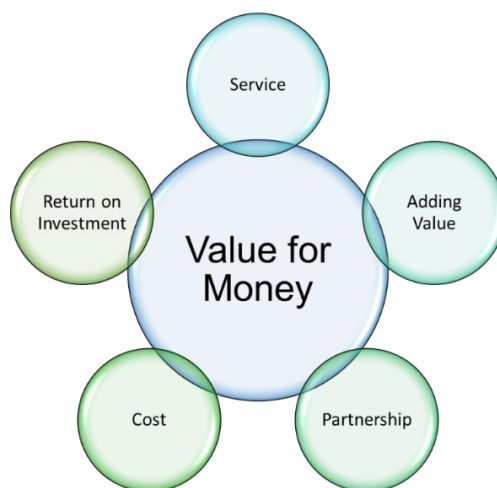


Value for Money (VfM) Statement 2022-23

Introduction

The Value for Money Strategy is aligned to the business plan approved for 2021-2026. The strategy describes how VfM is embedded into the culture of CHA through what it spends, the services it delivers to its tenants and the formal and informal partnerships it has formed. Responsibility is not restricted to any one person/group. It is the duty of every employee and Board Member to assist, in the promotion and delivery of the Value for Money strategy.



This statement provides details of the VfM outcomes that were achieved during the last financial year. It also aims to demonstrate how CHA meets the requirements of the Regulators Value for Money Standard.

Delivering Quality Services and Adding Value

The Board

Board members generously volunteer their time and expertise to guide the Association's strategic direction, oversee performance, and ensure compliance. In financial terms, we estimate added value of approximately £18,105 in the year. This estimation is based on remuneration afforded to Board members by some of our CHANW partner smaller HA's.

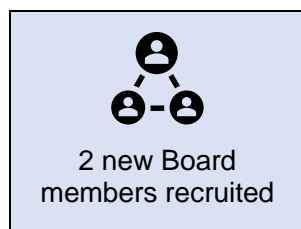
The Board took stock of the business structure during the annual business planning process, and recognised how the Associations continued independence allows it to be agile and flexible when delivering its core business and adapting to local and emerging issues. It is satisfied that the Association has a healthy financial status and the ability and capacity to fulfil its business objectives. However, rising costs could constrain our ability to develop new build properties.

Board meetings are conducted in a hybrid format, offering flexibility for in-person or virtual attendance, maintaining effective governance. As part of our digital journey, we have developed a Board portal which is set for full Board integration in 2023/24.



873 volunteer hours
were received from
Board members

Three long-standing Board members retired this year, including the Chair. The Vice Chair took over the role as Chair, and the Vice Chair position was taken by an experienced existing Board member. Following a recruitment exercise, based on our skills matrix, we have recruited two new members to the Board. Further recruitment is planned to achieve optimum numbers of 8-10 members as determined by Board.



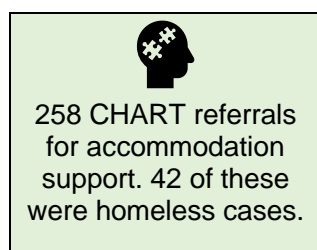
We have recently signed up to an initiative called Positively Governing North-West, which is a programme run by The Connectives, designed to help people with different experiences and perspectives who would like to take up non-exec positions on Boards or Committees through a mix of workshops and mentoring. The programme is free to those offered a place.

The Team

There were a couple of staff changes in the year. A long serving colleague retired and another colleague left to take up a role with a larger Association. In line with the organisational re-structure, we recruited for the newly created post of Project and Compliance Lead as well as to fill the vacant Finance Manager post. Once again, recruitment was hampered by the buoyant labour market and rising salaries. These vacancies were filled, although we did have to review the Finance Manager salary to attract the right level of candidate as salary levels increased as the buoyancy of the market prevailed.

A terms and conditions review has been commissioned for the coming year and the outcome could have implications on a number of business areas including salaries.

Sickness absence rates spiked in 22/23, exceeding KPI targets. There was a total of 126 days lost across the full staff team; 39 days related to a member of staff having surgery and 87 related to short term sickness absence. Days lost through sickness accounted for 3.03% of the total possible days worked. We will review our absence management policies and procedures to improve our understanding of trends and issues and will work to bring performance in line with targets.



We're now into our 22nd year of hosting CHART, a multi-disciplinary team with experience in mental health, housing and homelessness. CHART work quickly and effectively to resolve complex housing issues with those experiencing difficulties. The team is fully funded between the NHS and Sefton Council Health & Social Care. This showcases the positive partnerships possible between health and housing.

The demand for services provided by CHART continues to grow and the year saw a 8% increase in the number of new referrals to the team.

Property services

During the year, we carried out property investment works that have increased in both number and cost. We continued to replace components such as bathrooms, kitchens, boilers, and some extensive roof works. A new damp & mould policy was introduced, and educational information shared with tenants, aiming to raise awareness of damp & mould issues and how

to report them to us. We completed all required compliance works, ensuring our tenants' safety and comfort.

Spiralling costs and increasing demand for responsive repair works, has seen our performance for 'cost per property of responsive repairs and void works' fall and we are lower quartile when compared to CHANW peer performance in this area. This is something that we will work hard to address.

In 2022-23, we worked alongside our IT provider to enhance our housing management system. These improvements included the introduction of a compliance dashboard, which aids in closely monitoring cyclical programs like gas servicing, electrical checks, and fire safety inspections. The primary objective is to ensure that our homes meet compliance standards and remain safe for our tenants.



100% of urgent repairs completed within timescale

Our software provider is a small company that shares our values and business ethos. They work with us on new system developments and are keen to keep costs affordable.

We have a strong focus on improving systems and processes. With so much legislation and regulation being added to the sector, it is important to free up staff time to address new and emerging issues. Looking forward, our focus will be on identifying opportunities to enhance the efficiency and intelligence of our systems and processes.

Delivering VfM through the wider business

The Association does not have any part of its business operation classified as non-social housing activity and this includes the Charity Shop which has been supporting the local community for over 50 years.

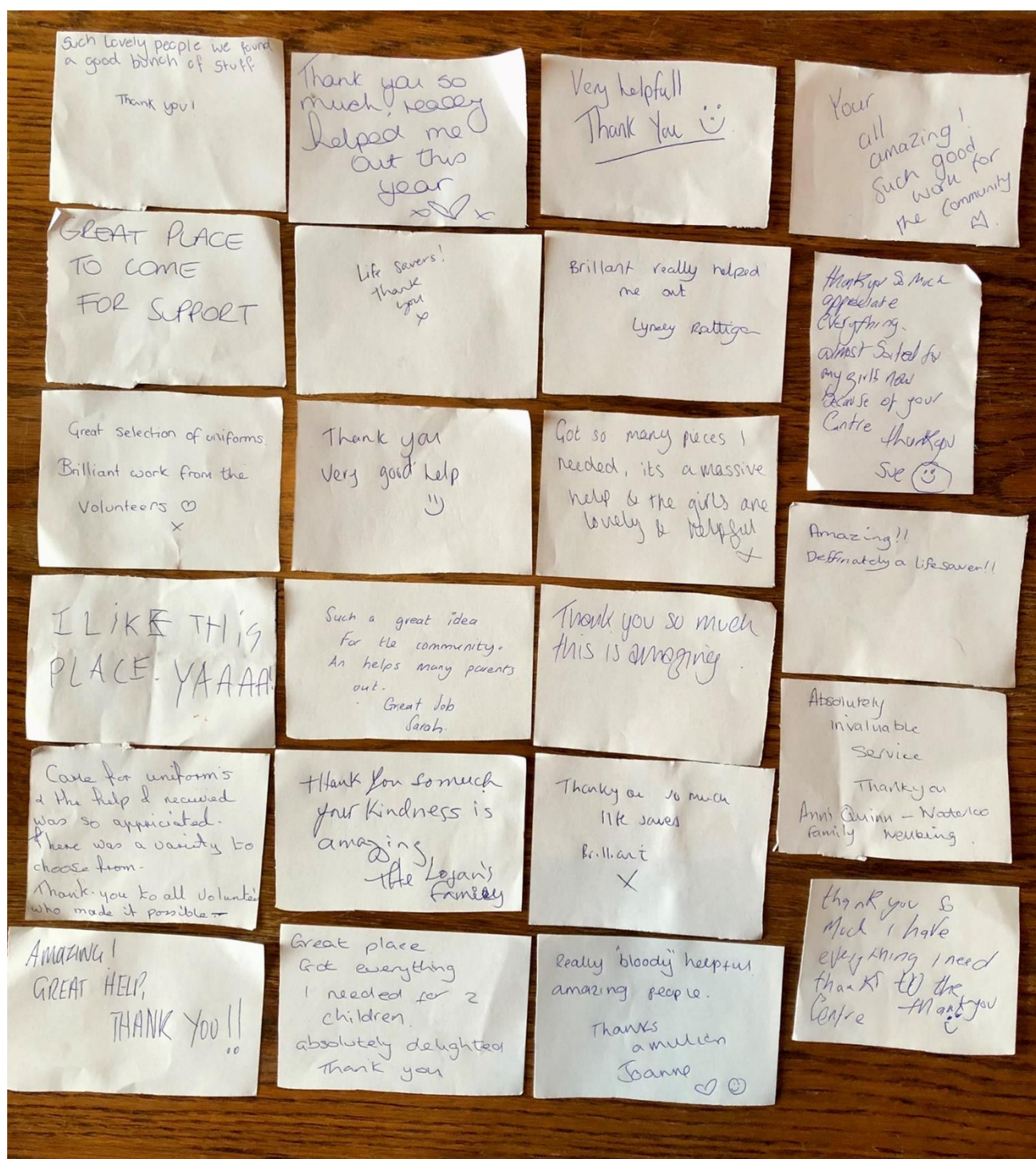
Shop sales increased in 22/23. This was not unexpected as we could all feel the pressures of cost-of-living increases and the need to seek lower price goods. A further upside to this is the use of pre-owned goods, which contributes to our environmental objectives.



100+ families were provided with free school uniforms

Shop performance:

- Funds raised by the shop were used to sponsor the Crosby Stuart under 8 football team, encouraging local kids to get involved in sport. This supports public health objectives on promoting healthy weight.
- The annual school uniform project ran throughout August. During special events, donated uniform for local schools was available for families to collect free of charge for their children. The initiative helped over 100 local families.



Some of the feedback received from the school uniform project.

- During the year volunteers gave 991 hours of their time of support to the running of the shop. We are extremely lucky to have such a dedicated group as the shop simply would not be able to operate in the way it does without them. In financial terms, their time added value to the sum of £9,414.50.

The shop will close temporarily for several months in the coming year to allow for important refurbishment and decarbonisation works to be undertaken. Shop sales takings for the year are budgeted to decrease from previous levels due to the impact of this closure.



991 volunteer
hours received
from Charity
Shop volunteers

Costs and Efficiency

The Association's financial health is crucial for its success. Maintaining a strong financial position requires careful management of income and expenses, which are outlined in the budget. The budget ensures that business operations are cost-effective, and surpluses are generated. This surplus is important because it helps the organisation to:

- maintain its financial stability,
- support growth aspirations.
- investment in tenants' homes
- and make a positive impact in the community.

To support this, we have made improvements to expenditure monitoring reports and will add more detailed cashflow reporting to the quarterly management accounts reports during the year, allowing Board even greater oversight of the Association financial performance.

The financial climate has put pressure on a number of areas due to rising costs, but we have ensured that we have maximised our income by placing surplus funds in accounts with good rates of interest and are beginning to see the rewards of this.

Digital progress

The new look website has been live for over a year and is kept up to date with the latest information from the Association. We also added a tenant portal which is currently being used by 24% of our tenants who have registered and are regularly using 'MyCrosby' to report repairs, view rent accounts and more. In addition, we now have the facility for SMS messaging which further improves our range of options for tenant engagement. We've received a positive response to messages sent to date.

As we move closer to the introduction of the new Consumer Standard and Tenant Satisfaction Measures (TSMs), it is more important than ever that we maximise the range of communication channels available. Improvements made to date have helped us in this area.



24% of tenants using self-service modules on 'MyCrosby'

In the coming year we will be broadening the range of digital opportunities to give tenants a wider range of opportunities to influence and scrutinise our strategies, policies, services and performance

Partnership working

The VfM strategy sets out an expectation that working in partnership should add value to the organisation and support it in the delivery of its business plan objectives. At the same time it is important that the Association is seen to support its partners and the wider community.

For example, the Association works with other smaller community housing associations across the North West (CHANW). This group has worked to deliver cost effective conferences and training that would otherwise not be affordable. It has collaborated to secure a contract on legal services that is tailored to its needs and sets out to improve cost certainty in this expensive area.

Working with the Local Authority and Community Voluntary & Faith sector the Association was fundamental in the delivery and adoption of a new approach to working together with the

Local Authority (New Realities). This seeks to ensure that the community and the LA work together on local issues and to deliver new projects and or services.



Building on our close partnership ties with the local authority, we have successfully bid to become the managing agent for Sefton Council's flagship housing project that will see them building new homes for the first time in decades. An initial 18 homes will be brought into management by the Association, growing over the duration of the management agreement and bringing in income to offset our management cost per unit.

We have also further strengthened our links with the Liverpool City Region combined authority by working collaboratively to secure funding from wave 2 of the social housing decarbonisation fund. This funding will partially subsidise the delivery of energy efficiency upgrades to around 40 of our properties.

Monitoring performance

The Board approves Key Performance Indicators (KPI's) as part of the budget and business planning process. The targets aim to ensure that, VfM is demonstrated, business priorities are monitored, income is maximised, service quality is high and financial strength is protected across key business activity.

Targets are set taking account of previous years out turn and sector performance and where improvements can be achieved targets are stretched accordingly. Quarterly performance reports and Management Accounts outline financial and operational performance against KPIs allowing the Board the opportunity to scrutinise and challenge.

KPI summary for the year:

Business & Growth

The remodelling of one of our supported properties resulted in a new scheme containing 5 homes for people with learning difficulties. This is an increase of 2 units to the previous use with a different support provider.

Service management

The routine repairs contractor received high tenant satisfaction (99%), but their first-time fix rate fell short at 83%, below the 90% target. Urgent tasks were completed at 100% within timescale, while non-urgent achieved only 83%. Ongoing discussions with the contractor are addressing the need for improvement.

The compliance contractor received 100% positive tenant satisfaction ratings, yet their 74% first-time fix rate is notably below the 95% target. Non-urgent tasks had a 71% completion rate, primarily due to access issues during annual and 5-year servicing visits. Plans are in place to address these challenges.

Throughout the year, fifteen complaints were received, all related to repairs and maintenance. Complaints focused on contractor performance, work quality, and unfulfilled promises following maintenance inspections. The organisation adhered to KPI timeframes for acknowledging and responding to these complaints. Discussions with contractors are ongoing to explore opportunities for improvement.

Income management

This year, 27 general needs properties became vacant. On average, it took 33 days to re-let these properties. This is higher than the target, but we took the opportunity to inspect for damp issues and these were addressed during the void period.

Even though tenants are facing cost of living pressures, arrears performance exceeded target. The outturn, representing 3.94% of the annual rent debit, falls below the annual target of 5.3%. This reflects an ongoing but modest improvement trend in this area since 2020-21.

The target for rent loss due to vacant properties was prudently set at 2%. Despite the difficulties in re-letting vacant properties as quickly as planned, our performance in this area, at 0.79%, managed to stay below the target and was consistent with previous years' results.

Safety & compliance

During the past year, our safety checks demonstrated satisfactory performance. We completed 99.1% of our required annual gas safety checks, with only one property outstanding by year-end, due to tenant access challenges. Access was eventually granted by the end of April 23, allowing the overdue check to be carried out.

Our Electrical Safety checks are scheduled over a 5-year period, with 20% of our properties selected for inspection each year. In the current year, we managed to complete 99.3% of the planned surveys, with only one property remaining inaccessible due to tenant circumstances. This issue was later resolved before the properties were re-let.

We also conducted monthly health and safety inspections in our properties with communal areas. The Head of Housing & Property Services and the Projects & Compliance Lead are in the process of developing a prioritised program for Fire Risk Assessments (FRA), with the aim of completion by mid-year 2023/24. Following discussions with the Merseyside Fire & Rescue service, we are working to ensure that these surveys are comprehensive and provide the necessary information and assurance.

Furthermore, we have 18 properties with encapsulated asbestos, subject to annual monitoring. Of these, 95% of surveys were completed within the year.

Regulator of Social Housing VfM Metrics

Performance against the Regulator of Social Housing's VFM metrics is included in the financial statements and includes comparative performance against the global accounts as well as projected outturn figures/targets based on the current year's budget.

2022-23 outturn

Metric	2020-21	2021-22	2022-23	Direction of travel (from 21-22)	Global accounts 2021-2022 - VFM Annex (<2,500 units)
1 Reinvestment (%)	0.97%	1.72%	4.37%	↑	4.7%
2 New supply delivered	0.2%	0%	0.46%	↑	0.9%
3 Gearing %	-13.6%	-15.4%	-15.78	↑	32.3%
4 EBITDA	883.8%	381.3%	109.64%	↓	194%
5 Headline social housing cost per unit	£2,570	£2,870	£2,371	↑	£4,960
6 Operating margin – social housing	29.6%	20.1%	32.29%	↑	19.5%
7 Return on Capital Employed (ROCE)	4.48%	2.93%	4.69%	↑	2.4%

Specific remarks on the metrics:

1. Re-investment (*the higher the better*) - is the acquisition of new properties plus expenditure on works to existing owned properties divided by the value of the total of properties owned by the Association. The table shows that in 2022/23 the Associations' reinvestment increased to 4.37% (from 1.72% in 2021/22). The change can be attributed to significantly increased expenditure on major works including reconfiguration of an existing property to create 2 additional units.

2. New supply (*the higher the better*) – The Association added 2 units in the year through the reconfiguration of an existing unit.

3. Gearing (*the lower the better*) – this metric is designed to assess the Association's reliance on debt and appetite for growth. The Association continues to have very low debt compared to the value of its stock, hence gearing of -15.78% in 2021/22. This shows good performance in this area and supports the Associations growth objectives.

4. Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) (*the higher the better*) – This measure is designed to assess the Associations investment capacity. EBITDA of 109.64% shows poor performance against the 194% reported in the VFM annex of the Global Accounts (for providers <2500 units). The fall from the previous year's figure is due to significantly increased spending on repairs and maintenance in the year. Improved monitoring of expenditure against maintenance budgets has been implemented with the aim of bringing this back in line, although it is expected that

performance in this area will fall further across the sector year as new legislation and requirements will lead to increased expenditure.

5. Headline social housing cost per unit (*the lower the better*) – this is 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. £2,371 fares favourably when compared with the £4,960 reported in the VFM annex of the Global Accounts (for providers <2500 units). The improvement from last years figure is largely due to reduction of accrued capital works.

6. Operating margin social housing (*the higher the better*) – this metric assesses the profitability of operating assets before exceptional expenses are considered and gives an indication of overall value for money performance. The Associations operating margin improved from 20.1% 2021/22 to 32.29% in 2022/23. The improvement from the previous year's figure, is due to increased operating surplus which is due to a combination of higher than anticipated income (good voids performance, shop sales, 2 additional units) and lower than anticipated operating expenditure (unutilised contingencies, higher than anticipated overhead capitalisation for major repair works)

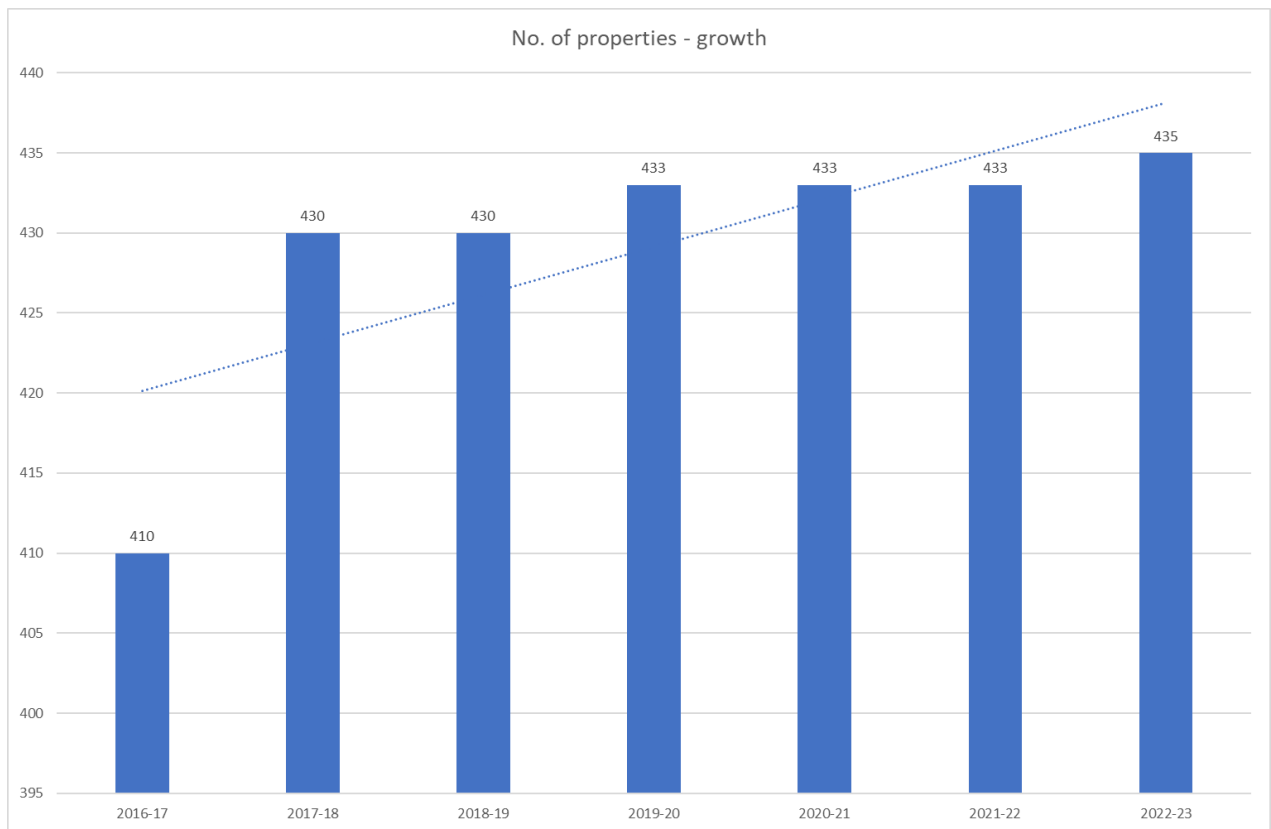
7. Return on Capital Employed (ROCE) (*the higher the better*) – This is another complex, yet commonly used, metric that is designed to demonstrate the level of efficient investment of resources. Performance of 4.69% in 2022/23 is favourable when compared with the 2.4% as reported in the VFM annex of the most recently available Global Accounts (for providers <2500 units) and shows good improvement from performance in the previous year.

Rent restrictions and significant rises in the cost of repairs delivery will see further pressure on performance against RSH VFM metrics across the sector in the coming year.

Return on investment

To address its growth aspirations, the Association is working towards a development programme as part of the new 5-year business plan. This will add value to the Associations stock, improve the balance between older/new property and will offer tenants wider choice through the provision of much needed additional homes.

Growth was delivered in the previous plan with a net increase in the number of homes of 23. There is a clear appraisal process where any new projects with significant cost implications are individually assessed and approved by the Board. This business area has been tested through the internal audit function with an assessment of reasonable assurance.



A target of 3 additional units was set for 2022/23 but only 2 additional units were achieved due to delays to a proposed scheme that did not start until 2023/24.

VFM outcomes for 2022-23

Aim	Outcome
... use Board member skills audit data to highlight gaps, identify training needs for existing members, and inform a recruitment drive during 2022/23.	2 new Board members recruited using skills audit data to target skill gaps
<p>Now that the new staffing structure has been fully implemented, we will monitor performance before demonstrating to the Board how the changes have:</p> <ul style="list-style-type: none"> ▪ maximised the skillset of the staff team ▪ lead to smarter working practices ▪ improved operational consistency and service delivery ▪ provided a clearer route for progression across the workforce 	<p>Improved focus on skills & training through 121's and annual appraisals</p> <p>Wednesday morning closures used to run training and policy/procedure implementation sessions</p> <p>Recruited Projects & Compliance Lead to complete the new structure</p>
... demonstrate how the Associations digital transformation has/will lead to staff having increased capacity to focus on developing and delivering services and strategic priorities	Digital strategy written and due for Board approval in early 2024. This sets out a roadmap for how improvements will increase capacity.
... use monthly monitoring reports to help to appraise the impact on call volumes from the improved digital offer. Use this information to evaluate cost savings and benefits.	Monthly monitoring reports are produced and shared with the Head of Housing & Property Services. This data will be used to help plan service and resource needs.
... progress system integration works with contractors and report on efficiency gains in terms of reduced administration and improved management information. Assess impact on levels of customer satisfaction (rolled over from 2021-22)	System integration has been problematic on the routine repair contractor's side which has often led to issues with invoicing. This did not impact tenants and satisfaction with services improved slightly from the previous year.
... work with both repairs and compliance service contract managers to ensure improved customer satisfaction reporting within their own systems. Develop in house sample testing for validation and to establish reasons for dissatisfaction. This information will help steer improvements to our repair's service delivery.	Information collected by contractors indicated that satisfaction with repairs services improved slightly from the previous year. In-house sampling of satisfaction levels is only currently being undertaken for major works but plans are being made to extend this to routine repairs

Key Aims for 2023-24

The Association will...

Aim
... make further use of member skills audit data to recruit up to 3 new Board with relevant skills to achieve optimum membership of 8-10, and to identify training needs for existing members
... appraise outcomes of the employee terms and conditions review ensuring consideration for VFM when implementing recommendations agreed by the Board. This will be borne out in benchmarking of management costs per unit.
... review absence management policies and procedures, get better understanding of trend data, and monitor impact on sickness absence levels. Target for 23/24 set at 83 days lost or 2% of total possible working days. (126 days lost reported for YE 22/23)
... demonstrate our broadened range of options for tenant communication and engagement to improve take up. Report feedback on new methods and efficiencies/cost savings compared to more traditional communication methods.
... reduce cost per property of responsive repairs and void works to £1200 in 23/24, improving performance when benchmarked against CHANW peers. (£1383.14 reported for YE 22/23)