

Value for Money Report 2020-2021

1. Introduction

- 1.1 As a recipient of funding from local and national government bodies and also from charity donors, Langley House Trust and its subsidiaries (the `Group`) recognises that it is accountable to its clients, supporters, funders and staff for the money it receives. The Group is committed to making sure it gets the best value for the money it spends and actively takes steps to identify and implement improvements, which will reduce costs, remove waste and add value for its stakeholders.
- 1.2 Langley House Trust is regulated by the Regulator of Social Housing and complies with its Value for Money Standard. Although the Kainos Community and Clean Sheet are not registered social housing providers, they are both fully incorporated into our Group-wide Value for Money Strategic Approach, because the Group recognises the benefit of the Value for Money programme for all of its services.
- 1.3 The Regulator of Social Housing updated the Value for Money Standard (revised) in April 2018 requiring that providers must:
- clearly articulate their strategic objectives
 - have an approach agreed by their Board to achieving Value for Money in meeting these objectives and demonstrate their delivery of Value for Money to stakeholders
 - through their strategic objectives articulate their strategy for delivering homes that meet a range of needs
 - ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives

2. Governance

- 2.1 The Board of Trustees is responsible for deciding the strategic business priorities of the Group and making sure it has the right resources to deliver them. The Board is accountable for ensuring that:
- the Group demonstrates a robust approach to achieving Value for Money
 - regular and appropriate consideration of potential Value for Money gains
 - there is consideration of Value for Money across the Group and where this investment is in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case

- that they have appropriate targets in place for measuring performance in achieving Value for Money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets
 - the Group understands the expectations of its stakeholders in relation to Value for Money
 - Langley House Trust is compliant with regulatory standards relating to Value for Money
- 2.2 The Board continues to support the development of a culture where staff and volunteers are empowered to identify and deliver measurable Value for Money outcomes and where Value for Money related achievements are recognised and rewarded, because it believes that Value for Money activity is most effective when it is an integral part of day to day business practices.

3. Strategy

- 3.1 The strategy within the Group is to ensure a culture where Value for Money is integral to business delivery with clients central to decisions made and outcomes achieved.
- 3.2 The Group's value chain of economy, efficiency and effectiveness is evidenced in the table below that clearly shows the relationship between the Group's strategic objectives, key measures of performance (KPIs) and reporting of Value for Money:

OBJECTIVE	BOARD MONTHLY KPI	REGULATOR OF SOCIAL HOUSING (RSH) VFM METRIC
<p>1 Maintain and develop a Christian ethos that provides an environment, which will stimulate growth in our clients and our people (staff and volunteers)</p>	<ul style="list-style-type: none"> • Retention of clients within Care Projects • External quality validation (standards met) • % clients, who have offended (and are reconvicted) whilst with the Group • Number of clients meaningfully engaged • Number of successful planned departures • % clients satisfied with the services provided • Staff turnover • Current client gross rent arrears 	<ul style="list-style-type: none"> • Reinvestment • New supply
<p>2 Continue to grow and develop both the capacity and models we offer the justice sector both within community and in prison</p>	<ul style="list-style-type: none"> • Cumulative care income (actual v budget) • Retention of clients within Care Projects • Unit numbers (actual v budget) • % clients, who have offended (and are reconvicted) whilst with the Group • Number of clients meaningfully engaged • Number of successful planned departures • % clients satisfied with the services provided • Monthly management accounts 	<ul style="list-style-type: none"> • Reinvestment • New supply

OBJECTIVE	BOARD MONTHLY KPI	REGULATOR OF SOCIAL HOUSING (RSH) VFM METRIC
<p>3 Whilst remaining relevant and missional continue to increase levels of quality and efficiency in the delivery of services</p>	<ul style="list-style-type: none"> • Cumulative care income (actual v budget) • Retention of clients within Care Projects • Unit numbers (actual v budget) • Utilisation of Supported Housing beds • External quality validation (standards met) • Number of properties without a valid gas certificate • % clients, who have offended (and are reconvicted) whilst with the Group • Number of clients meaningfully engaged • Number of successful planned departures • % clients satisfied with the services provided • Cumulative voluntary income (actual v budget) • Staff turnover • Monthly management accounts 	<ul style="list-style-type: none"> • Headline social housing cost per unit • Operating margin • Return on capital employed
<p>4 Continue to increase financial and staff capacity to enable more sustainable effective delivery of the Trust's mission</p>	<ul style="list-style-type: none"> • Utilisation of Supported Housing beds • Loss of rental & services income (voids) • Number of successful planned departures • % clients satisfied with the services provided • Cumulative voluntary income (actual v budget) • Staff turnover • Current client gross rent arrears • Monthly management accounts 	<ul style="list-style-type: none"> • Reinvestment • New supply • Headline social housing cost per unit • Operating margin • Return on capital employed

OBJECTIVE	BOARD MONTHLY KPI	REGULATOR OF SOCIAL HOUSING (RSH) VFM METRIC
5 Be a partner organisation of choice to both commissioners and referrers	<ul style="list-style-type: none"> • Retention of clients within Care Projects • Unit numbers (actual v budget) • External quality validation (standards met) • Number of properties without a valid gas certificate • % clients, who have offended (and are reconvicted) whilst with the Group • Number of clients meaningfully engaged • Number of successful planned departures • % clients satisfied with the services provided 	<ul style="list-style-type: none"> • Reinvestment • New supply • Return on capital employed

4. Performance against the Regulator of Social Housing's Seven Value for Money Metrics

4.1 The Group's performance against the seven Value for Money metrics required by the Regulator to be reported against is as follows:

		2020/21	2019/20	2018/19	2017/18	Direction of Travel
1	Reinvestment	0.8%	2.3%	5.2%	6.4%	↓
2A	New Supply (Social Housing)	2.1%	6.1%	5.8%	13.8%	↓
2B	New Supply (Non-Social Housing)	0.0%	0.0%	0.0%	0.0%	
5	Headline Social Housing Cost per Unit	£10,428.69	£9,689.09	£9,016.21	£9,182.56	↑
6A	Operating Margin (Social Housing)	(7.1%)	(6.9%)	(7.9%)	(1.8%)	↓
6B	Operating Margin (Overall)	5.0%	2.0%	2.8%	1.4%	↑
7	Return on Capital Employed (ROCE)	6.4%	6.2%	3.3%	1.6%	↑

4.2 Understanding the Metrics

The difficulty of the Regulator applying seven metrics across the housing sector in a generic "one size fits all" approach to a provider the size of Langley House Trust is that you can lose the true value and achievement of purpose. Reporting against these metrics in a year that was significantly impacted by the COVID pandemic does not assist in reporting the Trust's value and purpose that continue to be realised as it continues to do the right things and to do things right. COVID restrictions and guidance directly impacted performance as reported by these metrics.

The table above indicates a mixed outcome for the Trust with some metrics moving in a positive year on year direction whilst others have moved backwards. Nevertheless, the headline for Langley House Trust is that during the year 2020/2021 we were able to have an impact on the 686 clients that we engaged with (2019/2020 – 1,483 clients).

Government guidance during COVID imposed restrictions on the movement of clients (and the public in general) during 2020/21.

Furthermore, Langley House Trust maintained the reconviction rate of less than 3% for those in our housing.

We work with adult men and women (18+), who have offended or who are at risk of offending. We are skilled in working with those deemed 'hard to place' and those with complex needs. This includes individuals, who are subject to MAPPA (Multi-Agency Public Protection Arrangements).

The 15.5% growth in income (£2.1m), application of the Group's Value for Money approach, driving the operating margin and ROCE have resulted in the positive year on year direction of two of the six applicable RSH metrics.

Specific remarks on the RSH's metrics are:

- 4.2.1 Re-investment** - is the acquisition and repairs and maintenance costs, plus expenditure on works to existing owned properties divided by the value of the properties owned by the organisation. The table in 4.1 shows that in 2020/21 the Group's investment in properties further reduced to 0.8% (down from 2.3% in 2019/20). The principle reason to reducing the number of acquisitions was directly attributable to the lack of access to properties to undertake extensive works due to the COVID-19 pandemic.
- 4.2.2 New supply** – the Regulator expects providers to report on both the supply of social and non-social housing units. It will calculate new supply from the total number of housing units acquired in the reporting period divided by the total number of units held at the end of that period. The number of new or replacement units taken on within the year amounts to 10 units compared to 28 in 2019/20. This figure is lower in 2020/21 as a result of challenges caused by the COVID-19 pandemic in finding and securing new units.
- 4.2.3 Gearing** – this metric is designed to assess the provider's reliance on debt and appetite for growth. It divides the total owed in loans and finance leases by the cost or deemed cost and/or valuation of housing properties and would therefore not be applicable to the Group.
- 4.2.4 Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI)** – overall surplus (or deficit), plus other income received, less grants and capitalised repairs, plus total depreciation charge divided by the total capitalised interest in housing properties and interest payable and other financing costs. Designed to assess investment capacity by measuring surplus against a provider's interest payments, it would not currently apply to the Group.
- 4.2.5 Headline social housing cost per unit** – an amalgamation of management, service charge, maintenance and repair costs, including capitalised major repairs and other related social housing expenditure such as neighbourhood and community costs divided by the total number of social housing units at the end of the reporting period. The increase to the cost base for social housing in the form of furniture purchases

and cyclical decoration of properties, which is fully funded through Housing Benefit, was a strategic decision from the Business Plan to raise the quality of our housing stock far above that of the decent homes standard.

4.2.6 Operating margin – designed to assess the profitability of operating assets before exceptional expenses are taken into account and to give the Regulator an indication of overall value for money performance. The Regulator has proposed two measures: operating margin for social housing lettings calculated by dividing the operating surplus (or deficit) for social housing lettings by the turnover from social housing lettings only and operating margin overall, calculated by dividing the overall surplus (or deficit) by overall turnover. The reduced operating margin for social housing was due to an adverse occupancy position that did not offset the increase to the cost base. However, with an improved margin within other income streams, the Group's overall operating margin increased by 3.0% in 2020/21 to 5.0%.

4.2.7 Return on Capital Employed (ROCE) – a common measure used in commercial business, the Regulator suggests that this metric will demonstrate the level of efficient investment of resources. Calculated by dividing the overall surplus (or deficit), the income from any joint venture partnerships and any gain or loss from the disposal of housing properties by the provider's total assets, less its liabilities. Income growth combined with the expenditure reductions arising from the COVID-19 restrictions produced a small increase in Return on Capital Employed from 6.2% to 6.4%.

5. Performance against the Group's Internal Value for Money Targets

- 5.1 The Regulator of Social Housing expects providers to develop and monitor their own measures, relevant to their own specific business model and plan. These enable the Group to demonstrate and measure Value for Money within the organisation in contrast to the Regulator's seven key metrics.
- 5.2 Value for Money is key to the Group's achievement of its business plan. The Board's Key Performance Indicators are reported monthly with Value for Money being encapsulated in the following KPIs:

Key Performance Indicator (KPI)	2020/2021 KPIs		Regulator of Social Housing Value for Money Metric	Group Strategic Objective Progress Measured By KPI				
	Actual	Target		Maintain and develop a Christian ethos that provides an environment, which will stimulate growth in our clients and our people (staff and volunteers)	Continue to grow and develop both the capacity and models we offer the justice sector both within community and in prison	Whilst remaining relevant and missional continue to increase levels of quality and efficiency in the delivery of services	Continue to increase financial and staff capacity to enable more sustainable effective delivery of the Trust's mission	Be a partner organisation of choice to both commissioners and referrers
Cumulative care income (actual v budget)	99.1%	100%	N/A					
Utilisation of Support Housing beds	87.4%	>91.8%	Operating Margin Return on Capital Employed					
Loss of rental and services income (voids)	13.7%	<9.0%	Operating Margin Return on Capital Employed					
External quality validation (standards met)	100%	100%	N/A					
Number of properties without a valid gas certificate	Nil	Nil	N/A					
% Clients, who have offended (and are reconvicted) whilst with the Trust	0.2%	<1.4%	N/A					
% Clients satisfied with services provided by the Trust	69%	71%	Reinvestment New supply Headline Social Housing Cost Operating margin Return on capital employed					
Number of clients meaningfully engaged	187	> 80	N/A					
Number of successful planned departures	60.3%	>40%	N/A					
Cumulative voluntary income (actual v budget)	93.2%	100%	N/A					
Staff turnover rolling 12 months	21.05%	<24%	Operating Margin Return on Capital Employed					
Current client gross rent arrears	8.6%	<5.9%	Operating Margin Return on Capital Employed					
Monthly management accounts			Reinvestment New Supply Headline Social Housing Cost Operating Margin Return on Capital Employed					

The ongoing review of these KPIs ensure that areas identified for improvement continued to be monitored.

5.3 Areas Identified for Improvement 2021/2022

Performance targets will be identified to improve performance in 2021/2022 as follows:

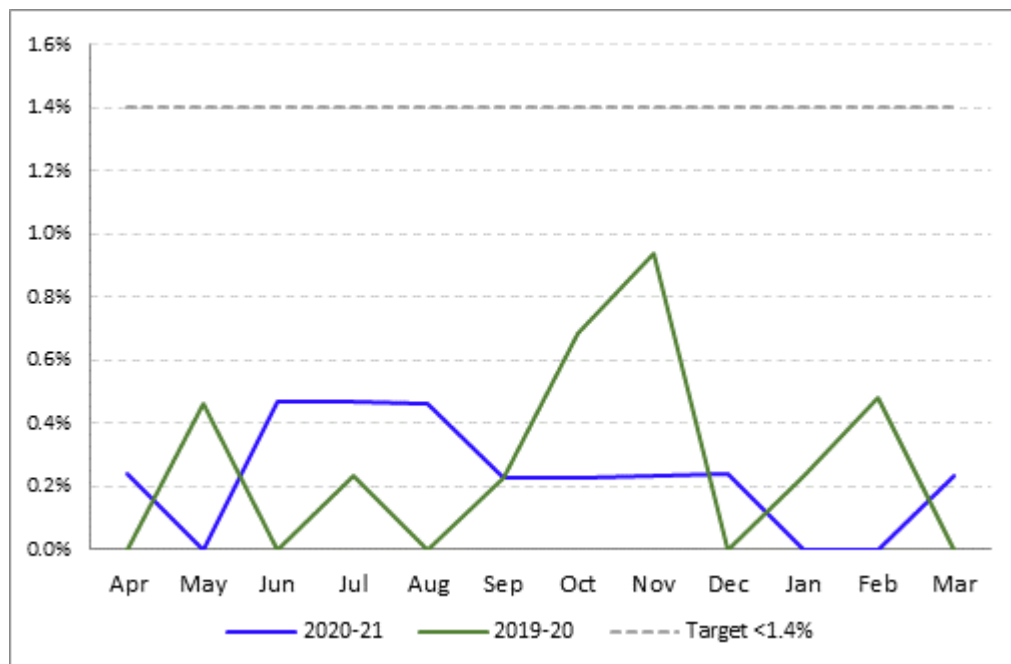
- Reporting actual hours of purposeful activity with MAPPA and NPS clients
- Bimonthly feedback from clients, and in particular “you said, we did”

5.4 During 2021/2022 the Trust will consider adopting into its Value for Money optimising and reporting:

- Environmental, Social and Governance criteria included within the NHF Code of Governance
- The Sustainability Reporting Standard for social housing

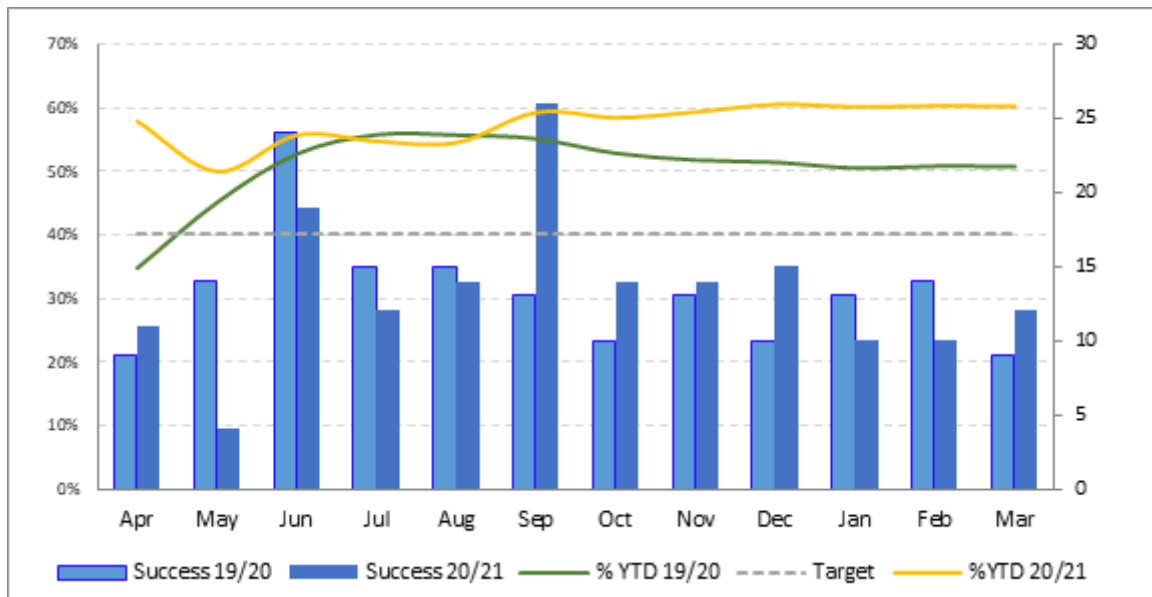
5.5 Two measures that highlight the prime missional objectives of the Group are:

5.5.1 Reconviction Rates



Clients reconvicted or being taken into custody remained consistently below sector averages throughout 2020/21; the very low rates, perhaps in part influenced by lockdown restrictions in place, staying below the 1.4% target.

5.5.2 Successful Departure



Successful move-ons were above target for the whole year 2020/21. Departures in the second half of the year stabilised generally with a peak in September at a time when COVID-19 restrictions were less. Numbers were perhaps lower than will be anticipated for 2021/22 as the easing of legal constraints on movement continues from May/June 2021.

5.6 The Group’s strategy to promote a culture where Value for Money is integral to business delivery is built on encouraging, equipping and empowering staff to have local ownership and accountability for Value for Money outcomes. This has resulted in a plethora of creative initiatives that demonstrate economy, efficiency and effectiveness with Projects. Many of these ideas have been implemented into other Projects.

The table below contains a sample of these:

Project/ Dept.	VfM Initiatives	Economy	Efficiency	Effectiveness
Chatterton Hey	We have made money with our in-house tuck shop we now provide to the clients to encourage them not to walk to the shop every day. We order from Bookers and then sell at shop value (meaning Chatterton earns a little for providing the goods).	X		X
Park View	Staff asked to do more weekends to avoid using agency, which lowers staffing costs.	X		X

Project/ Dept.	VfM Initiatives	Economy	Efficiency	Effectiveness
The Knole	When our cook position has been filled, the cook will be working an extra hour. This will allow for batch cooking primarily for the weekend allowing the staff to use their time with the clients.	x	x	x
Central Services	JB purchased a batch of courier credits to save money when posting out large numbers of laptops.	x	x	x
Central Services	The Zoom business account has not reduced the cost, but enables central management, which saves time and improves quality of service. Zoom has also been identified as a potential ICT support tool that works without the VPN, which reduces the need to purchase a new remote support tool.		x	x
Longcroft	In May we completed an almost full switch over to Bookers, the wholesale retailer. With the exception of a few items that we are still sourcing elsewhere, Bookers works out cheaper when we buy items in bulk. Along with the majority of our food orders we have now started buying our cleaning products from Bookers and for a lot of items such as bulk amounts of washing powder, washing up liquid etc. it is cheaper than the supplier we were previously using. We have also found that we are getting better best before dates on fresh food we buy from Bookers, which means we are wasting less food as a Project and therefore saving more money.	x	x	x
Longcroft	In June we got a second freezer, which has given us the room to freeze leftover food, which has also reduced our wastage as a Project and also given clients the opportunity to buy their own food to give them more independence and also save on the amount of food being consumed by the Project.	x	x	x
Kent	We have been using in-kind direct, an organisation that provides items for charities, as they have been able to supply household cleaning items in the quantities we require during this time. Over the past 18 months we have saved nearly £2,000.00.	x	x	x
Kainos	We made constructive use of the lockdown time to develop aspects of the programme, which will enhance delivery of the programme, but are things which it is difficult to find time to develop when actually running the programme. They are also pieces of work, which can be used in other establishments if they take on the programme. This would mean that other teams would not need to spend time developing these in the future.	x	x	x
Chatterton Hey	We have made great progress with our chef using up food and making soups out of left overs etc.	x	x	x
Central Services	Some spare webcams were found in the Coventry office, which can be sent to Projects instead of purchasing new ones (currently expensive) or ordering full laptops.	x	x	

Project/ Dept.	VfM Initiatives	Economy	Efficiency	Effectiveness
Kainos	We have planned an induction package for our new facilitator so that she can still start work and engage in a meaningful induction, but do this via Zoom. We have also worked collaboratively with Longcroft to set this package up so that it will support Longcroft with staff shortages and give the facilitator experience of working with clients, which we would not be able to offer her otherwise until we return to the prison.	x	x	x
Chatterton Hey	We have now set out a day where we get our Health & Safety fixing done - this means instead of finding a repair and booking them in for a couple of days after, we collect all the repairs needing doing and then they come in for one day and do all the jobs, this will save us a fortune as you have to pay for them just coming out.	x	x	x
Chatterton Hey	We have also saved in the month of August by making use of the eat out to help out, encouraging clients to go out for meals Mon-Wed.	x		x
Central Services	ICT are developing a Frequently Asked Questions page, which should free up our time for repeat requests, enabling us to work more efficiently.		x	x
Bedford	JC advised that one of her neighbours has offered a washing machine, cooker and TV, which will be available in September. Bonham Court could use the washing machine as theirs was stolen.	x	x	
The Knole	SLF has identified meals that are expensive to produce. She also hopes with the tracking of food items being used, this could ensure ordering is done sensibly with a clear idea of what is needed.	x	x	x
Central Services	Looking at reducing the number of desktop computers at some Projects where the majority of staff have laptops. This will save software licences costs.	x	x	
Central Services	Chatterton Hey have changed the agency they use for a 15-20% saving.	x		
Central Services	We are no longer printing as many documents for filing and are now saving them on the Finance Drive: Less printing and paper costs, no need to send filing to a scanning company for archiving, off-site storage facility is no longer required. Efficiency (less weekly filing and less archiving) = money saving (approx. £1,000.00 per year on scanning and archiving). Beneficial to Finance Team as we are able to find documents easier and quicker.	x	x	x
Kainos	We have taken a column out of the key-work sessions as we never write anything in this. This will reduce the amount of pages we print when making a record of key-work sessions.	x	x	
Ashdene	KK will purchase a substantial amount of postage stamps prior to the New Year when it is reported the cost will be rising.	x		x

Project/ Dept.	VfM Initiatives	Economy	Efficiency	Effectiveness
Central Services	Utilities have been re-tendered and we have saved £40k.	x		
The Knole	Games were purchased for clients; this is because activities outside of the Project are limited due to lockdown. Nintendo Wii has been delivered for the clients.		x	x
Kainos	The mentor has recently made a Christmas tree made out of old cardboard and craft items that we already had. This is VfM and VFT as the mentor produced this, so it did not take any staff time up, and VfM as no new materials needed to be purchased in order to create the tree and decorations. Old decorations were modified in order to be reusable, again saving money.	x	x	x
Tekoa	Reviewed our SKY contract and re-negotiated this. The result is cutting our cost by almost half. It was £99pm and we will now start to pay £54pm. Just by having a conversation with SKY on the grounds that we have continued to pay the same for some time and would like to negotiate our package – which they did to our benefit.	x		x
Mariposa House	Staff member using cab during COVID that is charging an out of local area rate. Researched some cab companies. All quotes slightly lower than one currently being used. One company misquoted, but upheld quote when advised we were a charity. £6 per journey saving for misquote and £11 per journey saving through changing cab company.	x		x
Dorado	We have managed to save up to 40% by ordering PPE masks from ebay.	x	x	
Dorado	We have saved a substantial amount on staff transport by setting up an Uber account.	x		x

5.7 The Group continued to achieve cost savings across key areas throughout 2020-2021. During the financial year the Group increased its income by 15.5% (7.6% in 2019/20) and reduced its cost base by 2.7% (3% in 2019/20).

6. Performance – Client Satisfaction

6.1 The Group had a slightly higher response rate to the survey in this reporting year, which resulted in the overall satisfaction score of 69% for 2020. The actual survey returns equated to 56% (240 out of 425).

6.2 Client satisfaction with the value for their rent was 63% in 2020, compared to 65% in 2019. The 2% shift was around clients feeling that they were not getting Value for Money with their rent. The level of clients unsure around their rent remained the same at 16%. Feedback continues to evidence that the higher costs of providing supported housing is

an issue that clients would like to see addressed as it creates a barrier to employment. The Group rent levels are not affordable for working clients. Affordable move-on remains a national issue for the Supported Housing sector.

7. Conclusion

- 7.1 2020/21 presented challenges to the sector as we addressed the COVID pandemic. Throughout the period Langley House Trust and its subsidiaries continued to demonstrate their commitment to delivering tangible Value for Money for clients, funders, staff and other stakeholders through cost savings, improved processes and enhanced quality. From the strategic oversight of the Board to local initiatives implemented at Projects and offices, the Group has fostered a culture where Value for Money is an integral part of everyday decision-making and this is being reflected in the control and reduction of costs year on year. These results endorse the Group's strategy to keep clients central to Value for Money decisions made, confident that staff are empowered and have the skills, tools and enthusiasm to continue to contribute and drive to the delivery of Value for Money.
- 7.2 In 2021/22 Langley House Trust will intentionally develop consumer metrics that will continue to focus on achieving tangible Value for Money and inform on the quality of the service delivery.
- 7.3 Although there is a requirement to report against the Regulator of Social Housing's Seven Value for Money Metrics, the following four measures demonstrate the Trust's value and purpose and its alignment with its core mission:
- Langley House Trust maintained the reconviction rate of less than 3% for those in our housing
 - 69% of clients surveyed considered the services provided by the Trust to be excellent/good
 - 60.3% of clients leaving the Trust did so with a successful planned departure
 - 187 clients (against a target of 80) were meaningfully engaged