

VALUE FOR MONEY STATEMENT – 2022-23

ccha strive to provide our local community in Croydon, Sutton and Bromley, with decent, safe and reliable homes; and dedicate our work to provide a high quality of service to our residents. We have been rooted in this community since we were founded in 1967. 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 also committed to developing more homes to meet the increasing demand in our community. We currently provide just under 1600 homes in the area.

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 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. This is also supported by providing more affordable homes for the area, which will bring economies of scale.

VFM is pivotal to us achieving our ccha2025 business plan which identified five priorities key to the future success of our Group, with improving our Value for Money offer being the fifth strategic objective underpinning the others. We have a VFM Strategy which explains how we will achieve best value and the optimum blend of Economy, Efficiency and Effectiveness through our work and embed this into the culture of the organisation.

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

The targets to achieve over the five years of the plan ccha2025 to make progress towards our 10 year aspirations are:

- Resident standards – Customer satisfaction in Upper Quartile and improvement in our Net Promoter score +25
- Staff and partner engagement – Upper Quartile
- Safety and security undertaking – 100% compliant with all legislation and regulations
- More affordable homes pledge – 120 more homes by 2025
- Value for Money offer – Median quartile cost and upper quartile quality

Our Board approved Strategy Framework supports delivery of these targets.

Our approach to value for money is aligned with our corporate VALUES.



We understand that expectations of our residents have increased alongside that of the regulator of social housing, but we continually set our actions on reaching these.

We are still operating in an area where housing is in short supply compared to the demand. We therefore recognise that the supply of genuinely affordable housing for rent, and sale needs to be increased and that many people in our community, particularly those on lower income and on state benefits are seeing their income fall in real terms. We therefore need to continue to develop to meet the needs of the community and in turn will help us become more cost effective.

The current wider economic environment we operate in is challenging and the internal and external pressures we face are detailed in our risk register, monitored, controlled, and mitigated where possible. This year has seen unprecedented inflationary rises in the UK, which has impacted the cost of living of our residents as well as organisational cost base.

This year we developed and opened our new office at Sheldon Street, Croydon. This initiative has saved us £200k in lease and running costs per year going forward.

Our new hybrid way of working means that we are servicing a smaller office which in turn has brought operational efficiency. We have reduced our storage space and moved the majority of documents online through Sharepoint.

Sharepoint has encouraged collaborative working and has improved the efficiency of the document review process. Our ICT team have delivered the following projects and processes in the year, enabling effective collection of data and tracking of information to support our residents and in some areas achieving value for money in all areas of economic, efficiency and effectiveness. The majority of these are through our housing management system Civica, CX.

- Complaints reporting
- DWP Payments Import
- Council Tax Notifications
- Damp and Mould Cases
- Customer Letters Process
- Asset and Liability Register linked to data warehouse and housing
- Monitoring information
- Improvements on how we capture our data for Housemark key performance indicators.

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**.

Resident Safety and Wellbeing

ccha are proud to report 100% Landlord Compliance at the end of 2022-23. The health and safety of our residences is paramount to the organisation, and we completed a full Health and Safety review this year which was reported to Board and an action improvement plan developed from it. Progress of the improvement plan is monitored by our Health and Safety Committee and the Audit and Risk Committee.

We have improved the damp and mould reporting and management processes so that it is live data reported through our CRM system.

The team have been working to improve the energy efficiency of our homes and 79.75% of our homes now have an EPC-C rating or above. We are currently working on a programme to address any homes which are energy rated below EPC-C.

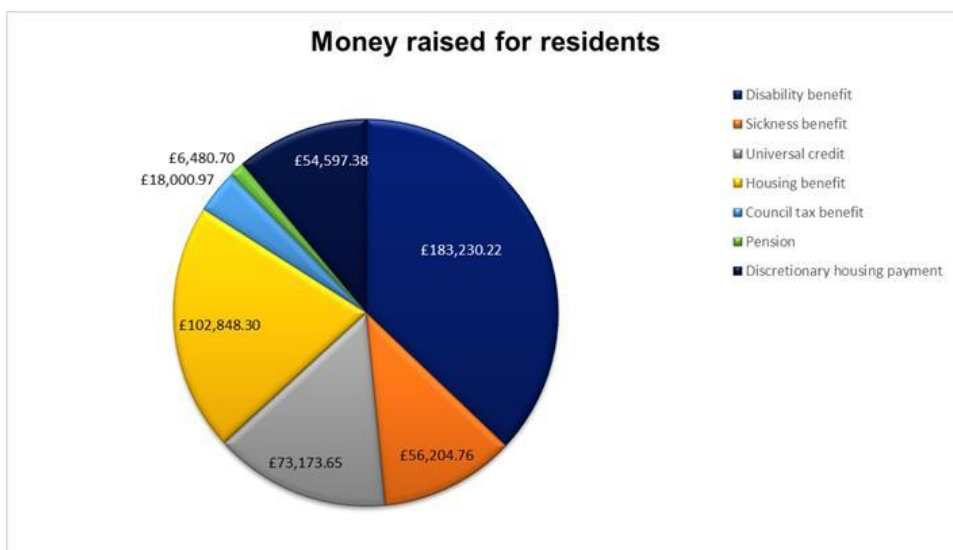
The cost of living this year has risen to financially challenging levels which has had a significant impact on our residents. Despite this, we have finished the year in a strong position in terms of our overall rent arrears figure and have achieved our targets for both resident on universal credit and those not on universal credit. We invest in this service as it provides much needed support for our residents in a financially challenging time. The income management team truly work to our values and their approach is supportive wherever possible.

Following on from changes made during the pandemic, we have continued to support residents over the phone where residents prefer this approach, saving time on both sides and increasing efficiency of this service.

We are proud that our welfare and debt officer service provides significant value for money and is an effective investment that ccha has chosen to support our residents.

This time saved has been matched by the increase in residents needing this service and the requirement of 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 are realistic and referring to our Welfare and Debt Advice Officer for additional support where needed. As a result of this, no one lost their home, and we are pleased that our current arrears figures are at 3.07%.

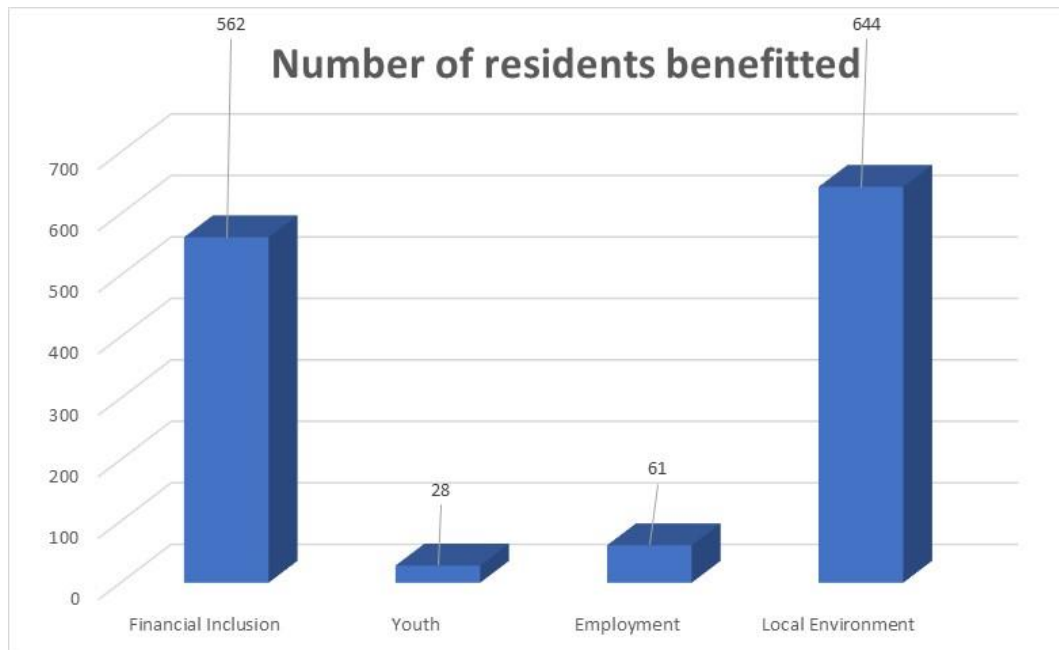
We are proud of the income maximisation work completed by our income team who have managed to bring in £495k for our residents which otherwise would not be available for some of our vulnerable residents.



562 of our residents in the year benefitted from financial support from ccha, with 74% of those getting help with receiving their council, disability or housing benefits.

644 residents benefitted from our local environment community investment President’s Fund. This year, to improve our estates, help combat social isolation and improve wellbeing for our residents, we invested £33k. This included communal projects such as improving the landscaping, shrubs, fencing, borders and railings, and adding additional planting and flowers, the planting of a herb garden and funding initiatives such as improvements in our communal social spaces, purchasing outdoor furniture and benches so residents can socialise outdoors together.

We also continue to support residents through our dedicated Hardship Fund which this year helped 72 residents in financial crisis to alleviate some immediate needs with things like food, utilities and other essentials. The budget was £15,000 but there was greater need so we diverted £6000 of the President’s Fund as we felt this was a greater priority.



Customer Service

As part of our customer strategy, following consultation with our residents, we launched our new customer service standards in April 2022 and publicised performance on the ccha website.

These standards are a starting point and will be developed and improved on over the lifetime of our customer strategy.

We can monitor ourselves against these standards through our CRM system to ensure they are met and any failures to meet these standards are addressed immediately.

Customer Satisfaction and Resident Engagement

We have launched Together with Tenants and invited residents to comment. We also held two 'Meet the Board' sessions for residents to meet Board Members. We had our first Resident's Open Days since the Covid -19 pandemic which was well received, and it was good for the residents to see the new offices and most importantly meet new and existing staff and get their queries dealt with on the day. The sessions were well attended, and we saw over 60 residents over the space of the five sessions. This enabled us to talk directly to residents and for them to highlight areas where our President Fund can be used to increase satisfaction.

Improving customer satisfaction is a key focus for ccha and one of our main business plan objectives. Following on from the Pandemic and the launch of our new Repairs service in April 2020, we have not seen satisfaction levels improve as we had expected them to this year.

This year we are in the lowest quartile and our lowest result ever achieved at 62% overall satisfaction. The overriding reason for dissatisfaction is associated with repairs and maintenance, the length taken to complete a repair or the outstanding and forgotten repairs.

However, we have found that we are in the upper quartile for 'communal areas being clean and well maintained. We have also found that 78% of residents felt our staff kept them informed.

We have restructured our Property Services team to bring greater focus and accountability to customers around repairs and maintenance and provide an improved service for residents.

Value for Money Area	Outcomes %	Actual	Actual	Actual	Target
		20/21	21/22	22-23	22-23
Customer Satisfaction	Satisfaction with overall service provided	71%	66%	62%	80%
	Satisfied views are listened to and acted upon	59%	61%	64%	75%

Staff Wellbeing and Engagement

It is important to ccha to have a motivated workforce, aligned to our strategic objectives and values.

A committed and satisfied team are likely to provide better service for our residents and perform effectively and efficiently thereby each member of staff bringing increased value for money.

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 and an improved service for our residents. Our wellbeing committee are now an essential part of this and our staff retention programme.

Our new office has been designed for and with our staff. It provides a space for collaboration, teamwork and bright and comfortable meeting room spaces to improve performance and productivity.

Our Productivity, Performance and Wellbeing Programme is in place to address work life balance pressures and issues raised in the Best Companies Survey in December 2021, which is supported by bi-annual pulse surveys.

Staff turnover has improved further from last year and we are in the median quartile by exceeding our target for voluntary turnover at 8.5%. We are focusing our efforts further on recruitment and retention in 23-24.

Target	2020/21	2021/22	YE 2022/23
10.50%	7.32%	20.22%	8.50%

The Average working days lost due to sickness absence per FTE was unprecedented for our organisation. We have had a particularly difficult year with a high proportionate number of staff on long term sick. Removing our long-term sick brings the working days lost due to sickness down to 4.16 days per employee which is below target.

Target	2020/21	2021/22	Q4 / YE 2022/23
4.40	5.48	3.54	10.54 days

Partnership Working

Croydon Youth Zone

We continue to support the Croydon Youth Zone (Legacy) and promote the Youth Club and Holiday clubs, including a number of free spaces, to all residents that are parents with children ages 8-12. We also promote to all tenants

with children between 8-19 as the Youth Zone is open all year round after school providing a safe space for children to attend and socialise with their friends, take part in extracurricular activities or do their homework. The places are well attended by ccha residents.

South East Consortium procurement framework

We joined the South East Consortium and have used them for three contract procurements throughout the year saving approximately £90,000 on the cost of a standard consultant. They also offer free training sessions in many aspects of housing and six staff have attended their sessions this year. We have also had one staff member attend their future leader's programme.

Contractors

We continue to build on our relationship with our contractors to deliver work experience, training and employment opportunities for our residents through our main repairs, gas servicing and estate services contracts. We have also carried out a number of social value activities with our contractors including improving the appearance of our schemes, tree planting and a 'Skip for the Day' programme for residents to dispose of bulk waste.

Support Providers

As part of our strategy for Supported Housing, we have also established a new relationship with Hestia (support provider) and are working with them to lease a number of our homes over the coming year. We have also built on our relationship with Emmaus and joined up with them to help provide upcycled furniture and white goods to those residents with limited resources.

Value for Money Metrics

We strive to maintain a high-quality service at a 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 Housing Associations with under 5000 homes in the London Area.

VFM METRICS	Actuals			Budget	VfM RSH Median	VfM RSH Lower	VfM RSH Upper
	2020-21	2021-22	2022-23	2022/23	2021-2022 Benchmarking Quartiles		
1. Reinvestment %	3.79%	11.26%	2.89%	6.08%	4.00%	3.30%	6.90%
2a New Supply Delivered Social Housing	1.18%	2.59%	2.64%	2.59%	0.60%	0.05%	2.40%
2b New Supply Delivered Non-Social Housing	0.00%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Gearing %	36.44%	35.90%	40.28%	37.95%	36.50%	28.95%	44.30%
4. Earnings Before Interest, Tax, and Depreciation (EBITDA (MRI))	202.44%	193.24%	151.65%	165.26%	173.00%	41.00%	195.50%
5. Headline Social Housing Cost Per Unit	£5,208	£5,791	£6,889	£6,190	£6,707	£4,929	£9,414
6a. Operating Margin % (Social Housing)	25.98%	21.16%	14.76%	23.26%	21.70%	11.70%	29.05%
6b. Operating Margin% (Overall)	26.07%	24.20%	14.19%	25.97%	17.70%	10.45%	28.95%
7. Return on Capital Employed (ROCE)	2.28%	2.50%	1.78%	2.38%	2.10%	1.75%	3.55%

Reinvestment

This area has been affected by supply shortages and the increase in inflation affecting building works and new scheme appraisals. This has caused delays to our development programme, with no start on sites being launched. In addition, our capital works were lower in the year with savings found on our kitchen programme by going through an alternative contractor.

New Supply Delivered

Though completions were delayed by supply shortages, we are pleased that we were able to complete and provide 41 more homes in the Croydon area in the year achieving in line with expectations.

Our reinvestment budget will increase slightly as we anticipate starting on new developments and we increase the investment on our existing properties, through repairs and maintenance.

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 23-24 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. However, our lower than expected operating surplus brings us below target. Next year will be our tightest position over the life of the business plan.

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 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.

However, this has increased adversely to target in year due to an unprecedented amount of temporary staffing costs, due to the long term sickness and turnover experienced in the year and we could not let the service suffer as a result.

The cost of materials and labour has increased by at least 12% in year, which has also had an adverse impact on our overall cost per unit along with the significant rise in gas prices which raised our service charge costs.

Though our headline cost per unit remains high in 2022-23, we are pleased to have implemented management cost savings from our office move, which will be sustained in 2023-24. We now have a Value for Money Strategy, which focuses 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.

Operating Margin

Our Operating Margins are significantly less than budget. This is due to a reduction in turnover for the year which was based on budgeted sales not being sold as planned. We had 21-22 March completed development sales going through in 20-21, though budgeted for sales in 22-23/ and one scheme due to complete in July 2022, completed in March 2023, and therefore all 13 homes were not sold prior to April 2023. The increased headline social cost per unit has further reduced our operating margins as described.

Return on Capital Employed

The delay to our developments has reduced the surplus we had budgeted to achieve, along with the high fixed asset base we have. The 13 units completed in March, were expected to have contributed £1.5m to revenue, with only 4 homes sold by 31st March 2023.