
DELIVERING VALUE FOR MONEY

SELF-ASSESSMENT 2016

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No 21004R.
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LOOK AHEAD CARE, SUPPORT AND HOUSING

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VALUE FOR MONEY SELF- ASSESSMENT 2016

This assessment is produced for our customers, commissioners, staff, partners and stakeholders. It sets out the Board's current assessment of the Value for Money (VFM) we deliver at Look Ahead and how we plan to continue to improve our VFM going forward.

This report covers the following areas:

1. Introduction to Look Ahead
2. Value for money at Look Ahead
3. Value for money assessment
4. Investment strategy for improving value for money
5. Look Ahead's KPI targets for 2016/17
6. Understanding the differences in Look Ahead's unit costs compared to the social housing sector as a whole

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1. Introduction to Look Ahead

Look Ahead is a niche supported housing provider, completely different to general needs housing associations. Our primary purpose is to support thousands of people across London and the South East with a diverse range of needs, helping them to make individual choices, achieve goals and take control of their own lives by providing tailor-made support, care and accommodation. With the right support, we know that our customers can realise their dreams and aspirations. By encouraging individuals to identify and develop their own unique skills and abilities, we can support them to bring about positive change in both their lives and the people around them.

With over forty years in supported housing under our belt, we are experts by experience. We are proud to be the trusted partner of many local authorities and health organisations, providing specialist support and care services for over 6,500 people with a wide range of needs, including:

- Mental Health
- Learning Disabilities
- Young People and Care Leavers
- Homelessness and Complex Needs

We also work with a range of health partners and trusts to deliver integrated health, social care and housing services.

Whether it's working with someone to achieve a positive change or providing specialist care, Look Ahead's experienced and passionate teams are committed to delivering high quality services they would be proud for their loved ones to receive.

Look Ahead is currently repositioning the business so that our future housing, care and support offer is focused on people with much higher support and care needs than we have traditionally provided for in the past. Historically Look Ahead has run preventative support and care services for people with relatively low support needs. This is a strategic shift away from preventative low support services to people who have a statutory right to social care funding packages, from local authorities and the NHS due to the severity of their needs. It is not a radical change of direction but a necessary and natural progression, which builds on our work over many years with these core customer groups providing support. We will continue to provide some lower level preventative support services but only where there is a strong and ongoing commitment by local commissioners to fund these services.

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These changes are about us future proofing our accommodation, and acquiring more stable support and care contracts in response to the deep cuts across support and social care budgets. We are aligning our accommodation, support and care offer to future demand, reflecting commissioners increasing focus on funding high end statutory services and cutting back on low support preventative services. The approach positions us well to enable local authority and NHS commissioners to reduce their own costs by moving people out of inappropriate and expensive institutional settings. We are investing in our existing and new property, and developing new services for people coming out of hospitals or registered care to live more independently within the community and closer to families and social networks.

The last 18 months has been a transitional period as we continue to re-position the business and shift our portfolio to more high need statutory services. This will also enable us to improve support and care contract margins and is a central element of our 5 year business plan and growth strategy. Look Ahead will be operating within a highly specialised and niche market that has a significant social and economic return. Our buildings and services will contribute directly to reducing public spending across the health, social care and the criminal justice sectors. It will also lead to improved outcomes around wellbeing and quality of life, and fill a gaping hole in current provision by providing high quality, integrated housing, care and support. Look Ahead will be operating in a vital space at a point when many Housing Associations are exiting the market.

The current transition period will impact some core performance indicators for a time limited period. This will include short periods where voids will increase as we move properties and services from predominantly low support to high support schemes, and old contracts are decommissioned ahead of winning new ones. Following a systematic review of all our social care contracts we have also served notice on contracts which are no longer financially viable.

Look Ahead are well positioned to achieve our business plan and growth targets. For many years now our growth and success has been dependent on operating within a highly competitive support and social care market. The ability to win and retain contracts has helped instil internal discipline, particularly around efficiency and value for money which is central to our success as a social business. If we are not competitive on price and do not deliver subscribed outcomes we will not retain services. Over the last 12 months we have strengthened our internal performance framework, and more recently are looking for new ways to improve long term efficiency. This includes further investment in our central infrastructure and setting up new external benchmarking groups so we can challenge our performance. We are now seeking also to use the new HCA cost benchmarks on Value for Money but stripping out the care and support costs which currently distort our position.

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2. Value for Money at Look Ahead

At Look Ahead, our customers are central to everything we do. Value for Money means delivering quality services that produce positive outcomes for our customers, through making the best use of our assets and resources (property, people, money, information technology).

Being effective in delivering positive outcomes not only provides value to our customers, but also maximises public benefit to the local community, creating social and environmental benefits. For example, our services:

- make local communities feel safer and reduce policing needs by reducing the number of drug users on the street committing crimes
- reduce re-offending and keep people out of prison
- reduce NHS hospital admissions and medication need, and improve the health and wellbeing of customers and their families
- enable people to leave hospitals and care homes sooner to live more independent lives
- get customers back to work quicker and reduce reliance on benefits
- get young people into education for a brighter and more productive future

It is equally important that we are financially efficient so that we can generate capacity to invest in service innovation and business improvements to increase our effectiveness going forward. Financial efficiency means that we must deliver better quality services and better outcomes for the same cost or less.

The management and monitoring of Value for Money is embedded into Look Ahead's annual planning and regular monitoring processes, as well as across important decision-making and risk management processes. We revised our performance monitoring framework this year to improve accountability and ownership at all levels, from the Board and Performance Review Committee, through SMT and down the operational hierarchy to individual front line staff. The framework focuses on our core business priorities and a suite of high level KPIs is reported to the Board quarterly, with stretch targets being set annually to drive performance improvements.

The funding and costs of the two parts of our business, social care and housing, are recorded and tracked separately, to aid close scrutiny of the financial and operational performance of each, at different levels of accountability. Budgets and benchmarks for performance monitoring are aggregated from the individual care and support contract and individual property level. All central costs (central housing management, property services teams, finance and HR functions etc.) are apportioned between the two businesses at the lowest level using the key drivers of these costs.

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All new business proposals, bids for the delivery of care and support services and all investment proposals are assessed by a Look Ahead Risk Panel, consisting of at least three SMT members. It considers the economic and social value of potential new services, as well as their strategic importance and profitability, assessing value for money.

3. Value for Money assessment

We have assessed our Value for Money against the five Corporate Priorities underpinning our Business Plan, which were reviewed and updated this year following consultation with customers and staff.

<u>Corporate Priority</u>	<u>Value for Money Assessment</u>	<u>Trend</u>
i. Provide excellent services that deliver positive outcomes for all customers	Good	Improving
ii. Design and deliver innovative services in partnership with our customers	Excellent	Maintaining
iii. Achieve sustainable growth, maximising social and economic returns on investment	Satisfactory	Improving
iv. Recruit, develop and retain a high performing workforce through strong local leadership	Satisfactory	Improving
v. Enhance our financial strength and viability	Good	Improving
Overall Assessment	Good	Improving

Scale: Excellent – Good – Satisfactory – Poor – Very Poor.

Trend: Improving – Maintaining – Deteriorating.

i. Providing excellent services that deliver positive outcomes for our customers	Good	Improving
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We assess the quality of all of our services at least annually through our robust internal Quality Management System (QMS). QMS mirrors the performance monitoring framework of our care regulator, the Care Quality Commission (CQC) and rates each service 'outstanding', 'good', 'requires improvement' or 'inadequate'. The learning and action plans, prepared for each assessment, are used to drive service improvements across the business. As a result there was a significant increase in the number of services rated as 'outstanding' or 'good' during the year, as demonstrated in the table overleaf and the trend is continuing. We achieved the 75% target in April 2016 and the target has been increased to 80% for 2016/17.

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The table below shows our performance against target and benchmarks (where available) for the key metrics the Board have decided are the most important in determining how effective Look Ahead's services are:

Effectiveness - quality of services delivered to our customers:	Benchmark	Target	2016	2015	2014
% Services rated as 'outstanding' or 'good'	69%	75%	70%	59%	N/A*
No. of services rated "overall" as 'inadequate' by CQC	N/A	0	0	1	N/A**
No. of services with one standard rated as 'inadequate' by CQC	N/A	0	1	4	N/A**
% of new staff attending mandatory training within first 12 weeks	N/A	90%	74%	N/A*	N/A*
% of repairs completed as first time fixes	91%	85%	85%	84%	83%
No. of units without valid CP12 gas safety certificate	N/A	0	2	0	3

* New KPI measure introduced following revision of internal Quality Management System
 ** CQC new grading system implemented in 2014/15

We have one service where a standard is rated as 'inadequate' by CQC. We have completed all the service improvement actions and a recent internal quality audit has rated this service as 'good'. We are therefore confident that a CQC re-inspection will result in a 'good' outcome.

The ambitious target for 90% of new staff to attend 80% of their mandatory training within the first 12 weeks of employment, has proved unachievable given the practical demands of the business. Following further examination, the target going forward has been amended to completing the training within the 6 months' probation period.

There has been a steady improvement year on year in the number of maintenance repairs completed as first time fixes. We reached our target of 85% this year, but more work is needed to reach the benchmark. Gas safety certificates outstanding at the year end were issued in April.

During 2015/16, 1,574 customers moved on from our support in a planned way, 182 more than in the prior year. Of these, 382 (42% of those with an identified support need) went into training, paid work, or participated in work like activities.

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The case study below illustrates how we achieve these outcomes.

Case study – gaining employment

Leo, a customer of one of our complex needs service in north London, identified employment as one of his key goals with his support worker. Interested in using his experiences to work in the social care sector Leo applied to our internal peer support programme to gain skills and practical experience in this field.

Over 10 months he completed a placement at one of our young person’s services where he focused on health and wellbeing activities. He secured funding to set up a small gym within the service, encouraging a group of young people to attend regularly, using this time as an opportunity to discuss with them their aspirations and support engagement.

Over this time Leo also successfully completed a NVQ Level 2 in Health and Social Care. Following the end of his placement Leo secured full time employment in the social care sector and has since moved on to independent living too.

We estimate that the combined saving to the public purse of Leo gaining full time employment and moving to his own accommodation and therefore no longer needing accommodation based support to be £26,198*.

**savings in all of our case studies are calculated using a combination of the HACT social value bank (www.hact.org.uk) and reductions in required annual hours of support.*

ii. Designing and delivering innovative services in partnership with our customers	Excellent	Maintaining
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Look Ahead’s ability to design and deliver services that provide excellent value for money is tested continually in a competitive marketplace, as contracts are tendered and renegotiated by commissioners, with the aim of driving up quality and reducing cost. To maintain our position, we use customers’ insight in shaping our services, contributing to innovation and adding value. In addition, customers gain from their involvement through immediate rewards and longer term benefits, such as the opportunity to move into paid employment. Achievements this year include:

- **Customer Services Committee:** Following a review of the work and performance of the Committee, the Board confirmed its role in identifying and managing key customer risks and providing assurance around the delivery of high quality services. Key projects included the co-production strategy, customer expectations and choice and control, as well as policies for ASB, Feedback and Complaints, Food and Nutrition and Safeguarding.
- **Families and Carers’ Forum:** This Forum was launched for those involved with our customers with learning disabilities, as part of our service improvement initiatives. The Forum meets quarterly and has been well attended with contributions being made to the customer welcome pack.

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- **Experts by Experience Programme:** Customers use their life experience to co-create and deliver, with staff, training on key issues, such as mental health and substance misuse awareness. Over the last year we have delivered 79 training sessions, a 50% increase on previous years and have also delivered training to external partners, such as police services.
- **Induction and training:** Two days of our mandatory five-day induction programme have been co-produced and are co-delivered by customers.
- **Quality checkers:** We have recruited 18 customers, family members and carers to jointly check the quality of our services with managers.
- **Time credits:** Customers are incentivised to participate through 'Time Credits', which are redeemable at participating retailers. They may be earned through involvement in interview panels, health and safety checks, gardening, supporting their peers and in local co-production of services. Over the last year time credits earned have increased by 43% and spend has increased by 34%.
- **Peer Support Programme:** We have increased the training and supervision of peer supporters who, based on their own experience, help other customers in achieving aspirations, wellbeing and community inclusion. As a result, 65% of our peer supporters have remained in the programme for more than three months, a 20% increase on previous years. Peer supporters have opportunities to obtain qualifications, which can lead to paid work.
- **Values and vision:** Through the Customer Services Committee, focus groups and our Family and Carers' Forum, we captured the values that resonated with customers and staff: Excellence, Aspiration, Trust and Partnership.

How our customers view our services is monitored through satisfaction surveys every quarter. We received a record number of 1,950 customer feedback cards in 2015/16, 650 more than last year.

Outcomes we achieved:	Benchmark	Target	2016	2015	2014
Customer satisfaction with overall services	89%	85%	86%	83%	85%
Customer satisfaction with choice and control over their support	N/A	84%	84%	80%	83%
Customer satisfaction with opportunities to get involved	N/A	80%	82%	76%	80%
Customer satisfaction that staff listen, respect and encourage	N/A	87%	87%	85%	86%
Customer satisfaction with where they live	N/A	75%	74%	73%	75%
Customer satisfaction with maintenance service	81%	80%	71%	69%	75%

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Our customer satisfaction levels have improved in the year across all categories and in most cases have met or exceeded targets. Overall, they remain slightly above our target but below Housemark's Survey of Tenants and Residents benchmark, based on the most recent analysis for supported housing providers.

How our initiatives are improving customer satisfaction is clearly demonstrated by the marked rise, from 76% to 82%, in satisfaction levels for opportunities to get involved within the service. This can be attributed to the development of time credits, customer quality checkers and opportunities for involvement in the Customer Service Committee and elsewhere. Services with high levels of satisfaction in this area also scored highly in their internal quality audits for co-production and customer feedback.

Satisfaction with the maintenance service shows a slight improvement, but remains well below target and 10 percentage points lower than the national average. This can be partially linked to our lower than average completion of first time fixes and as part of our continuous improvement plan, we will be conducting an efficiency review of our reactive and void maintenance service, assessing value for money going forward.

The following case studies illustrate how we successfully satisfy customers' needs and produce significant savings to the public purse.

Case study – moving into independent living

Chris is a customer of one of Look Ahead's mental health services in South London. He last lived independently in the early 1990s and had been living in mental health institutions in the intervening years. When we took over the service our staff quickly identified that Chris had the potential to develop his independent living skills. Our staff worked closely with his care coordinator and consultant psychiatrist and began the process of supporting Chris to self-medicate. Within a month he was taking his medication as required and this positive step made moving to independent accommodation a more realistic option.

In addition to his mental health support needs Chris had a number of physical health problems, including double incontinence which required ongoing support. A self directed support package was in place for Chris to assist with his personal care. Throughout the process we worked closely with Chris, the care worker and agency involved to ensure his needs were being met but also balanced in order to promote independence.

Chris' support worker arranged a meeting with the borough's move-on coordinator which all professionals were involved and Chris attended. At this meeting Chris was able to express his views about the type of accommodation he wanted and how he would like his support needs to be met. It was agreed that Chris would be eligible for a fast track service, which gives customers a one off offer of self contained, independent accommodation.

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In preparation for Chris' anticipated move, support staff and Chris focused on developing his confidence to attend appointments unaccompanied and to travel to new places independently. He was also supported to begin saving money and prioritise buying furniture and things he may need for his flat. An offer of a flat came through in November 2015 and Chris accepted it on the spot. Over the next few weeks, Chris began the phased move into his accommodation. During this period, staff supported Chris to make the necessary changes to his benefits and set up his utilities and redecorate his flat.

Chris started the new year by moving into independent accommodation for the first time in over 20 years. Chris reports to 'love his flat' and is doing really well. We estimate the combined saving to the public purse of Chris moving to his own accommodation and therefore no longer needing accommodation based support to be £12,012.

Kylie was recently discharged from an in-patient rehabilitation facility in East London and referred to Look Ahead's Crisis House following a suicide attempt and a sectioning under the MHA. Kylie is 28 years old with a history of self-harm, non-compliance with medication and suicide attempts. She has a primary diagnosis of Borderline Personality Disorder and a history of substance misuse.

Our knowledge of Kylie's circumstances meant staff could work quickly and with understanding of her needs. Kylie chose her own Support Worker and together they drafted a risk assessment and support plan for her 3-4 week stay. At first Kylie was hostile and refused to engage but her Support Worker persisted and as the trust in their support relationship built, so did Kylie's engagement in key-working sessions.

Kylie's Support Worker arranged weekly meetings with Kylie's Care Co-ordinator to plan for her discharge home, fed back her progress to the clinical team and advocated successfully on Kylie's behalf for a medication review. Kylie explained that her frequent non-compliance was due to the side effects of her medication. Kylie confided that she still had a large collection of medication at her flat and agreed to let her Support Worker accompany her there to take it to the pharmacy for disposal. While at the flat, Kylie's Support Worker noticed large patches of damp. Kylie told her that this was a long standing issue admitting the damp left her feeling depressed and that the landlord ignored her complaint. Kylie's Support Worker called the landlord and the repairs were completed so that Kylie has been able to return to the flat.

The saving from Kylie moving back home compared to an in-patient admission is £11,594 for each episode.

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iii. Achieving sustainable growth, maximising social and economic returns on investment	Satisfactory	Improving
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The continuing austerity measures and welfare reforms have had a significant impact on all our income streams. The impact of the general election, comprehensive spending review and autumn statement also led to a reduction in tendering activity, which limited opportunities to win new business.

Overall we have experienced a reduction in our social care business of £6.0 million against a target of net new business growth of £2.0 million largely through:

- delivering further efficiency savings on existing contracts to our commissioners, securing the services for a longer term;
- the decommissioning of some non-statutory services;
- the handing back of non-viable contracts following a systematic review of all our social care contracts. Losses have been incurred, in particular, because customers with higher needs than originally specified were being cared for, contributing to high staff turnover and high agency costs. Additionally, Look Ahead implemented the London Living Wage. Where we have been unable to agree an acceptable redesign of the service, or additional funding, we have served notice on commissioners;
- the loss of three services through tendering, where we were unable to compete on price in boroughs which do not recognise the London Living Wage; and
- we secured new profitable services, two through tendering and two outside the tender process.

As a result of the above, income that was not sustainable has been eliminated and resources have been released for alternative deployment. Going forward we are investing in driving business development and marketing activity and we expect to generate less income through tendering. We will be drawing down on our investment portfolio to convert and purchase properties to support the business. In particular, we are developing services for high needs customers, where the social value and social impact is highest, using our property as leverage where appropriate. For example, we have converted 33 units for high needs care services, generating extra annual rental income of circa £0.2 million and additional social care income of £1.5 million per annum.

In the future, we plan to implement a systematic process to measure our social impact and the social return on investment that our services achieve.

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The following case study illustrates how we deliver a high needs service, using a converted property and its benefit to the customer and the public purse.

Case Study – Moving out of long term residential care

Alan has learning disabilities, mental health needs and a history of, at times, some challenging behaviour. He has spent 12 years in hospital, the last 7 in a high cost secure unit outside London. Look Ahead provided a transition service to Alan and his family, working closely with our NHS and social care colleagues to support his move into supported living in the community. Over 12 weeks staff worked alongside hospital clinicians assessing his needs, learning about his likes, dislikes, routines and critically building the relationship and trust that would prove so vital post-transition.

Alan now receives 24 hour one-to-one support from experienced Look Ahead staff. He has been living in his own three bedroom semi-detached house for a year and staff have supported him to keep a photo diary of his daily activities including the small but important milestones he is continuing to make as he adapts to independent living.

We estimate the combined saving to the public purse of Alan moving to his own accommodation and therefore no longer needing accommodation based support to be £8,019.

iv. Recruit, develop and retain a high performing workforce through strong leadership	Satisfactory	Improving
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This priority will be delivered through our new Workforce Development Strategy. Areas for improvement were highlighted in the employee engagement survey, undertaken in the first half of the financial year, which showed overall staff engagement at 66% against a target of 76%. Since then, we have revised our Reward Strategy so that we have a financially sustainable approach, which is competitive and maintains our commitment to the London, and National, Living Wage. Other methods of celebrating staff success have also been launched, including recognition awards and informal presentation events. Similarly, we have implemented an improved communications strategy, with staff recently awarding a satisfaction score of 81% for employee communications, compared with only 44% in the engagement survey.

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Voluntary staff turnover

We did not meet our voluntary staff turnover target (25%) this year, although the 30% outcome was driven by poor performance in only 10 of our services (excluding these, turnover would reduce to 24%). The poor performance is largely attributable to some mental health services and to the instability created in one London borough by significant efficiency savings on contract renegotiations.

In both cases we have put in place improvement plans, although we know from exit interview data that many staff use our mental health services for work experience before taking up posts in the NHS or further training, so we continue to expect higher turnover levels.

Recruitment

In order to improve the efficiency and effectiveness of our recruitment processes, we have implemented a new recruitment tracking system, which will help optimise recruitment channels and techniques. It can be linked directly with social media and job boards, freeing up HR business partners to work on more complex elements of recruitment. We have also developed targeted recruitment campaigns, incorporating skill and behaviour-led assessment centres.

Learning & Development

Investments in Learning & Development, which contribute to improved staff performance, include:

- Our refocused management development programme has been accredited by the Institute of Leadership and Management (ILM). The programme supports movement through career pathways at Look Ahead, with modules covering both practical and theoretical learning for our future leaders. We are aiming, in future, for up to 80% of leadership roles to be filled by internal appointments and have also reviewed our succession planning activities to identify potential and devise appropriate development opportunities;
- The new Operational Induction programme, which combines the statutory requirements of the Care Certificate with our internal induction needs, has been recognised by “Skills for Care” for its innovative approach. It has also contributed to improvements in the quality scores across our services.

v. Enhance our financial strength and viability	Good	Improving
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Our core operating surplus (before past pension deficit cost) for the year of £616,000 (2015: £1,864,000) was particularly depressed by the loss-making contracts that have been handed back to commissioners and the overall reduction in turnover. The results were also affected by other factors as explained overleaf.

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This table summarises key measures of financial efficiency:

Financial efficiency and economy:	Benchmark	Target	2016	2015	2014
Contract income collection %	N/A	90%	90%	94%	95%
Maintenance cost (reactive/voids) per unit	£575	£603	£919	£824	£918
Maintenance cost (planned) per unit	£270	£436	£157	£323	£235
Void %	4.3%	6.0%	7.1%	6.8%	6.6%
Net arrears of current tenants %	3.3%	6.5%	7.8%	6.6%	5.5%
Bad debt %	N/A	4.0%	4.1%	4.0%	3.4%
Agency staff as % of total staff spend (see section iv above)	N/A	5.5%	5.7%	11.0%	8.4%
Voluntary staff turnover	25%	25%	30%	29%	25%
Overheads as % of turnover	11.8%	12.3%	13.9%	13.8%	N/A*

*FRS102 implemented from 2015

Contract income collection

We achieved a contract income collection rate of 90%, which was on target. It is below the previous year's performance (94%), because of trends in contract payment terms that are less advantageous, which was recognised in the lower target.

Housing indicators

All of our property stock is used for supported housing provision. This means that accommodation is provided to customers only for the duration of their need for support, which is often short or medium term. In 2015, Look Ahead re-let 57% of its stock, whereas the average turnover of lettings for other registered providers (RPs) is only 8%. This disparity has a significant effect on key performance indicators, such as costs of maintenance and void levels. The care and support needs of our customer groups also impact on these performance metrics and others, such as the level of arrears. The benchmarks included above are the averages for all RPs.

Look Ahead is proactively seeking care and support organisations with a similar profile, to form a new benchmarking group. We have joined a group of pan London homelessness providers. The performance of our landlord services, when compared to the other seven homelessness providers, tends to be average for rent collection, arrears and repairs.

Maintenance costs per unit – owned properties

Total maintenance spend per unit is slightly higher than target (£1,076 versus £1,039), but much more was spent reactively and on void properties, than in planned works. This trend follows prior years and has been exacerbated by our poorer voids performance, as explained below. We spend more than the average for other RPs, because our volume of re-lets is seven times greater. Nevertheless, we will be conducting an efficiency review of our reactive and void maintenance service, assessing value for money going forward.

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Rent losses

Cumulative rent losses through voids were 7.1%, 1.1% above our target of 6.0%. Two, non-statutory, young people services experienced low levels of referrals during the first half of the year. Voids reached a peak of 8.4% before these services were decommissioned and have driven up the result for the year. Performance has significantly improved in the second half of the year, with void levels in the month of March 2016 dropping to 5.6%.

Our voids efficiency review has resulted in:

- Tighter contractor performance measures, requiring a 50% reduction in time and cost for delivering void maintenance works in the new financial year
- Streamlining internal voids processes to reduce the time a unit is void by 50% in the new financial year
- Improved monitoring of operational and contractor performance through agreed KPIs
- Review of maintenance costs, including void costs, to assess value for money and achieve in-year savings
- a challenging target for void levels in 2016/17 of 5.5%.

Rent arrears and bad debts have also increased and are above target. Rent and service charges in arrears are 1.3% above our target at 7.8%. As expected, the implementation of welfare reform, particularly cuts in housing benefit offices, has had an impact on income collection. We also commissioned an internal audit of our arrears management process, because of the increased risk to income collection. The audit identified that we should strengthen the processes for claiming housing benefit, including better training and tools and make more effective use of the current housing management system.

A cross-functional arrears action group has been set up to deliver the internal audit recommendations. We have set a target for arrears in 2016/17 of just 5.5%, which is 2.3% better than our current performance. It will be challenging because of continuing local authority cuts and new, more stringent, rules for Housing Benefit claims, introduced from April 2016. However we are confident that we can achieve this by implementing the improvement plan and reallocating resources in the income collection team.

Agency staff as a % of total staff spend

We have significantly reduced our reliance on agency staff in the year. Agency staff represented 5.7% of our total staff costs, an improvement on the previous year of 11.0% and just 0.2 percentage points worse than our target. This was achieved by improving our staff engagement and by restructuring some of our loss-making services.

Overheads as a % of turnover

Over the past eight years our overheads have reduced from 17.7% of turnover in 2008 to 13.9% in 2015/16. The reduction in overhead has been achieved by implementing various programmes for delivering efficiencies and improving effectiveness, as well as achieving net new business growth. We did not meet our stretch target for the year because of the

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fall in turnover reflecting contract losses and additional one-off costs. The latter were incurred in restructuring our HR and Property & Landlord Services teams, as well as additional investment in our communications and marketing team.

To keep a check on our overheads and other costs, we have conducted a number of procurement exercises. In 2015/16, we looked at our energy and mobile telephony services. We achieved cost savings of £73,000 with our new mobile telephony contract, whilst obtaining much improved handset technology. Further exercises are planned during 2016/17 including external audit, printers & photocopiers, fixed telephone lines, network provision, cleaning & gardening, water hygiene and property consultancy.

4. Investment strategy for improving Value for Money

Look Ahead is very strong financially, having generated substantial reserves through the successful operation of our business. Surpluses have arisen, as this year, from the disposal of our large hostels, which are no longer fit for purpose and have been decommissioned. We are planning reinvestment of these surpluses back into property in furthering our social purpose, to maximise social and economic returns within acceptable levels of risk.

The overall aim of our investment strategy is to ensure that Look Ahead returns to growth and improves its long term profitability and value for money. We will be implementing the following key investment priorities:

- i. We are actively seeking small scale acquisitions of social care providers to strengthen our mental health and learning disability portfolios.
- ii. We will continue to adopt a proactive approach to investment in our property assets:
 - We will invest in our own properties to ensure they are fit for purpose, converting them as appropriate to meet the needs of our priority areas for business development. This is where we expect longer term, higher margin contracts where the social and economic returns will be the greatest.
 - Where a property is no longer fit for purpose, we will consider a range of options to maximise the social return or surplus on disposal, including outright sale, stock swaps, or investment in a commercial development with an appropriate partner.
 - We will consider stock swaps with other RPs, or outright purchase where it supports our business development aims and improves our financial returns. This might include the acquisition of surplus sheltered accommodation for conversion to specialist supported housing.
 - We will seek opportunities to use Recycled Capital Grant, in addition our own funds, to invest in our properties where appropriate.
 - We will invest in property expertise to support and deliver our asset management objectives and investment decisions.
 - All property investment proposals must meet a benchmark return of 6.0%, or higher, reflecting the level of risk.

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- iii. We will invest resources in supporting our business development strategy and in innovation:
- We will invest in our central teams to support our ambitions for growth including additional business development, marketing and communications resources.
 - We will invest in developing new and innovative service models and in penetrating additional high end markets.
 - We will invest in research projects that support our business development and increase our profile in the social care and health sectors.
- iv. We will invest resources in improving the efficiency of our services and central teams:
- We will invest in our IT and business systems to improve our infrastructure and ensure they deliver efficiencies. Our two main priorities will be to invest in a new housing management system and an integrated HR/Payroll system.
 - We will invest in our Property & Landlord services team to improve our performance in rent collection and voids management
 - We will invest in a reward strategy that improves staff recruitment and retention and delivers measurable performance improvements.
- v. We will maximise the returns on cash invested with Rothschild within acceptable levels of risk. We have initially set aside £10.0 million (or 20%) of the fund for investment in the business over the next five years. The remainder will continue to be invested with a target of RPI +2% over 5 years with a medium risk profile.

5. Look Ahead's KPI targets for 2016/17

We have set both challenging but achievable targets for next year which reflect our aims to improve Value for Money. The main indicators reported to Board are:

Performance Indicator	2015/16 Target	2015/16 Actual	2016/17 Target
% of all services achieving outstanding or good in quality audits	75%	70%	80%
No. of CQC locations rated "overall" as inadequate by CQC	0	0	0
% of new operational staff who have completed at least 80% of mandatory training within probation	90%	74%	90%
No. of units without a valid Landlord Gas Safety Record	0	2	0
% rent lost through voids	6%	7.1%	5.5%
Net rent and service charge arrears of current tenants	6.5%	7.8%	5.5%
Gross value of business development	New	New	£6m

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Performance Indicator	2015/16 Target	2015/16 Actual	2016/17 Target
% of contract income retained	New	New	90%
Surplus	5.3%	1.7%	1.6%
% of reactive repairs completed within target times	New	New	85%
% of customers satisfied with Look Ahead overall	85%	86%	87%
Staff leaving voluntarily as % of total number of staff	25%	30%	28%
Agency staff spend as a % of total staffing spend	5.5%	5.7%	5%

6. Understanding the differences in Look Ahead's unit costs compared with the social housing sector as a whole

The HCA, our regulator, has issued a suite of statistics to each Registered Provider (RP), through which it will be monitoring the achievement of value for money in the future. These statistics have been calculated on a per unit basis, comparing the performance of each RP against the averages achieved by housing associations managing over 1,000 units (some 330 RPs). Look Ahead is one of the few RPs providing substantial levels of care and support and our statistics vary significantly from the average costs per unit (£K). Our performance in 2014/15 and 2015/16 compares with the 2014/15 sector data (the latest available from the HCA) as follows:

2014/15	Look Ahead			Social Housing Sector		
	Total	Managed	Owned	Upper	Median	Lower
Social housing costs per unit (£K)	2015	2015	2015	Quartile		Quartile
Management costs	£3.05	£4.61	£1.63	£1.27	£0.95	£0.70
Service charge costs	£2.47	£2.88	£2.11	£0.61	£0.36	£0.23
Maintenance costs	£0.55	£0.29	£0.79	£1.18	£0.98	£0.81
Major repairs costs	£0.15	£0.02	£0.27	£1.13	£0.80	£0.53
Care & support costs	£14.51			£0.41	£0.20	£0.08
Total social housing costs	£20.73	£7.80	£4.80	£4.30	£3.55	£3.19

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2015/16	Look Ahead			Social Housing Sector		
	Total	Managed	Owned	Upper	Median	Lower
	2016	2016	2016	Quartile		Quartile
Social housing costs per unit (£K)						
Management costs	£3.19	£4.66	£1.72	£1.27	£0.95	£0.70
Service charge costs	£2.46	£3.10	£1.81	£0.61	£0.36	£0.23
Maintenance costs	£0.61	£0.36	£0.86	£1.18	£0.98	£0.81
Major repairs costs	£0.08	£0.01	£0.15	£1.13	£0.80	£0.53
Care & support costs	£13.38			£0.41	£0.20	£0.08
Total social housing costs	£19.71	£8.13	£4.54	£4.30	£3.55	£3.19

i. Care & support costs

Care and support services represent the most significant element of Look Ahead's unit costs, as measured by the HCA. The comparison highlights how different Look Ahead's business is from almost all other RPs, who spent on average only £200 per unit as against Look Ahead's £13.38K per unit in 2016 (2015: £14.51K). The reasons for the difference include the following:

- 99% of our housing stock is dedicated to providing supported housing compared with an average of 1.0% for the sector as a whole. Only three other RPs that provide this level of supported housing are included in the statistics. A further five use more than 30% of their stock for supported housing.
- The number of units of stock we own and manage is not representative of the number of customers we support. In 2016 we owned and managed 2,664 units of stock, but supported 5,478 customers (2015: 2,582 units and 5,401 customers). This is because we provide care and support services to customers who live in accommodation provided and managed by other landlords.
- Care and support services are provided on the basis of an individual customer's needs and costs are driven by the extent of support, especially in terms of contracted hours, rather than on a per unit basis. Thus costs depend upon the profile of service provision, which might vary from supporting an individual for a few hours a month, to 24/7 365 day care in a dedicated facility.
- We envisage that our care and support costs will increase on a per unit basis, as Look Ahead re-aligns its offer to meet future demand. Our commissioners are focusing increasingly on funding high end and generally, more expensive, statutory services. These services will, however, deliver higher social returns and higher savings to the public purse.

We continue to search for more efficient ways of doing business to ensure that we can compete and continue to win new business. Our care and support services are regularly tendered (usually every 3 years) and therefore market tested to ensure they deliver value for money. We operate in a competitive marketplace that includes not only other RPs, but also other care and support organisations. In awarding contracts, our commissioners assess the quality of our services, their social outcomes and the contract hourly rate

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compared with our competitors. We believe that this is an effective mechanism for assessing whether our care and support services deliver value for money.

ii. Management costs

Look Ahead's management costs per unit of £3.05K in 2015 and £3.19K in 2016 are much higher than the sector median of £950. There are two main drivers of these higher costs:

- Almost half (49%) of the properties in which we provide services, are owned by other landlords. Thus Look Ahead's management costs include fees set by and payable to other landlords. These far exceed our own costs on a per unit basis. This is clearly demonstrated in the table above, where we have separated management costs between those for our properties (2016: £1.72K) and those of other landlords (2016: £4.66K).
- Managing supported housing schemes is more expensive than general needs housing. We have identified the nine organisations, in the HCA statistics, with the highest levels of supported housing. Our 2015 management costs per unit for owned properties do not appear to be out of line with these other RPs, as shown in the table below.

Registered Provider - 2015 Costs (£k)	Number of units	% Supported Housing Units	% Managed for others	Management costs	Service charge costs	Maintenance costs	Major repairs costs
Progress Care Housing Association Limited	2,577	100%	0%	£1.03	£2.18	£1.85	£0.56
Look Ahead Care and Support Ltd	2,582	99%	49%	£3.05	£2.47	£0.55	£0.15
Look Ahead 'owned' properties only	1,354	99%	n/a	£1.63	£2.11	£0.79	£0.27
Advance Housing and Support Limited	2,197	98%	4%	£1.66	£1.72	£1.45	£0.33
St Mungo Community Housing Association	2,595	96%	52%	£2.65	£2.78	£0.41	-£0.01
Average - top 4 supported housing providers				£2.11	£2.31	£1.05	£0.25
Salvation Army Housing Association	3,415	58%	0%	£1.36	£2.98	£0.90	£0.47
Bournemouth Churches HA Limited	1,904	48%	35%	£2.90	£1.88	£1.10	£0.27
Chapter 1 Charity Limited	1,334	36%	0%	£5.85	£1.07	£0.26	£0.00
The Abbeyfield Society	1,915	35%	0%	£3.42	£15.30	£0.62	£0.11
Central and Cecil Housing Trust	2,027	31%	0%	£2.79	£5.74	£0.48	£0.32
Average - top 9 supported housing providers				£2.49	£3.85	£0.88	£0.27

iii. Service charge costs

As expected, Look Ahead's service charge costs of £2.47K per unit are much higher than the median for the sector of £360. This is because a high proportion of our supported housing schemes have shared facilities such as kitchens, living spaces, activity rooms etc. which are not typical of general needs housing. Additionally, furniture is often provided and other services.

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As with management costs, service charges for properties owned by other landlords are more expensive than those for our owned units. Indeed, our own cost per unit reduced in 2016 from £2.11K to £1.81K, whereas those owned by other landlords increased from £2.88K to £3.10K. This increase was as a result of taking on a new management agreement for a supported housing scheme with very high service charges.

The Table in 6.ii above shows our service charge costs per unit are in line with the 'top 4' supported housing providers and are better than the average for the 'top 9' which is £3.85K.

iv. Maintenance costs

Look Ahead's maintenance costs per unit for 2015 and 2016 were £550 and £610 respectively which is below the sector median of £980. These results are again skewed, because we have limited maintenance responsibilities for the property stock we manage on behalf of other landlords. Thus we may only pay for void works and minor repairs on almost half of our operational units. Maintenance costs for our 'owned' properties at £860 per unit in 2016 is more in line with expectations.

v. Major repairs

Even allowing for the effect of managing other landlords' properties, Look Ahead has been required to spend relatively little on major repairs.

All of our properties meet the Decent Homes standard and are relatively new. In line with our asset management strategy, we have disposed of properties that are no longer fit for purpose and cannot be economically reshaped for use in the business. Notably we disposed of our old, large traditional hostel buildings, which had historically required constant repair. Going forward, we will refurbish and remodel properties to meet the changing needs of our customers.

vi. Conclusion

The HCA statistics provide a useful benchmark and whilst Look Ahead's business is very different from most RPs, this exercise has prompted a re-examination of the cost drivers of the housing side of our business and an increased understanding of what makes Look Ahead different. As a result we have decided to look for a new benchmarking group with organisations with a better match to Look Ahead's profile of supported housing, reflecting the importance we place on ensuring we can demonstrate that we deliver good value for money in this area. As mentioned earlier, we are confident that our care and support business delivers value for money given that our commissioners regularly market test our services against our competitors.