

VALUE FOR MONEY STATEMENT – 2023-24

At ccha, we take pride in our mission to provide decent, safe, and affordable homes to our local community in Croydon, Sutton, and Bromley. Since we were founded in 1967, we have been deeply rooted in this community, weathering challenges and evolving to meet the needs of our residents.

We are proud to create sustainable communities by forging strong local partnerships, local initiatives like our estate action days and Legacy Youth Zone and working closely with residents to increase our social value. 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.

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. We have a programme to build 103 more homes over the next two years with the support of the GLA's Affordable Homes Programme 21-26.

In our current economic landscape, we encounter significant challenges. We meticulously document internal and external pressures in our risk register, diligently monitoring and controlling them. Notably, last year's unprecedented inflation surge in the UK affected both our residents' cost of living and our organisational cost base. Despite the recent reduction in inflation to manageable levels, the impact remains.

This year we have improved our Customer Relationship Management software and increased investment in our customer service team which has helped to ensure that calls are returned and recorded.

Our new hybrid way of working means that we are servicing a smaller office which in turn has brought operational efficiency and improved collaboration. We moved to SharePoint last year, which has been fully adopted and embedded this year. SharePoint has encouraged collaborative working and has improved the efficiency of the document review process.

This year we have launched our CRM module which enables staff to make communication notes on each resident. 2024/25 sees us reviewing our IT processes and ensuring they are consistent, efficient, documented and adopted by all staff.

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**. Our headline cost per unit serves as a metric for assessing our value-for-money (VfM) expenditure. In the 23-24 period, we achieved our aim of the medium quartile compared to our peers. Our TSM results gauge the quality of the service we provide. In 23-24, all our results were above the median and eight were upper quartile compared to our peers of London RPs with under 10,000 homes (as reported in Housemark's July 2024 TSM year-end benchmarking report). While customer satisfaction remains an area for improvement, we've made progress this year and aim to reach upper quartile in the remaining four areas in the coming year.

Resident Safety and Wellbeing

ccha are proud to report **100% Landlord Compliance** at the end of 2023-24. This year our Audit and Risk Committee oversaw steady state audits into each of the top six areas which were externally undertaken by Tersus Group. All audits had substantial or reasonable assurance.

We have improved the damp and mould reporting and management processes so that it is live data reported through our CRM system and we have ensured that #everyvisitcounts to gain access to all properties to inspect and will continue to monitor and keep track of damp and mould cases.

The team have been working to improve the energy efficiency of our homes and now have over 90.2% homes with an EPC-C rating or above. We are currently working on a programme to address any homes which are energy rated below EPC-C by March 2026.

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 residents 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.

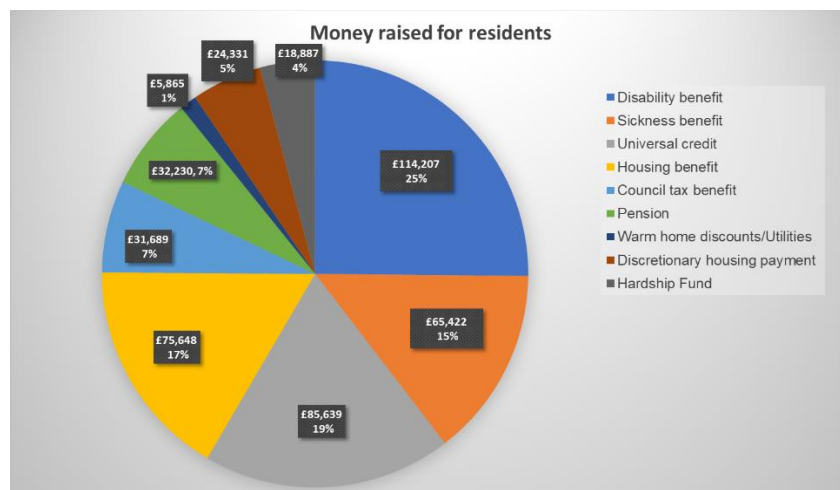
We have continued to support residents over the phone where residents prefer this approach, saving time on both sides and increasing efficiency of this service.

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, we are pleased that our current arrears figures are at 3.27%. This is an area where the need and support needed has grown and has proved invaluable to our residents. We therefore have budgeted for additional staff support in this area next year.

We are proud of the income maximisation work completed by our income team who have managed to bring in **£454k** for our residents which otherwise would not be available for some of our vulnerable residents.

This year, we enhanced the social well-being of many of our residents, with 432 receiving financial assistance from ccha. Among those, 76% obtained support for their council, disability, or housing benefits.



We carried out additional work to improve the environment for 174 residents, the majority of which was through estate improvements. This included additional planting and landscaping works to our gardens and communal spaces and improvements to car parking and bin store areas. Our community days enabled us to meet more residents face to face and let them know that we will be more present within the community going forward. We plan to carry out more of these community days within our individual departments which will provide residents with a sense of commitment to changing how we do things to better serve the community. The ccha estate improvement budgeted Fund enabled us to invest just over £11k on these improvements.

We also continue to support residents through our dedicated Hardship Fund with over £18k helping 106 residents in financial crisis to alleviate some immediate needs with things like food, utilities and other essentials.

We have also promoted job and training opportunities to 77 residents through our regular job bulletins to help improve access to work through our partners. We also promoted the Legacy Youth Zone to residents and provided up to seven free holiday places each day for young residents to attend.

Customer Service

In April 2022, following on from resident consultation, we introduced new customer service standards as part of our strategic approach to customer service. These standards serve as a foundation and will continue to evolve throughout the duration of our customer strategy. To enhance our service, we have added customer service advisor positions, ensuring better support for handling customer inquiries and directing them to the appropriate departments. Additionally, we have implemented rigorous monitoring of these standards, generating monthly reports based on key performance indicators within our CRM system. Any deviations from these standards are promptly addressed. This has seen an increase in 'easy to deal with' to 71% by year end.

We are also really pleased that in Q4, 87% of our residents felt that we treated them fairly and with respect. For 2024/25, in addition to repairs, we want to focus on improving communication and keeping residents informed.

Customer Satisfaction and Resident Engagement

As of April 2023, all landlords are required to collect 22 Tenant Satisfaction Measures (TSM's) which were submitted to the RSH and publicised by 30th June 2024. The results of these show that we are above the median against our peers for all areas and achieving upper quartile for eight of the measures.

We recognise that customer satisfaction remains stable now and that our initiatives ensured that we did not have a decline in satisfaction. Our goal is to increase satisfaction back up to upper quartile for our Housemark benchmark group by the end of our business plan in March 2025. Though we still have work to do, we are pleased to see an increase in satisfaction over the year resulting in reaching above the median against our peers.

We reduced our overdue repairs down to zero in Q2 where it has been maintained along with low works in progress which has been meticulously and frequently monitored. We hope to see the impact of this focus in the coming year.

In our ongoing efforts to engage residents, we have maintained a good on-site presence. Regular site inspections continue, and we organised a Community Day at three schemes, coffee mornings at all older persons' schemes, and Estate Action Days at seven of our sites. Our Leadership Team also conducts stock tours, visiting two or three schemes every two months. Overall, satisfaction with neighbourhood and communal areas' cleanliness and maintenance remains high, although there was a slight drop in communal cleaning and gardening satisfaction during Q4, which we'll closely monitor.

Satisfaction overall with services provided by landlord (all ccha residents)

Target	2021/22	2022/23	YE 2023/24
Upper Quartile	66%	62%	63%

Staff Wellbeing and Engagement

It is important to ccha to have a motivated workforce, aligned to our strategic objectives and values. We have had a significant focus on our culture plan during the year to meet this objective.

A committed and satisfied team is more likely to provide excellent service to our residents, operating effectively and efficiently. As a result, each staff member contributes to increased value for money. At ccha, we conduct bi-annual 'Pulse' surveys to gain insights into staff sentiments, engagement, and satisfaction. The feedback from these surveys informs our culture plan, driving positive changes. While there have been common themes emerging relating to accountability and workload pressures from this year's survey, we are pleased with the predominantly positive feedback. Staff feel that our organisational culture empowers them to align with ccha's values which is a good foundation for us to have.

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.

We have focused our efforts on performance, recruitment and retention during the year. Of the 8 staff who left in the year, two were involuntary and two were retirements. Removing these, drops voluntary staff turnover to 8.08% which is below our target. We expect this to stabilise in 2024/25.

Target	2021/22	2022/23	YE 2023/24
10.50%	20.22%	8.5%	16.16%

The organisation effectively manages the average working days lost due to sickness absence per full-time equivalent (FTE). We continue to monitor this, as we are aware hybrid working can mean staff continue to work from home when they are unwell. Staff members are encouraged to take time off when unwell, as prolonged absence can lead to longer recovery periods. During this absence, they receive strong support. As a result, we have achieved a rate well below our target—just 1.53 days.

Target	2021-22	2022-23	YE 2023-24
4.4 days	3.54 days	10.54 days	1.53 days

Partnership Working

Croydon Youth Zone

We have continued 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. Between 5% and 10% of our residents that this was promoted to took up the offer. 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.

South East Consortium procurement framework

We joined the South East Consortium in 2021 and have used them for two contract procurements throughout the year saving approximately £50,000 on the cost of a standard consultant. They also offer free training sessions in many aspects of housing and twelve 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, providing wild meadow areas and bug hotels and a 'Skip for the Day' programme for residents to dispose of bulk waste. Our contractors have joined us in our Estate Action days which have been successful.

Support Providers

As part of our strategy for Supported Housing, we have also continued to build on our relationships with Nehemiah, Lookahead and St Mungo's (support providers) and are working with them to lease a number of our homes over the coming year. We also work closely with Hestia and a number of other support providers who support our more vulnerable residents in our supported accommodation. We also continue to work collaboratively with Emmaus including utilising their services to 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 median 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 and South East Area.

VFM METRICS	Actuals			Budget	VfM RSH Median
	2021-22	2022-23	2023-24	2023-24	2022-23
1. Reinvestment %	11.26%	2.89%	2.04%	3.21%	5.10%
2a New Supply Delivered Social Housing	2.59%	2.64%	0.00%	0.00%	0.95%
2b New Supply Delivered Non-Social Housing	0.52%	0.00%	0.00%	0.00%	0.00%
3. Gearing %	35.90%	40.28%	40.09%	38.13%	39.25%
4. Earnings Before Interest, Tax, and Depreciation (EBITDA (MRI))	193.24%	129.91%	110.65%	147.29%	95.00%
5. Headline Social Housing Cost Per Unit	£ 5,791	£ 6,889	£ 7,101	£ 7,120	£ 7,197
6a. Operating Margin % (Social Housing)	21.16%	14.76%	19.61%	19.57%	15.30%
6b. Operating Margin% (Overall)	24.20%	14.19%	18.99%	19.67%	14.05%
7. Return on Capital Employed (ROCE)	2.50%	1.78%	2.11%	2.14%	1.75%

Reinvestment and New supply Delivered.

This area has been impacted by rising building costs and high expectations of land vendors which affects new scheme appraisals. We expect all new developments to be at least cost-neutral; if they cannot yield a positive return, they should cover their own expenses. Unfortunately, these challenges have led to delays in our development program, resulting in a year without any site launches. This has resulted in no new supply during 23-24. However, we have taken proactive steps by re-developing existing sites, with plans to start on-site in the upcoming financial year. However, despite the challenges posed by COVID-19, we've been able to prioritise and increase our planned investment on major repairs and maintenance this year compared to the last few years.

Gearing

This shows how much debt we have compared to our equity. We have observed an increase in our gearing due to several factors. Firstly, by fully utilising our drawn loans and even repaid our revolving credit facility during the year which was due to mature in April 2024. This strategic move optimises our loan portfolio and prevents excess cash accumulation. This decrease in cash to working capital levels has contributed to the rise in gearing. Furthermore, there has been little increase in the cost of our housing properties. Despite these changes, we remain confident that we have more than 15% headroom on our loan covenants to accommodate any additional drawings.

EBITDA – Interest Cover

This measures how many times we are able to cover our interest expenses. ccha's interest cover is part of our bank loan covenant along with gearing and is also met with the required headroom of 1.32 against

a covenant of 1.10. This year was forecast to be our tightest year in this area but was managed well to ensure that our residents needs were met as a priority and non-essential management costs were reduced. The reduction in profit on our shared ownership sales has contributed to the reduced position coupled with a rise in interest rates which affected our variable rate loans in Q2 and Q3 of the year.

Headline Social Housing Cost Per Unit

We are pleased to report that though we have focused on short-term efficiency improvements, we have managed to stay below budget and achieve our target of being at median quartile cost. These investments, made for the long-term benefit of our residents and stakeholders, has resulted in increased quality of service and better customer care, ultimately delivering greater value for our customers as we see this to have greater impact over the next few years.

As a small organisation with no growth this year, we faced inflationary rises, leading to an increase in our cost per unit compared to last year. However, our careful management of management costs has reduced overall operational expenditure, ensuring that we remain at medium quartile cost and meet our targets in this area.

Moving forward, our continued focus on embedding efficient practices, including rationalising our IT infrastructure and achieving economies of scale, will enhance our efficiency while maintaining and improving service quality.

Operating Margin

Through careful budget monitoring, we have improved on our budgeted social letting operating margin. The reduced headline social cost per unit has supported this operating margin as described.

Return on Capital Employed (ROCE)

At the end of March 2024, our organisation's rate of capital employed (ROCE) stood at 2.11%, just slightly below the budgeted target of 2.14%. Despite investing less in development assets due to program delays, the reduction in our overall surplus aligns with the decrease in assets. Importantly, this decline has minimal impact on our ROCE, which is calculated as the overall surplus divided by the difference between assets and current liabilities.