

VALUE FOR MONEY STATEMENT – 2020/21

ccha provide good quality homes and are dedicated in providing a high quality of service to our residents. We have been rooted in the local community since we were founded in 1967. The focus of our 1528 property portfolio of affordable homes we own and manage, are in Croydon, Sutton and Bromley. We are proud to create sustainable communities by forging strong local partnership, local initiatives like the Legacy Youth Zone in Central Croydon and working closely with residents. We are committed to developing more homes to meet the increasing demand in our community.

Value for money (VFM) is extremely important to ccha, as we want to ensure our limited resources are being used effectively to achieve our strategic objectives, be able to meet the demand for our services, have a positive impact on our customers and ultimately bring value to the communities we work with and provide a home for. We aim to manage our costs to maximise the resources available and identify and implement improvements in the way we work to bring about efficiency savings.

2020/21 was first year of our **ccha2025** business plan which identified five priorities key to the future success of our Group:

- Resident Standards
- Staff and Partner Engagement
- Safety and security undertaking
- More affordable homes pledge
- Value for Money offer

Our vision is “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

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 these 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

At the beginning of 20/21, the world was plunged into the unprecedented Covid-19 pandemic. Covid-19 has had a devastating impact on the world and affected every business and sector.

ccha had robust business continuity plans in place. Upgraded hardware, improved security, remote working in place for all staff, and trial runs proved valuable as the UK went into lockdown and ensured that we were able to continue to operate throughout this crisis of modern times.

We have been true to our values, with our main priority being the health, safety and wellbeing of our staff, residents, and partners. We adapted the way we worked to achieve our goals and showed extreme resilience and effectiveness in these challenging times. ccha showed strength by working together and everyone playing their part.

As we see the light at the end of the tunnel, we continue to move forward in strength, with new effective and efficient ways of working, able to grow our capabilities and expand on our potential, to support our residents, and develop new affordable homes.

More than ever, our strategic VFM aim remains the same to achieve **Median Quartile Cost and Upper Quartile Quality**.

Value for Money Metrics

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.

The table below shows the Value for Money metrics as set out in the Value for Money metrics technical note. These have been benchmarked against the Regulator of Social Housing medium and upper quartiles metrics for last year, bearing in mind that all associations would have seen a shift in their metrics during the pandemic. We have used global metrics which includes organisations of all sizes and regions, hence the median is used for comparison.

VFM Metrics	VFM Metrics			
	2020/21 Actuals	2019/20 Actuals	20/21 Budget	21/22 Budget
1. Reinvestment	3.79%	11.78%	11.00%	7.90%
2. A - New Supply Delivered - Social Housing units	1.18%	2.51%	2.51%	3.31%
B - New Supply Delivered - Non-social housing units	0.00%	0.20%	0.53%	0.52%
3. Gearing %	36.44%	41.41%	45.50%	38.72%
4. Earnings Before Interest, Tax, and Depreciation (EBITDA (MRI))	202.44%	130.06%	178.55%	151.67%
5. Headline Social Housing Cost Per Unit	£5,208	£6,236	£5,967	£6,482
6. A - Operating Margin% (Social Housing Letting)	25.98%	14.05%	16.43%	25.38%
B - Operating Margin% (Overall)	26.07%	14.92%	22.45%	28.48%
7. Return on Capital Employed (ROCE)	2.28%	1.89%	2.41%	2.22%

VFM Metrics	RSH VFM 2020 GROUP METRICS	
	Median Quartile	Upper Quartile
1. Reinvestment	7.20%	10.00%
2. A - New Supply Delivered - Social Housing units	1.50%	2.40%
B - New Supply Delivered - Non-social housing units	0.00%	0.15%
3. Gearing %	44.00%	54.66%
4. Earnings Before Interest, Tax, and Depreciation (EBITDA (MRI))	170.00%	227.26%
5. Headline Social Housing Cost Per Unit	£3,830	£4,860
6. A - Operating Margin% (Social Housing Letting)	25.70%	32.30%
B - Operating Margin% (Overall)	23.06%	28.56%
7. Return on Capital Employed (ROCE)	3.40%	4.40%

Reinvestment and New Supply Delivered

This is the area of the Association which was hit the hardest by the Coronavirus Pandemic, as we focused our efforts on existing homes and our current residents. We only grew our property portfolio to half of what we budgeted because of the government restrictions and the direct affect the virus had on those who worked on our developments. Our target for reinvestment was based on 1,538 social units in 2020/21. This is 36 units more than our actual social housing units at year end, which would have added a further 6% to our reinvestment target.

Looking forward we can see that our reinvestment budget is high in 2021/22 as we complete on the delayed developments and are committed to provide an additional 42 units for our local community and a further 20 units just post March 2022.

Gearing

ccha's low gearing is reflective of the commitment to our developments over the life of our medium-term business plan. We have drawn on loans ready to use in 2021-22 and therefore have the cash available to finance our development ambitions and are able to comfortably meet our repayment schedules.

EBITDA – Interest Cover

ccha's interest cover is part of our bank loan covenant along with gearing and is also comfortably met and 13% above our target. ccha managed to secure a low, long term fixed cost loan with THFC which has improved this position along with a good operating surplus result for the year end.

Headline Social Housing Cost Per Unit

The ccha Board's agenda over the past couple of years has been to invest in efficiency improvements in the short term, for the long-term benefit of our residents and stakeholders resulting in an increase in quality and customer care and therefore increased value for money for our customers. As a relatively small organisation these investments have a large impact on the headline social housing cost per unit. This had been anticipated and budgeted for to support our future growth and investment in our residents and their homes.

The reduced headline figure for the year compared to budget is reduced by savings made on our planned work programmes through the pandemic, of which we are seeing activity coming through in 2021/22.

Though we have already made savings on our ICT support contract, we have invested in our housing management system, Civica, CX. As forecast, we implemented our final phase of the system to improve the way we calculate and produce our rent and service charges, enabling us to have greater monitoring and recording of how we respond to customers and manage complaints.

The £35k cost of COVID-19 has offset some of the savings we started to make in this area.

We have also had an increase in staff training, in particular a leadership training program for our middle managers and leadership team. This will enable our staff to work more effectively together towards our objectives. All staff have been upskilled to ensure a consistent approach to customer care for our residents, partners, and colleagues. We have also reviewed our staff benefits and rewards systems to ensure that staff remain motivated and committed.

We are already seeing the benefits of this investment in our staff in Q1 21/22 with increased productivity, improved communication between teams and all staff working towards engagement with our resident and customer service.

Though our headline cost per unit remains high in 2021/22, we have identified this will reduce by a minimum of 1% each year. Our 5-year Business plan will include a value for money strategy written this year, which will focus on making further savings and efficiency reductions over the life of the plan. We will gain efficiencies through our new IT infrastructure and achieve economies of scale, while maintaining and improving the quality of service we have already invested in.

Our office will be moving in October 2022 to one of our new developments, saving the organisation £165k per annum on lease costs which will contribute to this reduction in headline cost per unit.

In addition to this we have signed up to the South East Consortium procurement framework which is likely to save us a significant amount on costs in the future. The use of frameworks has already saved us in the region of £30k in the procurement of our asbestos and domestic and commercial gas contracts.

Operating Margin

Our Operating Margins are higher than expected. Although turnover was less than budgeted, this was offset by savings in our operating expenditure. During the initial stages of lockdown, through Q1 of 2020 we operated an emergency only repairs service. From August 2020, we were able to provide a full day to day repairing service and delivered a reduced planned works programme.

Return on Capital Employed

The pandemic has slowed down the completion of our developments and as such reduced the surplus we had budgeted to achieve, along with the high fixed asset base we have. We have invested in a customer and housing management system which will improve the accuracy of our records and streamline processes.

In 21/22 this ICT system starts to depreciate reducing our fixed asset base as our surplus increases with growth in development and increase in turnover. This will in turn have a positive effect on our Return on Capital employed from 22/23.

Resident Safety and Wellbeing

ccha are proud to report **100% Landlord Compliant** at the end of 2020/21. The team worked extremely hard to achieved this, dealing with extra protocols to ensure everyone was safe and providing reassurance to some of our more cautious residents to allow access to complete the required checks.

We also had a target for the year for our **stock to achieve a minimum SAP rating of 55** or above. We are pleased to report that **100% of our stock achieved this**. The team have been working to improve our homes and carry out updated EPCs over several years to achieve this target. A new minimum rating of 58 has now been set for 2021/22.

In response to the pandemic, we transitioned from providing a face-to-face weekly welfare check on all our residents in our older persons independent living schemes to a telephone service which we have found to be significantly more efficient. It has also proved popular with residents as staff have more time to talk to them as we have eliminated all the travel time between schemes. Where residents prefer this approach, we will continue to practise this in the future unless residents are particularly vulnerable or at risk.

Throughout the pandemic, we also focused our income collection resource on working with residents through this difficult time. This meant spending more time speaking to residents to understand their individual circumstances so we could be responsive to this, carrying out affordability assessments to ensure repayment plans were realistic and referring to our Welfare and Debt Advice Officer for additional support where needed. We also ran campaigns to encourage residents to contact us to discuss any challenges they were facing. As a result of this, no one lost their home and our Q1 2021/22 arrears figures are now less than they were at the start of the pandemic.

Stakeholder Engagement

We have been true to our values, with our main priority being the health, safety and wellbeing of our staff, residents, and partners.

Resident Engagement

ccha have introduced several customer service initiatives to improve our service to residents which we started to implement in Q4 2020/21 and will run through until March 2022.

This year we contacted all our residents by email/letter and had a big social media campaign to find a new resident board member. It is important for us to have a Board member who is ensuring the voice of our residents are being heard where it matters. We received a good level of response from this with some quality candidates. We are pleased to have made an offer for this role which will start in September 2022.

The business plan consultation highlighted that we needed to improve customer care and the repairs service. Since then, all staff have attended customer service training and completed an embedding programme through 2020/21. In addition to this, all staff attended workshops to review the resident feedback in detail and look at how they and their teams could improve overall service delivery. Sadly, due to the pandemic, we have been unable to progress as far as we would like with many of our plans and are aware that our resident engagement has been limited and less strategic over the last year. We do intend to address this as part of the work we will be doing for the new Customer Strategy and longer term with our main contracts.

Staff Engagement

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. During 20/21 the work of the internal wellbeing committee has become crucial in addressing issues with social isolation and enabling staff to remain connected and feel part of a ccha has been a priority. As staff worked remotely, this was at the forefront of the business and included remote social activities and care packages at seasonal times throughout the year to increase morale and motivation.

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 first lock down we undertake regular Covid 19 staff surveys 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 was due to be completed in September 2020 but it was felt that the Covid 19 surveys which specifically addressed staff welfare through lock down were more important so the survey will now be delivered in August 2021 with a view to developing an action plan for 2021 – 23.

Customer Satisfaction

Improving customer satisfaction is a key focus for ccha and one of our main business plan objectives. Due to the pandemic, as well as expectations of residents changing as government restrictions changed, our satisfaction levels did not improve as we had expected them to. However, we have made significant investment in our staff and IT over the year and have been working hard to embed new contracts, all of which will help to improve future service delivery. How we record, manage and monitor customer interaction has now been improved with investment into a new Customer Relationship Management system which integrates with other parts of our housing management and asset management systems. Satisfaction with our new cleaning and gardening contractors has increased by 6% and 8% respectively over the year and we have already seen a shift in satisfaction in Q1 of 21/22 in a number of key customer service areas. We also increased the number of residents surveyed from 24% in 19/20 to 26% and we have maintained the same satisfaction level of views 'being listened to and acted upon'. In line with our business plan, we will be utilising our resident feedback, the requirements of the Charter for Social Housing Residents and the investments we have made, to develop a new Customer Strategy in 2021/22 with its key aim to improve overall satisfaction.

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

Satisfaction with last Repair

Target	2019/20	Q4 2020/21	2020/21
95%	97.28%	98.61%	96.63%

Target exceeded in Q4 and Year End.

We launched our new repairs contract during the challenging time of April 2020. We still have work we need to do to improve the repairs service as it is not where we would like it to be. However, whilst overall satisfaction with the repairs service is lower than we would like, it is pleasing to see that the majority of residents surveyed have been satisfied with their last repair. This will continue to be one of our top priorities. We have also asked Axis to increase the numbers of residents surveyed to get a broader/more accurate reflection of the service.

Partnership Working

Rent lost through dwellings being vacant

Target	2019/20	YE 2020/21
2.00%	1.16%	0.92%

Target exceeded for Q4 / Year End.

Despite the impact of Covid-19 on our ability to complete void works and let our homes in the early part of 2020/21, we have remained under target. We also listened to our local authority partners to ensure that, whilst following government guidelines, we worked with them and our support providers to put in safe working practices to enable our homes to be let to those people in the community who really needed them through the pandemic.

Partnership with The Nehemiah Project

The Nehemiah Project is an established registered Christian-based charity working primarily with male prisoners or ex-offenders who are recovering from drug and alcohol addictions. Following the success of our original five-year repairs service lease to them in January 2019, we identified a neighbouring building where we were incurring significant void rental losses under the provision of supported housing at the time. Following work with the London Borough of Croydon and the existing support provider to support the remaining residents into more suitable accommodation, this building was also leased to Nehemiah on similar terms in September 2020 for 5 years. The lease ensures we have a revenue stream, that is 90% of the possible rental income from the building, throughout the design and planning stages of the redevelopment of this site.

Partnership with Emmaus

Since 2019, we have continued to partner with Emmaus, and link with them where we have occasional hard to let properties such as studios which allow their residents to progress into independent living.

In July 2020, a support provider leasing one of our buildings, gave us notice they will be withdrawing their services. Emmaus were able to secure funding from central government for 'Project Protect' for single homeless people. We were able to let the property to them on a short-term basis to provide accommodation and support to those in need through the

pandemic and we were able to receive an income on the property whilst we explored longer term options.

Partnership with Look Ahead and other Support Providers

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 continuing to look for opportunities to extend this initiative to most of our supported homes over the life of the business plan. We are currently working with a charity who supports care leavers. We are also working with two existing support providers to review and issue new lease terms and charges. Where seeking these arrangements, we will continue to prioritise support providers that will help our community not lose a vital resource.

Development Manager framework

In 2020-21 the Development Manager framework created by ccha and Echelon was extended to include feasibility studies on existing sites in addition to new developments. The framework has been a success and has been accessed by 6 other registered providers and local authorities, bringing a further income of £3,319 to ccha. We are working to continue the promotion of the framework to further providers which, if accessed will increase the income to ccha.

Looking Forward into 21/22:

In a year where the COVID-19 crisis slowed down the work we were able to do directly with our residents, ccha spent that time focusing on the delivery of our services and found innovative and resourceful ways of being effective during this challenging time.

We are excited to move forward having laid the foundations for growth and customer service improvement. We can see a large increase in reinvestment in 21/22 as we see our developments pick up and more decent homes being created for our community.

We will ensure a safe return for staff and residents as we phase out of lockdown ensuring we continue to adhere to safe working practices following the covid 19 pandemic.

We are already seeing efficiency improvements in 2021/22 with a 5% increase in customer calls being logged and all call backs occurring as per procedure. As per our strategic objective we have an approved ICT strategy which will shape the future in supporting ccha achieve efficiencies by having leaner processes and joined up infrastructure.

Customer Service is key to our ccha2025 strategy. Year 2 sees us move further forward to achieving our target of 86% customer satisfaction by 2025, as we link our measurable customer service standards to all staff recruitment and work with our partners to work under the same measures. We will continue to be 100% compliant with all legislation, regulation and standards and cost effective as we review our contractors and consultants in this area.

We look forward to 2021/22 where we will work with our staff, partners and community to provide a quality service and quality homes which we are proud of and one which our residents recognise as Value for Money.