

VALUE FOR MONEY STATEMENT – 2019/20

We own and manage homes in Croydon, Bromley, Sutton and Merton. We have been rooted in the local community since we were founded in 1967 and we have continued working within the community through our partnerships supporting local initiatives like the Legacy Youth Zone in Central Croydon. We are committed to delivering a high quality service to our residents and developing more homes within the community.

2019/20 was the fifth and final year of our “Commitment2020” business plan which identified five commitments key to the future success of our Group:

- We will be valued as an influential and high-quality landlord, a forward-thinking employer and a trusted partner in our core communities
- We will prioritise enabling residents to keep their homes and promote mobility
- We will develop more homes and services for local communities
- We will maximise the quality and value of our homes
- We will deliver continuing efficiencies to achieve improved value for money

Our supporting value for money strategy underpins these commitments and features strongly in all aspects of our “Commitment2020” business plan.

During the year the Board, staff and residents were heavily involved in the development of a new Vision, Mission statement and Values.

Our vision is to “Delivering on our promises.”

Our mission is “We enable staff and partners to deliver excellent services for our residents and provide more quality homes for our community”

Our values are:

- **Care** - We care about our customers, staff and our wider environment
- **Adapt** - We adapt and embrace change to achieve our goals
- **Resilient** - We are resilient and effective in challenging times
- **Everyone** - Our strength is in our unity with everyone playing their part

To help us achieve our vision we have a new five-year business plan “CCHA2025” which the Board developed with the Leadership Team in consultation with residents and our staff. Our new plan has five key priorities for the next five years:

- Resident voice
- Our people (staff and partners)
- Safety – landlord, employer, business
- More homes – affordable, good quality, sustainable
- Better value for money – performance, risk and services

With an overarching commitment to ensure all activities are linked to our community.

In October 2019 the Board agreed ten-year aspirational targets:

- Resident Standards – We will have a service which is shaped by our residents for our residents
- Staff and partner engagement – We will be an employer and partner of choice
- Safety and security responsibility – We will have an exemplary record for safety
- More affordable homes pledge – We will be resourceful and innovative to deliver an increased programme of genuinely affordable quality homes
- Value for money offer – We will deliver a high-quality service with no increase in costs
- Community commitment – We will ensure that everything we do is done for the good of our residents and the wider community.

And with the Leadership Team agreed the five-year specific targets to achieve the key priorities:

- Resident standards – Customer satisfaction 86% (2019/20 73%) and a 5% improvement in our Net Promoter score (2019/20 +32)
- Staff and partner engagement – 1-star Best Companies rating (2018/19 One to Watch)
- Safety and security undertaking – 100% compliant with all legislation and regulations
- More affordable homes pledge – 5% growth year on year and 50% for London affordable rent
- Value for Money offer – Median quartile cost and upper quartile quality

During 2020/21 we will be reviewing our Value for Money strategy to ensure that it supports the priorities and targets set out in our new “CCHA2025” business plan.

This statement reports our results for 2019/20 against our current 2018-2020 VfM strategy aims:

- Demonstrate to customers and key stakeholders’ improvements in value for money year on year.
- Ensure that VfM is at the heart of what we do and support delivery of the key objectives of the business plan, Commitment2020.
- Define our support for our local communities and effectively communicate the benefits and tangible outcomes.

Strategic VFM Aim: Demonstrate to customers and key stakeholders’ improvements in value for money year on year.

Value for Money Metrics

The table below shows the Value for Money metrics as set out in the Value for Money metrics technical note. Previous years and the revised budget for 2020/21 are provided for comparison.

	Actual					Target 2020	Revised Budget 2021	Sector Global Accounts Median 2019
	2016	2017	2018	2019	2020			
1. Reinvestment %	4.59%	5.29%	7.11%	7.50%	11.78%	8.24%	11.68%	6.20%
2. New Supply Delivered	0.00%	0.57%	0.50%	4.36%	2.51%	2.89%	2.06%	1.50%
New Supply Delivered - non-Social housing units	n/a	n/a	n/a	n/a	0.20%	0.20%	0.53%	0.00%
3. Gearing %	23.55%	27.23%	29.46%	33.63%	41.41%	39.68%	44.62%	43.40%
4. Earnings Before Interest, Tax, and Depreciation (EBITDA (MRI))	239.37%	230.19%	200.89%	167.45%	130.06%	189.43%	177.90%	184.00%
5. Headline Social Housing Cost Per Unit	£ 5,686	£ 5,098	£ 5,170	£ 5,995	£ 6,236	£ 5,674	£ 5,681	£ 3,690
6. A. Operating Margin (social housing lettings)	21.30%	24.59%	25.24%	22.01%	14.05%	21.73%	15.26%	29.20%
B. Operating Margin (overall)	22.20%	25.29%	26.08%	25.92%	14.92%	21.94%	21.36%	25.80%
7. Return on Capital Employed (ROCE)	2.50%	2.46%	2.38%	2.84%	1.89%	2.47%	2.15%	3.80%

New Supply Delivered and Reinvestment

Our delivery of new homes has increased in the year as the development programme matures and we delivered 40 homes in the year 2019/20, (37 homes for CCHA and 3 homes for CCHADL). We expect the new supply delivery to continue strongly as a number of developments complete in the 2020/21 budget year, with more to follow in 2021/22. There have been delays to our programmes due to the Coronavirus Pandemic but all of our sites are now back up and running and reporting only minor delays associated with the virus.

Headline Social Housing Cost Per Unit

After two years of reductions in costs, we anticipated and budgeted an increase in cost per property for the budget year. The year end costs were significantly higher than budgeted for a number of reasons:

We introduced a short-term interim repairs contract which was on an SOR code basis not price per property, this has had a significant impact on the cost of the service. We brought a long-term partnering contract in on 1 April 2020 on the basis of price property which should give us much more predictability on costs going forwards.

We re-procured our ICT support services previously delivered by Castleton and transferred them to Conosco. We had anticipated a cost for transitioning the service, but this became a difficult transition as the outgoing consultant was not at all co-operative.

Staff costs were also high in the year, we had five key staff members leave and so these roles had to be covered by Temporary staff or consultants in the short term. In addition, we have had a number of additional administrative support and officer roles in place last year to support

the implementation of a new housing management system, Civica CX, which went live on the 23 March 2020. We are now moving onto Phase 2 of the implementation so we are likely to see higher staff costs in 2020/21 also but the system will bring with it efficiencies so there should be efficiency improvements from 2021/22.

Operating Margin

Our Operating Margins are lower in the year as a direct consequence of the impacts highlighted above associated with repairs, ICT systems, sales and staff costs.

Benchmarking

We strive to maintain a high-quality service at a relatively low to medium cost to ensure that the expectations of our residents and stakeholders continue to be met. Through benchmarking our performance against other housing associations in the 'London housing associations with fewer than 5,000 homes' peer group of HouseMark, we assess value for money efficiency throughout each year.

The tables used below show summarised HouseMark benchmarking reports.

Housing Management and Staff

	Actual 19/20	Target 19/20	Actual 18/19	Trend	HM* 18/19 Median	Target 20/21
Staff turnover in the year %	13.67%	10.50%	18.99%		13.36	10.50%
Sickness absence average days/shifts lost per employee	3.63	4.40	4.22		3.83	4.40

*HouseMark Median

We support our staff to maintain a work/life balance and a healthy lifestyle as we recognise that a happy staff team enables good performance.

Staff turnover and sickness absence have both improved from last year and we are now in the median quartile for both. Following on from the Coronavirus and the lock down we undertook a Covid 19 staff survey and a summary of some of the results is provided below:

- 97% staff felt that they had all the equipment they need to work from home longer term
- 100% of staff felt supported from their managers and teams
- 97% were happy with the level of communication from organisation
- Most staff felt that generally they had better quality time with teams through virtuals

We undertake a Best Companies staff survey every two years and this is due to be completed in September 2020 with a view to developing an action plan for 2021 – 23.

Satisfaction

	Actual 19/20	Target 19/20	Actual 18/19	Trend	HM* Median 18/19	Target 20/21
Satisfaction with overall service provided %	73%	80%	71%		78.2%	80%
Satisfaction with overall quality of your home%	77%	85%	72%		78%	85%
Satisfied views are listened to and acted upon %	59%	75%	56%		61%	75%

*HouseMark Median

We continue to take steps to maintain or improve resident services and satisfaction, we now have long term contracts in place for both the repairs and maintenance and the estate services and feedback on the estate services so far has been extremely positive. The new repairs contract started on the 1 April 2020, so it is a little early to tell but the contractors have made a positive start.

Customer service is a key focus of the new five-year business plan, CCHA2025, we will work with our internal teams, contractors and key stakeholders to develop new customer service standards which we are all committed to. We hope to see some significant improvements in this area in 2020/21.

Efficiency

	Actual 19/20	Target 19/20	Actual 18/19	Trend	HM* Median 18/19	Target 20/21
Total cost per property of Housing Management	£673.99	£649.00	£742.16		£393.53	£674.00
Total cost per property of Responsive Repairs & Void Works	£1,150.26	£831.00	£1,013.53		£1,084.52	£1,027
Total cost per property of Major Works & Cyclical Maintenance	£1,545.79	No target set	£1,541.55		£1,692.29	No target set
Current tenant arrears as % of rent due (excluding voids)	2.42%	2.0%	3.6%		5.14%	3.0%

*HouseMark Median

Our housing management costs historically have always been higher than many organisations proportionately to our size. The two areas which we invest significantly more costs per property are resident involvement/community and income recovery. As a community housing provider,

we believe that we should contribute to our community and some of the ways that we make an impact in this area are detailed in the last section of this report. We believe in a two-pronged approach to income recovery and so as well as ensuring that we have robust systems in place which do deliver high performance we also ensure that we provide support for our residents to enable them to pay their rent.

Overheads are higher this year, but we have had significant impact in ICT systems and support this year as well as ensuring that all staff had the right equipment to facilitate mobile working even before Coronavirus. This meant that when we did go into lockdown it was relatively seamless for all staff and we were able to deliver an effective and efficient service from day on.

Strategic VFM aim: Ensure that VFM is at the heart of what we do and support delivery of the key objectives of the business plan, Commitment2020.

Subsidiary Company

We formed a wholly owned subsidiary in 2018/19 year, “CCHA Developments Limited”, which has the purpose of developing homes for sale on the private market.

CCHA Developments Limited is operational and has 11 units on site as at the year end, and sales were expected in 2019/20. Unfortunately, handover of this scheme was delayed by 4 months and we had just started marketing it when Coronavirus came to the fore. Sales were heavily impacted in the first two months of lock down, but we are noticing increased interest in all our homes for shared ownership and market sales in the last two months. Profits from sales will be used to cross-subsidise the provision of affordable homes by CCHA.

Partnership Working

Through our Active Asset Management Strategy, we identified a number of properties which would benefit from redevelopment, re-provision or disposal to meet our strategic aims. We want to ensure we respond to the business needs whilst still delivering much needed support services in the boroughs. To this end, we are always working to develop our relationship with new and existing partners in the boroughs we work in.

Partnership with The Nehemiah Project

The Nehemiah Project is a registered Christian-based charity that has been working for 20 years in South London with men recovering from drug and alcohol addictions, most of whom are either prisoners or ex-offenders. In January 2019, we signed a five year full repairing lease with them to take over a building that we have identified for development in the longer term and we are now working with them on a further building adjacent to it which the local authority has pulled out of funding. We are leasing the new building at a value which represents 90% of the possible rental income This will ensure that we have some income from the building whilst we are going through the design and planning stages prior to redevelopment of this site.

Partnership with Look Ahead

We continue to work with Look Ahead to provide them with accommodation in which to deliver their support services. We receive 90% of the annual rental income, they receive 10% of the rental income and the support contract income but take on all the risks associated with the property including the void loss and repairs

We are looking to extend this initiative to the majority of our supported homes over the life of the business plan but will work with support providers for the most part so that the community are not losing a vital resource.

Partnership with Emmaus

363 Holmesdale Road was a scheme for residents with learning and physical disabilities. In 2019, Croydon Council withdrew support funding for the scheme and the residents were found alternative accommodation. After carrying out an option appraisal of the scheme and reviewing the options, the best option was to dispose of the property.

However, we felt that there was still a need for this type of accommodation in the community and so approached Emmaus, a homeless charity that were looking to expand their services in the borough. The property was valued and through a very open process we agreed a sale price of £693,000. This meant that CCHA received the funds to invest back into new homes and allowed Emmaus to provide more supported homes for the homeless community of Croydon.

The majority of our nominations go through the council but occasionally we have had to let properties that the council relax the agreement around, this may be because of its location or the type of property, studios for example. On these flats, we have linked with Emmaus who are always looking for homes for their residents that have progressed through the programme into independent living and are looking for the next step. This allows Emmaus to then bring someone new onto the programme.

Employment and training opportunities through our new long-term partnering contracts

As we mentioned previously, we have recently entered into new long-term partnering contracts for both estate services and repairs. All the new contractors are offering our staff and residents training and employment opportunities. The estate services contracts started in November 2019 and the repairs contractors started April 2020, so you are likely to see more examples of how this has made an impact in 2020/21 statement, however, already both estate services and repairs contractors have delivered training for our own staff and all have made a commitment to offer a number of apprenticeship and work experience placements and have agreed that all job vacancies can be advertised and promoted to our residents.

Strategic VFM aim: Define our support for our local communities and effectively communicate the benefits and tangible outcomes.

COMMUNITY INVESTMENT

Contributing to CCHA Community

We have an annual fund of £65,000. Its purpose is to make a positive difference to residents and our estates with residents and staff working in partnership to make applications for funding. Successful applications need to contribute to either employment and training skills, youth engagement, social and community activities, estate improvements or digital engagement.

This year 2019/20, we have delivered improvements over 13 schemes, the main themes were improving bin-stores and recycling stations, putting in measures to reduce ASB, improvements in security, and landscaping/gardening. A significant percentage of this budget funds our involvement in The Legacy Youth Zone in Central Croydon.

The Croydon Youth Zone

This is the second year of our involvement as a Founder Patron of The Youth Zone, which enables us to offer our residents opportunities which we would not be able to do outside of this programme. Most importantly it is a major support to the youth community of Croydon, and we are able to offer our residents and the community opportunities which as a small organisation we would not be able to do without the partnership.

We have around 280 households with young people in the 8 -19 mainstream target age range. We have communicated with these via emails, texts and letters.

There have been 3 holiday clubs so far: October half term; Christmas and February half term. In addition to memberships and holidays clubs we have also worked with the Youth Zone on their employment programme and we have contacted the newly appointed member of staff to explore common ground/opportunities. They are focused on NEETS (not in education or training) candidates between the age of 16 – 24.

Unfortunately, due to Covid-19 all the activities planned were put on hold, but the Legacy team have swiftly pivoted their resource to deliver an emergency response to our local communities. This has included direct support by phone with a dedicated '**talk2us**' email for young members to get in contact with youth workers to share any concerns, questions or thoughts they are having during this challenging time.

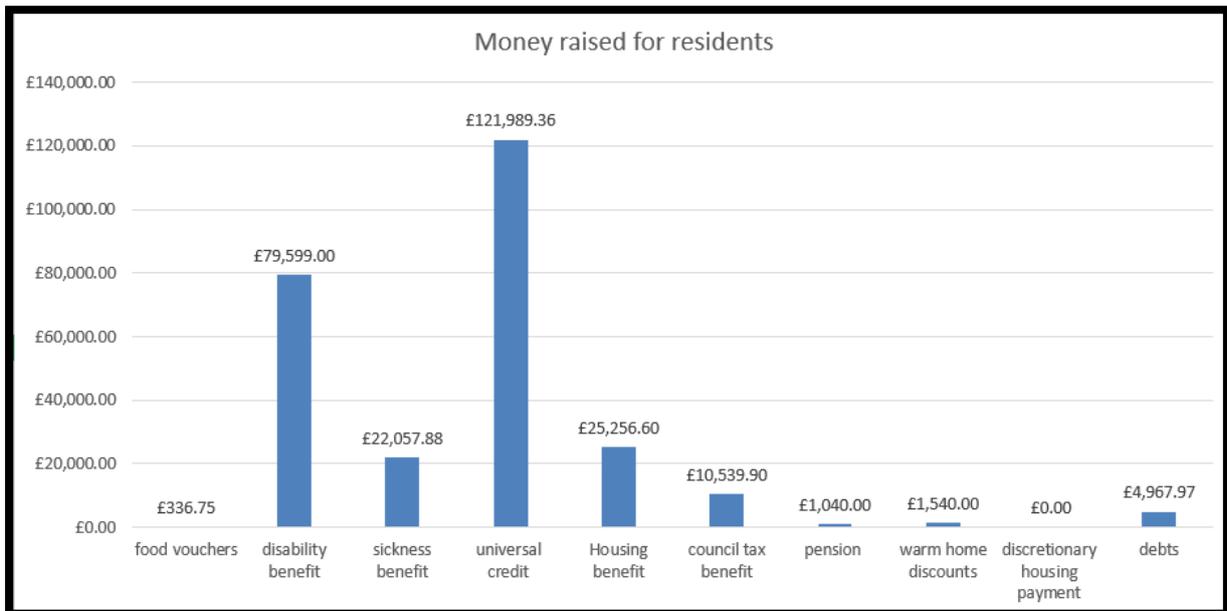
The Legacy team have also created and uploaded fun and engaging social media content and providing essential practical support such as free food and home activity packs for those in need. They have been very busy:

- Distributing a total of 3800 meals into the community via carefully curated food packages
- Sending over 100 activity packs to young people giving them fun and engaging things to do at home, including: craft activities, colouring pencils and stationery, bouncy balls, playing cards, sensory fidget toys, glue sticks & glitter, skipping ropes and books
- Posted 100 Instagram videos, providing the young people we support with engaging online content, including:
 - Supportive messages from some of their favourite celebrities

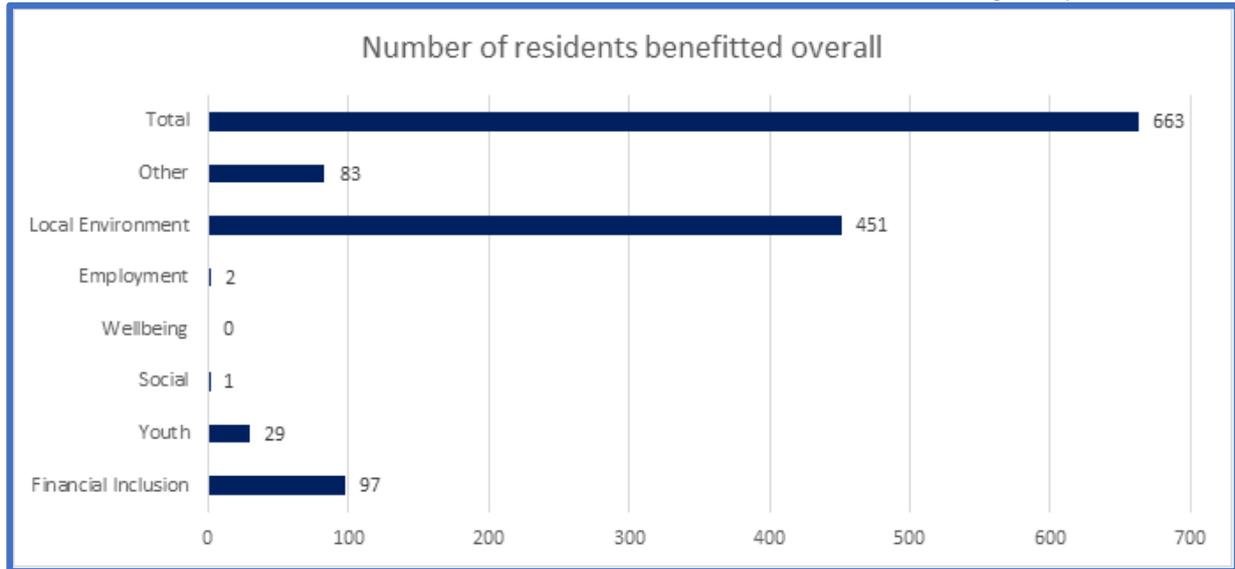
- Sign Language lessons
- Yoga sessions
- Workout tutorials
- Digital editing classes
- Cook alongs
- DIY PPE making lessons

Welfare and debt advice service

We have a robust income recovery system which has resulted in a consistently strong performance; however, we are a social housing provider as such we recognise that our residents are likely to be vulnerable or simply need some additional support. A key part of our services to our residents is resident advisory and assistance services, assisting with and advocating on behalf of our residents to ensure access to dedicated services which help them sustain tenancies. In 2019/20, the Welfare and Benefits Adviser has seen over 90 residents, the chart below outlines how this work has benefitted the residents financially.



This equates to a total financial benefit for our residents of £267,327 of which £115,606 has come directly back to CCHA rental income.



Through our community and resident led initiatives, throughout the year a total of 663 residents and members of our community benefitted from our community investment. The budget for community investment year on year is approximately £70,500 and our total returns on our social activity for this year using the HACT model are £269,876 including the welfare and debt advice service. £115,607 of this is directly returned to us through repayment of rental income.