulation.

Our VfM self-assessment is a key document. It has been prepared by senior management, approved by our Board and is 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.

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 we meet the HCA standard and, if there are any gaps, what we intend to do to fill them.

Many of our customers are already disproportionately affected by the current economic situation and the Government's 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 Business efficiency and effectiveness**

### **4.1 Maximising our income**

We aim to ensure we minimise lost revenue by controlling our rent collection and the management of voids. Our arrears management processes aim to make sure we collect the maximum rent possible, despite the difficulties resulting from the high needs levels of our customers. As can be seen by the table in the section below our tight arrears management led to us maintaining bad debts at 2.4%, in excess of target (1.4%) but a considerable achievement in difficult economic circumstances. Maintaining strict control of void turnaround times and referrals ensured our voids stayed at 4.1%, only slightly behind our target of 3.5%.

## 4.2 Understanding our costs

We monitor and report on our performance against key targets quarterly and annually. The results for the year to 31 March 2017 are shown below together with our targets for the coming year.

With the challenges set by the current sector environment, and particularly the mandatory reduction in core rents, we must monitor our cost base and seek savings wherever possible. Each year we undertake a full financial assessment process to ensure that the budget for the forthcoming year is accurate and achievable. This is enhanced by a detailed scrutiny of service and central budgets by our corporate management team and is informed by our annual review of rents.

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 2.5% 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 5% and 10%.
- › Effectively manage our staff team. In 2016/17, we benchmarked our salaries and we undertook a comprehensive review of our training programme to assess its effectiveness and value for money.

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

<b>Target</b>	<b>2016 (Actual)</b>	<b>2017 (Target)</b>	<b>2017 (Actual)</b>	<b>2018 (Target)</b>
Average annual voids rate	4.0%	3.5%	4.1%	3.3%
Bad debt percentage	2.0%	1.4%	2.4%	1.3%
Total maintenance costs per customer	£1,332	£1,607	£1,686	£1,600

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

- › Telephone costs, concentrating on fixed line rentals and call charges. This included those lines used for data as well as voice, and we have maximised the use of faster broadband connections to combine both voice and data on one line, thereby reducing the number of lines we rent. We have already achieved savings of over 15% on total telephone costs.

- › Utilities, which account for 10% of non-staff expenditure. 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. We have grouped contracts to benefit from higher volume purchasing and fixed our tariffs for 3 years to improve budgeting by introducing certainty over these costs.
- › Staff costs, which comprise 60% of total expenditure. We undertook a salary and benefits benchmarking exercise in 2016 to ensure that our staff emoluments are competitive.

In the coming year our reviews will cover the following:

- › We strive to maintain our buildings to a high standard and our property maintenance expenditure is a large cost element (20% of non-staff expenditure). We have carried out a formal review of our facilities service using an external expert. We are now concentrating on procurement processes in high cost areas to achieve maximum value. However we are committed to providing our customers the best possible service in well maintained buildings so we intend to maintain the same level of spend on maintenance whilst ensuring that we continue to achieve best value.
- › We will implement the recommendations of our review of staff training, delivering significant amounts of training internally by suitably trained managers and reviewing our suppliers of external training.

We have also reviewed our unit costs against data for the housing sector in general as provided by the HCA below. The sector data is taken from the annual returns submitted to the HCA by providers owning and/or managing 1,000 units of more.

<b>Cost per Unit £'000s</b>	<b>Headline social housing cost</b>	<b>Management</b>	<b>Service charge</b>	<b>Maintenance</b>	<b>Major repairs</b>	<b>Other social housing cost</b>
Evolve Actual 2015/16	12.53	1.95	6.01	0.47	0.91	3.19
Evolve Actual 2016/17	13.44	2.07	6.75	0.54	1.13	2.95
Sector upper quartile	4.35	1.32	0.60	1.18	1.08	0.45

As a specialist supported housing provider it is to be expected that our service charges will be much higher than the sector average because of the special additional services we need to provide, including higher staffing levels, greater security and monitoring equipment, etc.

As our units mainly consist of studios and shared flats within larger buildings our per unit maintenance costs will be lower than the comparators as the costs for each building will be spread over a larger number of units. Additionally nearly all our buildings

have been rebuilt or refurbished during the past eight years so they are structurally in good condition and we plan to keep them in this good condition.

The impact of our size is reflected in higher management and other costs than the comparators. Whilst we will continue to monitor our costs against the HCA benchmarks, we will seek benchmarking partners from our own sector so that more comparative figures can be shown.

This year we joined the Small Providers Benchmarking group (SPBM) run by Accuity, which is made up of members of the g320 and focuses on benchmarking housing association data. There is also a sub-group for supported housing providers. There is a particular focus on VfM, HR and maintenance. Further information is shown in section 7 below.

### 4.3 Our staff

As mentioned above we undertook a benchmarking exercise related to our staff salaries in 2016. With limited resources available, amendments to pay rates were concentrated on lower paid staff and all staff are paid at least the London Living Wage (as at April 2017).

A group of our managers completed an accredited Train the Trainer course, and are now delivering part of our in-house and core training programme. As well as providing a great development opportunity for staff, this enables us to deliver high quality training that is in line with our values and to make the most of the wealth of knowledge and experience within the organisation.

We undertake a staff survey biannually. The next survey will be carried out in the last quarter of 2017. As with previous surveys, our results will be benchmarked against those of the other RPs who are members of the benchmarking syndicate.

#### Current position

Details from the 2015 survey are shown below. Our target for 2017 is to maintain our position in the upper quartile of our benchmarking group in all areas.

Question	2015 Evolve	2015 Syndicate Average
Staff are clear about what they are expected to achieve in their job.	92%	88%
Staff are clear about how their work will contribute to the success of the organisation.	93%	88%
Staff answered positively that the organisation is committed to meaningful customer involvement.	90%	82%
Staff believe that, on the whole, Evolve is a well managed organisation.	67%	52%

We continuously strive to improve our staff satisfaction level. Our Head of HR 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 directly influenced our staff-led organisational communication review and our staff-led review of training and development.

#### **4.4 Growing our business to achieve economies of scale**

As a smaller housing association we are able to respond quickly to changing political and economic circumstances. However we are well aware that our size can present problems for us in that we have fewer units than some with which to absorb our overhead costs. We actively seek merger partners and strategic alliances as well as organically growing our business through new developments. Evolve was created from a merger of Croydon and Lambeth YMCAs, joined by Earls Court YMCA in 2013. On 1 April 2017 we successfully completed a merger with Grenfell Housing and Training Ltd, adding 177 to the number of supporting housing units provided in four additional London boroughs. By creating a larger organisation with one combined infrastructure we can be more efficient, provide better value for money and have better prospects for long-term survival and growth.

## **5 Active asset management**

We are committed to ensuring that we are holding the right assets and assessing the financial return we receive from them. We regularly assess our housing stock to ensure it meets our current requirements. In 2016 we completed an options appraisal on our smaller, scattered stock, which resulted in a decision to dispose of the scattered stock on the open market to generate funds which will be invested in the provision of new units, built using modular construction methods.

We have undertaken a stock condition survey of all our housing stock and have established a ten year maintenance schedule based on that survey. The majority of our buildings have been built or completely refurbished to a high standard in the last eight years. The schedule is designed to ensure that the quality of our buildings is sustained. With that as a priority we commissioned an internal audit of our maintenance procedures and as a result of that are reviewing our procurement processes and our preferred supplier list. We believe that a reduction in maintenance spend is only a positive if quality is maintained.

## **6 Adding Social Value**

### **6.1 Quality and our Customers**

Value for Money is not just about costs, 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 2016 customer survey are shown below together with our targets for the current year. We also regularly assess the quality of our services through quality assurance 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 2016 customer satisfaction survey identified that:

- › 86% of customers are satisfied with the service we provide.
- › 62% of customers are satisfied with the way we deal with repairs and maintenance. Having fallen every year for the past three years, satisfaction with maintenance has increased for the first time since 2013.
- › 86% of customers agree that we understand their needs.
- › 85% of customers agree that our services make positive changes to their lives.
- › 84% of customers are satisfied with having a say in the way their service is run

In 2016/17 over 85% of our customers with an identified need achieved a positive outcome in the following areas:

- Economic wellbeing
- participating in leisure, cultural, faith and/or informal learning activities
- establishing links with services
- establishing contact with family and friends
- managing independent living
- managing self harm
- minimising harm from others
- increased choice, involvement and control

## 6.2 Future targets

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

Question	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Target)
Taking everything into account are you satisfied with the service provided by Evolve?	86%	86%	87.7%	92%
Overall are you satisfied with the way Evolve deals with repairs and maintenance?	72%	62%	67.8%	80%
Overall do you agree that Evolve understands your needs?	83%	82%	86%	90%
Overall do you agree that Evolve's services make positive changes to your life?	83%	85%	84.7%	90%

Overall, customer satisfaction either increased on previous periods or stayed at similar levels. Satisfaction with maintenance improved, and following the recommendations from an internal audit of maintenance being fully implemented we expect this to increase again in 2017. Our customer scrutiny panel have also chosen maintenance as an area of review for 2017.

Our needs assessment tool is the 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 2017/18. The data for 2016/17 on outcomes in specific needs areas is shown in the table below along with the targets for the current year.

<b>Outcome measure</b>	<b>2016/17 Actual</b>	<b>2017/18 Target</b>
Reduced Overall Debt	77.7%	85%
Obtained Paid Work	51.4%	60%
In Education and/or Training	73.8%	85%
Better Managed Physical Health	94.5%	95%
Better Managed Mental Health	86.3%	95%
Better Managed Substance Misuse	68.7%	85%
Better Managed Self harm	92%	99%
Better Managed Risk from Harm to Others	88.8%	95%

Our data illustrates the increasing needs of our customers:

- › 53% of our customers have support needs around mental health issues.
- › 45% have identified support needs around substance misuse.
- › 43% have support needs around physical health problems.
- › 80% have support needs around maintaining accommodation.
- › 53% have support needs around reducing debt.

In order to understand the profile of customer need better and to improve the support services we offer we regularly review the health needs of our customers, and the number of people struggling with multiple issues in their lives. In 2017 we conducted a health snapshot to look at how many customers were experiencing;

- A physical health problem
- A mental health problem
- Issues with alcohol use
- Issues with substance use

We found that 58% of our current customers were dealing with two or more of these health problems, requiring support from Evolve to deal with a complex combination of issues. For these reasons, we make it a priority to work with people to improve their wellbeing, living skills and to help support them to build social skills and networks, and to prepare people for employment.

### **6.3 Work and Learning programme**

Our Work and Learning programme ensures that customers are work-ready before moving on and helps to provide meaningful career opportunities. The Work + Learning Team provide a programme across the whole organisation that is flexible in response to customers' aspirations. During the first year of the W+L programme, 50 reported improved literacy, 15 people achieved a qualification, 39 people attended work placements with corporate partners, many of whom had been away from the job market for a substantial period and 18 people obtained work. The W+L team have built a wide range of partnerships to provide opportunities for our customers, including relationships with the BRIT school, The Running Charity, Accumul8 and Open Cinema. The W+L team also gained accredited learning status with OCN.

### **6.4 Digital inclusion**

Supported by The Good Things Foundation, we also delivered the digital inclusion programme for a second time, which saw a high level of engagement from people with complex needs. The project increases digital inclusion amongst harder to reach customers through one to one coaching and workshops.

### **6.5 Croydon Health Employment Partnership (CHEP)**

CHEP is a partnership of eight Croydon based voluntary agencies, funded by the European Social Fund's Building Better Opportunities. The project works with people in Croydon who have significant health barriers to gaining employment to support them in their journey to work.

### **6.6 Peer Circles**

The Peer Circles project started in April 2017. Delivered in partnership with St Giles Trust and Look Ahead Care and Support it is funded by the Big Lottery and European Social Fund's Building Better Opportunities. The project works with people with severe and multiple disadvantage, including a history of homelessness, sex working, substance misuses, offending and/or mental health issues in order to support them to train, volunteer and gain employment. The project is delivered by staff and peer advisors who themselves have lived experience and will undertake level 3 Information, Advice and Guidance qualifications. The project covers central, south and outer south London. Evolve will work with people across several south London boroughs, concentrating on areas with the highest levels of deprivation.

### **6.7 Health and Wellbeing**

In 2016/17 our Health and Wellbeing project has recruited a further 6 volunteer counsellors, with a total of 16 delivering counselling in our services through the year. The project has received 154 referrals from our various services, offered 136 initial assessments and 751 counselling sessions have been delivered. The average waiting time from referral to first session was reduced to 27 days. We were awarded a grant from Street Smart which enabled us to refurbish six spaces across our services, creating wellbeing spaces that were better suited to the delivery of counselling and therapeutic activity. The Health + Wellbeing service hosted two teams of health service students from 'Team Up', a volunteer scheme run by Public Health Education England to raise awareness of physical and mental issues in our services.

Our strategic plans include the development of the Health and Wellbeing service over the next 12 months to ensure we are able to meet the needs of people with complex needs.

## 6.8 Reporting on soft targets

We have a team of volunteers from the Beyond Me programme, who have used a social impact measurement tool to evaluate the impact our activities have on the people and communities in which, and with which, we operate.

Analysis of data for 2016/17 yielded the following results:

- › The projected annual saving to the public purse of 48 customers complying with statutory orders and related processes is in excess of £1m;
- › The projected annual saving to the public purse of 198 customers successfully moving on to independent accommodation is almost £550k;
- › The projected annual saving to the public purse of 54 customers obtaining paid employment is almost £780k;

## 7 How we deliver VfM

- 7.1 We record our key achievements once our VfM reviews have been completed. 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 is our Business Plan. We then use the data available to us from our VfM self-assessment to establish our current position. 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 in our policies and practices accordingly.

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.

## **7.2 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.

## **7.3 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 includes 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 leadership team reviews results and outcomes monthly, with further scrutiny provided by quarterly Audit Committee and Board meetings.

## **7.4 Benchmarking**

Our regular customer satisfaction and staff surveys are benchmarked against results from the other agencies who are members of the benchmarking syndicate. This approach is also used for staff salaries on a regular basis.

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.

This year we joined the Small Providers Benchmarking group (SPBM) run by Accuity, which is made up of members of the g320 and focuses on benchmarking housing association data. There is also a sub-group for supported housing providers. There is a particular focus on VfM, HR and maintenance.

SPBM data for 2016/2017

<b>Standard</b>	<b>Evolve</b>	<b>Median</b>
Re-let time	9 days	19 days
Total arrears	2.14	4.9
Reactive maintenance	20.26% of TO	9.53%
Cyclical	3.14%	4.24%
Repairs spending as % of TO	6%	11%
Responsive repairs per property	10.52	4.82
Landlord satisfaction	87%	89%

## 8 Board assurance

Evolve sees its approach to VfM as a natural extension of the strategies, plans and processes that are already in place. Targets are set through the business planning process, annual budget setting and through team and individual objectives.

The Board is ultimately responsible for ensuring the delivery of the VfM strategy, which is overseen by our Audit Committee. A range of information is available to the Board during the course of a year, produced both internally and externally, to provide the required assurance. This information includes but is not limited to:

- › Monthly management accounts and quarterly financial forecasts
- › Quarterly and annual performance reports and KPIs
- › Internal audit assurance reviews
- › External audit reports
- › Specific service reports
- › Annual customer survey feedback
- › Customer panel reports
- › Regular reports to the quarterly Board and Audit Committee meetings
- › Risk register

We are always looking for better ways of operating and to learn from others. We are keen for feedback on any aspect of our performance and this document is part of a suite of documents we produce each year which includes our:

- › Statutory accounts
- › Annual report
- › Value for money self-assessment and strategy

This document is designed to be accessible to anyone with an interest in the organisation and the subject. This includes our customers, commissioners, staff, suppliers, regulators and other key stakeholders.

## 9 Future challenges

As we strive to provide good quality homes and excellent services at competitive costs, we are very aware of further proposed Welfare Reform cuts and the reduction in public sector funding. We recognise the need to continue to deliver more for less and deliver the best outcomes for our customers. We do not underestimate the impact of external changes, especially the impact of the Welfare Reform and Work Bill, published by the Government in July 2015, and a number of other recent Government proposals. The key issues that affect us are:

- › **Rent reduction:** The requirement on Registered Providers to reduce core rents by 1% each year over 4 years, starting from 2016-17. The Government exempted providers of supported housing from applying the cut for one year, but rents were cut from April 2017 and cuts will apply to the next 2 years.
- › **Rents capped at Local Housing Allowance (LHA) rates:** The Government is proposing that the Housing Benefit available to meet the costs of social housing rents should be capped at the relevant LHA rate. This has been delayed pending a wider review, the results of which are still awaited.
- › **Benefit cap:** The current benefit cap is £18,200 for a single person. The government proposes to reduce this further in coming years.
- › **Housing Benefit for those aged under 21:** The government proposes to end the automatic entitlement to Housing Benefit for people under 21.

Initial modelling indicates that the above requirement to reduce core rent by 1% over three years will mean a loss of approximately £1.9 million to Evolve compared to original forecasts of rent levels. The effect of this proposal over the 7 years of our current financial forecasts is approximately £5.9 million.

If our rents were to be capped at LHA rates the impact would be enormous, leading to a loss of revenue of £2.9 million in the first year, which would push us into a deficit and completely destroy our business model.

Whilst we will make every effort to increase efficiency further, and we remain committed to continuing with our plans for developing low cost housing solutions, it is inevitable that any reduction in our rents will reduce our capacity to commit to future developments.

## 10 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 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 4 above – particularly the time and cost of letting to new customers
- › Further improve our current good arrears performance.
- › Continue to develop a range of measurements for soft outcomes to demonstrate our social value better.
- › Continue to refine our KPI format to improve reporting on all outcomes for our customers.

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.

## **11 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, our approach to VfM is explained to all new staff. Our VfM self-assessment and strategy will also be posted on our website ([www.evolvehousing.org.uk](http://www.evolvehousing.org.uk)) and be available from our head office at Marco Polo House, Croydon.

## **12 Review**

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