Community Gateway Association

2023-24 Value for Money Statement

Value for Money Statement

Our Approach

CGA's objectives are set out in our 2019-24 Corporate Plan. The Plan has three strategic themes:

- **Invest** - in Homes and Neighbourhoods; Technology; and Colleagues and Culture.
- **Support** - Individuals; Communities; and Partners.
- **Evolve** - our Offer; our Engagement; and our Ways of Working.

Value for Money (VfM) runs through everything we do and is an integral theme across our corporate plan and objectives. VfM and continuous improvement underpin our Evolve our ways of working objective. The Board use our VfM metrics as key measures to assess and understand our performance against our peer group and the sector as a whole.

Across the three strategic themes we have nine main objectives and each of these has clearly defined Key Performance Indicators (KPIs) and targets by which the Board can track progress and ultimately assess delivery. This year's results allow us to assess our achievements against the final year (year 5) of this Strategy.

Decision-making framework

Our effective decision-making process supports the delivery of VfM. It is important for us to know the impacts of decisions, whether these are about improvements to services or cost reductions, as this allows priorities to be set and agreement reached. Our decision-making framework includes:

- A robust corporate planning structure involving the Board, tenants, staff and wider stakeholders in the production of our corporate plan.
- Annual team plans are prepared by each service area which focus on service improvements. These provide a forward view of resource requirements, and therefore include VfM targets, alongside wider social and environmental gains.
- The collection of customer satisfaction feedback, coupled with committed tenant involvement ensures that our customers' views are used to shape services.
- Financial performance is reviewed monthly by the Executive Leadership Team and quarterly by the Board. This enables corrective action to be taken in a timely manner, including consideration of short- and medium-term implications.
- Our KPI's provide the Board, management and tenants with an understanding of current performance against target and how they compare to sector and peer group benchmarks.

Decision-making framework (continued)

- A project management framework exists to assess and approve new business initiatives. This ensures each has been fully evaluated, appraised against the corporate objectives and is managed in a consistent manner.

Reporting on Performance and VfM

We recognise the importance of measuring how the business is performing and use this knowledge to help us challenge whether the quality of our services could be improved or delivered more cost effectively. We set ourselves challenging targets to sustain or improve year-on-year.

The Board track progress in delivering the Corporate Plan through a bi-annual performance report which includes a number of KPIs across the nine main objectives. Board also receives regular reports throughout the year on our financial position (including the VfM Metric targets) and performance against our overall Business Health Targets. Performance in 2023/24 against our suite of Corporate Plan and Business Health KPI targets compared to our peers is set out below.

When comparing our performance against peers, we use HouseMark's North-West, North-East and Yorkshire & Humberside benchmarking group for all housing associations with more than 2,500 units.

This consists of 38 housing providers (including CGA), and these are listed in Table 2. This peer group was selected to represent similar housing associations, in the North of England and to provide the most meaningful and useful comparisons.

In addition, we also compare ourselves to live performance data compiled by HouseMark through their monthly pulse surveys. This helps us understand if sector wide issues are impacting on CGA to a greater or lesser extent. Where we have pulse survey information available, we have used this measure as the Upper Quartile benchmark.

Table 1 - Key Performance Indicators	23-24 Target	23-24 Performance		Quartile	Upper Quartile
Invest					
Properties meeting the Decent Homes Standard (%)*	100	100			100
Homes in Band C and above energy rating (%)**	80.0	80.9			
Customers satisfied with the Repairs Service (%)*	87	80.1			80
Properties with a Valid Landlord Gas Safety Record (LGSR) (%)*	100	99.7			100
Electrical Installation Condition Report (EICR) completed by the renewal date (%)*	100	99.7			
Customer satisfaction that CGA provides a home that is well maintained (%)**	84	76.6			80.00
Customer satisfaction that CGA makes a positive contribution to the neighbourhood	83	66.0			74.00
Number of new homes built (Cumulative)*	600	499			
Rent loss through voids (%)*	1.25	2.9			0.94
Colleagues satisfied with the IT tools to do their job (%)**	85.00	80.0			
Customer satisfaction with the range of online services provided (%)**	60.00	51.8			
Average number of days lost to absence (per colleague)*	7.70	6.5			9.05
Colleague turnover (%)	15.00	21.4			13.45
Colleague Equality & Diversity (E&D) measures meeting their respective targets (%)**	100	80			
Staff satisfaction with CGA as a place to work (%)**	89.00	85.0			84.50
Support					
Tenancies ending within 12 months (%)**	6.00	5.0			
Tenancy Turnover (%)*	7.00	7.1			5.63
Customers leaving their home due to affordability issues (%)**	5.00	1.7			
Customers leaving their home due to dissatisfaction with community/neighbourhood (%)**	5.00	3.5			
Colleagues that live locally (%)**	75.00	78.8			
Level of spend in PR post code (incl. staff and suppliers)**	£9.5m	£9.4m			
Lettings to people provided with secure accommodation who are at risk of becoming homeless (as proportion of lettings) (%)**	25.00	36.0			
Customers aged 65 and over who feel socially isolated (Biennial; %)**	23.00	28.3			
Customers who feel safe and secure in their communities (Biennial; %)**	86.00	79.1			
Evolve					
Customer satisfaction with the overall service provided (%)*	84.92	78.6			79.2
Customers satisfied with the VfM of rent (Biennial; %)**	88.7	73.2			
Customers who choose to access services online (Biennial; %)**	38.88	35.2			
Number of engaged tenant members**	345	407			
Occupancy rate General needs (GN) accommodation (%)**	99.56	98.4			99.74
Occupancy rate Sheltered (SH) accommodation (%)**	99.00	96.2			
Customer satisfaction with the opportunities to get involved (%)*	74.00	53.9			
Accepted tenant scrutiny recommendations implemented within agreed timescales (%)**	100	91.0			
Compliance with all loan covenants (%)*	100	100			
RIDDOR reportable incidents (employees and non-employees) (No)*	0	4			
Net rent collected (%)**	98.50	100.0			
Current arrears as a percentage of net rent debit*	1.50	0.35			2.38
Achieve annual VfM targets (%)** 37 cp32	100	22			

Quartile Key	**Upper Quartile**	**Middle Lower**	**Performance Key**	**Target Met**	**Slightly off Target <1% of target**
	Middle Upper	**Lower Quartile**		**Off Target ≥1% of target**	

* Business Health KPI **Corporate Plan KPI's

Table 2 – Benchmarking Peer Group

Accent Group	Lincolnshire Housing Partnership Limited	Regenda Limited
Believe Housing	Livin Housing Limited	Rochdale Boroughwide Housing Limited
Beyond Housing	Livv Housing Group	Salix Homes Limited
Broadacres Housing Association	Magenta Living	South Lakes Housing
Calico Homes	Mosscare St Vincent's Housing Group	South Liverpool Homes Ltd
Cobalt Housing	Muir Group Housing Association Limited	South Yorkshire Housing Association
Community Gateway Association Ltd	North Star Housing Group	Southway Housing Trust (Manchester) Limited
ForHousing	One Manchester	Together Housing Group Limited
Great Places	One Vision Housing Limited	Torus Group
Halton Housing	Ongo	Wakefield & District Housing Ltd
Home Group	Onward Group Limited	Weaver Vale Housing Trust Limited
Karbon Homes Limited	Plus Dane Housing Limited	Wythenshawe Community Housing
Leeds Federated Housing Association Limited	Progress Housing Group	

Commentary on KPI's

Table 1 shows that despite the challenges of the current operating environment, there have again been a number of positive areas of performance with 12 out of the 38 targets being achieved (32%), with a further 5 being narrowly missed. Of the 13 that are benchmarked 6 (46%) are in the upper quartile and 2 (15%) in the upper-middle quartile, including 5 where we didn't achieve our target.

Investment in our existing housing stock remains strong as demonstrated by 100% of our properties meeting the minimum **"Decent Homes Standard"** and 80.9% of our homes being at a **'band C and above energy rating'** (slightly exceeding our target of 80%). Whilst we, like the sector have seen satisfaction levels falling, and our performance doesn't meet our aspirational targets, the levels achieved compare favourably with our benchmarking peer group.

Commentary on KPI's (continued)

Whilst key compliance indicators i.e., properties with a valid gas safety record (99.7%) and compliance with electrical inspections (EICR) (99.76%) did not meet our target of 100%, it is pleasing to note we have made some minor adjustments to our processes and are seeing improvements during 24/25 to date.

Whilst colleague turnover has been a challenge for everyone in recent years, it is pleasing to note our sickness absence measure has improved, and engagement remains strong, despite missing our stretching target with colleague satisfaction at 85%.

For the last two years we have reported that **"tenancy turnover"** has stabilised and remained low with year-end performance of 7.56% in 2021/22 and 6.9% in 2022/23. This trend has continued during 2023/24 with tenancy turnover ending the year at 7.08%. Customers leaving their home due to dissatisfaction with the community/neighbourhood also ended the year within the target of 5% at 3.51% a reduction from the previous year of 4.11%. We achieved our **"Tenancies ending within 12 months"** target of 6% with a tenancy turnover of 5.01%.

We again achieved outstanding rent collection performance at 100.03% for the year resulting in a low level of arrears as a percentage of net debt at 0.35%; this is an excellent achievement in a challenging environment. This demonstrates the impact of the financial wellbeing support we provide and is further evidenced with just 1.7% of customers leaving their tenancy due to affordability issues compared to our target of 5%. This is a reduction when compared to the 2022/23 performance of 4.3%. We achieved this by continuing to support customers to obtain welfare benefits/grants equating to annualised gains of £4.27m.

The KPI targets were stretching ones, to ensure that focus was given to areas of strategic priority to sustain or improve current performance. The commentary below will focus on the areas where the targets were missed and the future actions we plan to take to improve performance in these areas.

No. of new homes built/acquired – at the end of year 5, we have handed over 499 homes (cumulatively) which is under the target of 600. However, a further 62 homes were handed over in April 2024 and a further 122 are currently on site.

Percentage of Rent loss through voids – Year end void rent loss of 2.89% is higher than the 1.25% target predominantly due to the backlog of voids carried forward from 2022/23. This arose from increased times required to carry out void works due to the reallocation of resource to focus on DMC issues and the delivery of our Carbon Monoxide Detector Programme.

Commentary on KPI's (continued)

Although this performance is significantly over target, it is pleasing that the changes implemented because of the review of the Voids Service have started to have a positive impact on performance. This, notably, includes a reduction in the number of voids in works (94 at year end, compared to 176 in June 2023). This decrease in void numbers, resulting in a reduction in the amount of weekly rent loss that is accruing, provides a much more positive starting point for 2024/25.

As noted above, we have seen satisfaction levels falling in recent times, including **"Customer satisfaction with the overall service provided"**. A focused Service Transformation Plan alongside a company-wide customer service training programme is being undertaken to ensure we operate in accordance with our new Values and put our 'tenants at the heart of all we do'. We acknowledge that such changes may take up to 18 months.

Percentage of colleague E&D measures meeting their respective targets - We ended the year with 4 out of the 5 measures meeting target. Whilst this has improved on 22/23, 1 measure remains outside of target, namely Colleagues from Ethnic minorities - including White minorities (EM). We continue to look to actively promote opportunities in a number of ways to seek a wide range of candidates.

Number of RIDDOR reportable incidents (employees and non-employees) - There were 4 reportable incidents that occurred during the year. In each instance we undertake a full review and ensure all learning points improve our approach.

VfM Regulatory Metrics – our current performance

The VfM Standard and supporting code of practice requires Registered Providers to annually publish evidence to understand the provider's performance against its own VfM targets and the metrics set out by the RSH, alongside how that performance compares to peers.

Table 3 below provides VfM performance in 2023/24 and provides a comparison against the target for the year, the previous two years and our peer group (detailed in Table 2) - and the sector (based on data provided in the 2023 VfM Global Accounts).

VfM Regulatory Metrics – our current performance

Table 3	21-22	22-23	23-24 Target	23-24 Actual Group	Comparison to CGA's Peer Group median (Based on 2023 data)		Comparison to Sector Consolidated median (Based on 2023 data)	
					Peer Group Median	CGA Quartile	Sector Median	CGA Quartile
Metric 1 - Reinvestment % Investment in properties (existing stock as well as New Supply) as a % of the value of total properties held.	13.26%	12.78%	14.63%	14.44%	8.25%		6.7%	
Metric 2a - New supply delivered (Social Housing Units) No. of new units as a % of total units.	1.42%	1.59%	3.30%	2.27%	1.10%		1.3%	
Metric 2b New supply delivered (Non-Social Housing Units) No. of new units as a % of total units.	0%	0%	0%	0%	0%	n/a	0%	n/a
Metric 3 - Gearing % The proportion of assets that are made up of debt.	48.83%	42.54%	46.73%	46.83%	42.35%		45.3%	
Metric 4 - EBITDA MRI % Measurement of liquidity.	187%	241%	197%	202%	129%		128%	
Metric 5 - Headline Social Housing Cost per Unit £ Cost per unit for social housing activities.	£3,230	£3,056	£3,562	£3,685	£4,282		£4,586	
Metric 6a - Operating margin % (Social Housing Lettings) Measurement of financial efficiency.	27.37%	31.39%	32.5%	26.41%	18.15%		19.8%	
Metric 6b - Operating margin % (Overall Margin) Measurement of financial efficiency.	23.71%	26.86%	25.27%	22.96%	15.5%		18.2%	
Metric 7 - Return on Capital Employed % Measurement of efficiency of investment.	3.68%	4.10%	3.43%	3.32%	3.20%		2.8%	

Quartile Key	**Upper Quartile**		**Middle-Lower**		**Performance Key**	**Target Met**		**Slightly off Target**	
	Upper-middle		**Lower Quartile**			**Off Target**			

Commentary on the metrics

Despite missing 4 VfM metric targets, and 3 VfM targets being narrowly missed, our metrics for the year show a strong position, with 6 out of the 9 metrics being in the upper quartile, 1 out of the 9 metrics being in the upper-middle quartile and just 1 metric being in the middle-lower quartile when compared to our peer group and the sector. There is no measure for metric 2b as all our new supply was Social Housing.

Metric 1- Reinvestment %: this metric remains consistently strong when compared to our peer group and the sector and places us in the upper quartile.

Commentary on the metrics (continued)

Metric 2a - New Supply Delivered (Social housing Units): This metric has increased steadily to 2.27% in 2023/24 and places us in the upper quartile when compared to both our peer group and the sector. Unfortunately, we missed our target due to delays in completion of schemes.

Metric 3 - Gearing % - at 46.83% this ratio places us in the lower-middle quartile. This means we have more borrowing capacity than approximately half of the other associations in the sector and our peer group. This has increased from 22/23 due to a smaller rise in our asset base compared to our net debt.

Metric 4 - EBITDA-MRI & **Metric 6a/6b - Operating Margin %**: These metrics did not achieve the targets for the year principally due to increased expenditure on our Repair and Maintenance Service. Our EBITDA-MRI of 202%, and despite not achieving our targets our Operating margin (social housing lettings) of 26.41% and our Overall Operating margin of 22.96% place us in the upper quartile when compared to the sector and our peer group.

This strong position reflects our income maximisation, with excellent rent collection performance of 100.03% and low level of arrears at 0.35%. It is worth noting our turnover per social housing unit of £5,566[1] is in the lower quartile of the sector because of the low rental values within the Preston area. This clearly adversely impacts both our EBITDA-MRI and Operating margin metrics and means that our Headline Social Housing Cost per unit needs to be low in comparison to others to achieve a strong performance in these areas.

Metric 5 - Headline Social Housing Cost: this indicator has remained consistently strong and places us in the upper quartile when compared to our peer group and the sector. Included within our Headline Social Housing Cost per unit of £3,685 are management costs which equate to £1,011 per unit (2023/24: £934).

This reflects the continued focus on managing our cost base. Despite our cost control, we continue to deliver effective outcomes, with the percentage of customers satisfied with the service provided in the upper quartile at 78.6% (based on TSM survey data).

Metric 7 – Return on Capital Employed %: At 3.32%, this compares favourably to our peer group and to the sector, being in the upper-middle quartile.

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[1] Based on data provided by the Regulator of Social Housing (RSH) Global accounts 22/23.

VfM Regulatory Metrics – our Business Plan forecasts

We recognise the need to maintain this strong position and the metrics calculated from our future financial plans are shown in Table 4 below.

It is worth noting the figures below include prudent assumptions to reflect the uncertainty around the current high inflation operating environment. Should we continue to operate at existing levels and manage these risks, we would expect to out-perform these forecasts.

Table 4	23-24 Actual	24-25 Forecast	25-26 Forecast	26-27 Forecast	27-28 Forecast	28-29 Forecast	Peer Group Median	Sector Median
Metric 1 - Reinvestment %	14.44%	9.1%	13.2%	6.9%	4.3%	2.0%	8.25%	6.7%
Metric 2a - New supply delivered (Social Housing Units)	2.27%	2.69%	0.83%	2.71%	0.14%	2.15%	1.10%	1.3%
Metric 2b New supply delivered (Non-Social Housing Units)	0%	0%	0%	0%	0%	0%	0%	0%
Metric 3 - Gearing %	46.83%	48.64%	50.69%	50.14%	50.30%	49.88%	42.35%	45.3%
Metric 4 – EBITDA-MRI %	202%	179%	163%	153%	176%	186%	129%	128%
Metric 5 - Headline Social Housing Cost per Unit £	£3,685	£4,317	£4,406	£4,466	£4,521	£4,538	£4,282	£4,586
Metric 6a - Operating margin % (Social Housing Lettings)	26.41%	28.6%	29.0%	28.0%	29.4%	28.6%	18.15%	19.5%
Metric 6b - Operating margin % (Overall Margin)	22.96%	21.23%	23.4%	22.6%	22.6%	23.3%	15.5%	18.2%
Metric 7 - Return on Capital Employed %	3.32%	3.5%	2.9%	2.9%	3.4%	3.1%	3.20%	2.8%

Our latest Business Plan has provision to grow to own c7,200 homes by March 2029. This will see us increase our **Reinvestment %** to 13.2% in 2025/26 and **New supply delivered** metric to a peak of 2.71% in in 2026-27, demonstrating strong upper quartile performance when compared to our peer group and the sector (based on 2022-23 Global Accounts VfM data). The new homes we develop will help us meet a range of housing needs, including those for Independent Living alongside many for families, in a variety of locations in and around Preston.

We will draw on finances we have secured to deliver a long-term sustained return. This increased level of debt funding means our **Gearing** ratio will begin to rise and our **EBITDA-MRI** reduces in the short-term. The reduction in our **EBITDA-MRI** in 2025-26 and 2026-27 reflects the interest costs of the additional borrowing and higher interest rates combined with increased investment in existing homes as reflected by our stock condition data.

VfM Regulatory Metrics – our Business Plan forecasts

As noted above, the approved business plan includes some prudent assumptions, which if outperformed, should see us improve this ratio at outturn. This would also have a positive impact on the **Headline Social Housing Cost per unit, Operating margin and Return on Capital Employed**, all of which show a downward trend when compared to 2023/24, due to these assumptions combined with additional investment to support our Service Transformation programme.

2024/25 was the final year of our five-year Corporate Plan. Following a review of delivery against this Plan, we have considered our targets to ensure they remain appropriate and help us to maintain or improve our record of strong operational and financial performance.

Our plans for 2024/25 include:

- Continuing to focus on service delivery improvements arising from tenants' feedback, including engagement events and complaints.
- Delivery of a Service Transformation Plan in response to learning lessons from recent sector failings.
- Continuing to develop new homes, with a range of tenures.
- Looking at ways to improve satisfaction across the business by listening to our tenants' views.
- Ensuring we are well-placed to meet the ongoing Sector reforms, including Consumer Regulation and future requirements around Professionalisation.

In developing our strategic priorities beyond 2024/25 we have considered how we manage the cost pressures for both CGA and our customers arising from the current challenging macro-economic operating environment. We will continue to ensure that our plans remain appropriate and affordable within the Business Plan.

Due to the evidence set out in this report, the Board believes it fulfils the requirements of the RSH's Value for Money standard.