Community Gateway Association

2022-23 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 year 4 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.

- 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 2022/23 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 27 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.

Value for Money Statement

Table 1 - Key Performance Indicators	22-23 Target	22-23 Performance		Quartile	Upper Quartile
Invest					
Properties meeting the Decent Homes Standard (%)*	100	100			100
Homes in Band C and above energy rating (%)**	79.00	79.04			
Responsive repairs that were 'right first time' (%)*	97.50	98.68			93
Properties with a Valid Landlord Gas Safety Record (LGSR) (%)*	100	99.51			100
Gas servicing completed by the annual service date (%)*	100	98.93			100
Electrical Installation Condition Report (EICR) completed by the renewal date(%)*	100	99.82			
Customer satisfaction with the quality of their home (Biennial; %)**	77.12	80.74			83.98
Customer satisfaction with their neighbourhood as a place to live (Biennial; %)**	81.60	81.48			84.26
Number of new homes built (Cumulative)*	501	359			
Rent loss through voids (%)*	1.00	1.52			1.21
Colleagues satisfied with the IT tools to do their job (Biennial %)**	80.00	80.18			
Customer satisfaction with the range of online services provided (Biennial; %)**	Baseline	54.21			
Average number of days lost to absence (per colleague)*	7.70	6.59			8.70
Colleague E&D measures meeting their respective targets (%)**	80.00	40.00			
Staff satisfaction with CGA as a place to work (Biennial; %)**	86.00	89.86			86.40
Support					
Tenancies ending within 12 months (%)**	7.50	7.80			
Tenancy Turnover (%)*	7.50	6.90			6.10
Customers leaving their home due to affordability issues (%)**	5.00	4.33			
Supported customers helped into employment, training to gain a qualification, apprenticeship or placement of 4+weeks (%)**	40.00	45.56			
Customers leaving their home due to dissatisfaction with community/neighbourhood(%)**	6.00	4.11			
Colleagues that live locally (%)**	75.00	80.83			
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	32.98			
Customers aged 65 and over who feel socially isolated (Biennial; %)**	19.93	25.00			
Customers who feel safe and secure in their communities (Biennial; %)**	86.00	82.85			
Evolve					
Customer satisfaction with the overall service provided (Biennial; %)*	84.92	84.67			84.92
Customers satisfied with the VfM of rent (Biennial; %)**	82.8	82.57			
Customers who choose to access services online (Biennial; %)**	26.38	35.00			
Number of engaged tenant members**	345	386			
Occupancy rate General needs (GN) accommodation (%)**	99.56	98.07			99.90
Occupancy rate Sheltered (SH) accommodation (%)**	99.00	95.73			
Customer satisfaction with the opportunities to get involved (Biennial %)*	65.00	64.82			
Accepted tenant scrutiny recommendations implemented within agreed timescales (%)**	100	66.67			
Compliance with all loan covenants (%)*	100	100			
RIDDOR reportable incidents (employees and non-employees) (No)*	0	3			
Net rent collected (%)**	98.50	99.95			
Current arrears as a percentage of net rent debit*	1.50	0.24			2.09
Achieve annual VfM targets (%)**	100	71.43			

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

Believe Housing	Lincolnshire Housing Partnership Limited	Plus Dane Housing Limited
Broadacres Housing Association	Livin Housing Limited	Regenda Limited
Calico Homes	Livv Housing Group	Rochdale Boroughwide Housing Limited
Cobalt Housing	Magenta Living	Salix Homes Limited
Community Gateway Association Ltd	Muir Group Housing Association Limited	South Lakes Housing
Halton Housing	North Star Housing Group	South Yorkshire Housing Association
Home Group	One Manchester	Southway Housing Trust (Manchester) Limited
Karbon Homes Limited	One Vision Housing Limited	Together Housing Group Limited
Leeds Federated Housing Association Limited	Onward Group Limited	Weaver Vale Housing Trust Limited

Commentary on KPI's

We have a suite of KPI's linked to the three themes within the Corporate Plan as shown in Table 1 above. Some of the KPI's are measured on a biennial basis, including various satisfaction results from the 2022 STAR (Survey of Tenants and Residents) and these are reflected in Table 1 above. As these were reported on in 2021/22, the commentary for 2022/23 does not focus on these KPI's. Following the introduction of the new Tenant Survey Measures from 2023/24 onwards the STAR survey will be carried out on an annual basis going forward.

Table 1 shows that despite the challenges of the current operating environment, there have again been a number of positive areas of performance with 19 out of the 38 targets being achieved (50%), with a further 6 being narrowly missed. Of the 13 that are benchmarked 8 (62%) are in the middle to upper quartile, including 1 where we didn't achieve our target.

We again achieved outstanding rent collection performance at 99.95% for the year resulting in our lowest ever level of arrears as a percentage of net debt at 0.24%; this is an excellent achievement in a challenging environment and the significant rise in the cost of living. This achievement demonstrates the impact of the financial wellbeing support we provide and is further evidenced with just 4.33% of customers leaving their tenancy due to affordability issues. Whilst this is an increase when compared to the 2021/22 performance of 2.18% it is within our target and the increase suggests the impact the current high inflation economic environment.

Commentary on KPI's (continued)

We achieve this by continuing to support customers to obtain welfare benefits/grants equating to annualised gains of £3.2m.

Investment in our existing housing stock remains strong as demonstrated by 100% of our properties meeting the minimum **"Decent Homes Standard"** and 79.04% of our homes being at a **'band C and above energy rating'** (slightly exceeding our target of 79.00%). Our "Gateway Home Care" approach to delivering our repairs also performs to a high standard 80.74% of **'customers satisfied with the quality of their home**' (2022 STAR Survey). We will continue our "Home Care Repair" approach to maintaining the quality of homes in order to facilitate the delivery of a more targeted investment and repairs services.

Last year we reported that **'tenancy turnover'** has stabilised and remained low throughout 2021/22 with year-end performance of 7.56%. This trend has continued during 2022/23 with tenancy turnover falling during the financial year and ending the year at 6.9%. This strong performance reduces the number of homes becoming void. Customers leaving their home due to dissatisfaction with the community/neighbourhood also ended the year within the target of 6% at 4.11%.

Our **"average number of days lost to absence (per colleague)"** was 6.59 days against a target of 7.70 days; a reduction of 4.32 days when compared to the previous year's performance of 10.91 days. Performance has remained better than target and in the upper quartile throughout 2022/23, improving quarter on quarter with Q4 seeing the lowest average days lost. During the year, days lost to short-term absence has decreased by 26% and long-term absence has reduced by 54% due to a more intensive approach to absence management including supporting colleagues back to work.

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 in order to improve performance in these areas.

Whilst Key compliance indicators i.e., gas servicing (98.93%) and compliance with electrical inspections (EICR) (99.82%) and Landlord Gas Safety Record (LGSR) (99.51%) did not meet our target of 100% this was due to the high number of no accesses through the year. In order to reduce 'no accesses' we have introduced text reminders to customers. We are also reviewing the "no access" procedure to identify areas where the process can be streamlined, including taking a more proactive in pursuing legal action, where appropriate.

No. of new homes built/acquired – at the end of year 4, we have handed over 359 homes (cumulatively) which is under the target of 501. This is due to a number of factors including the timing of commencing some schemes due to specific site delays, re-pricing of contracts due to rising inflation and pre-contract delays in signing off section 106 agreements on a number of sites. Whilst we have finished year 4 of our Corporate Plan below target, a number of development schemes are now on site, and we are projecting to achieve our development target of 600 new homes by the end of 2024.

Percentage of Rent loss through voids – Year end void rent loss of 1.52% is higher than the 1% target predominantly due to the increased times required to carry out void works. This is because of factors including, (a) the proactive work we have undertaken contacting customers who have reported damp, mould and condensation (DMC) in order to review and rectify any recurring issues. This has resulted in a reallocation of resource from void works; (b) resourcing the delivery of our Carbon Monoxide Detector Programme which has impacted completion of void works from Q2 onwards; and (c) logistical supply issues on major void works, for example, sourcing new kitchens. Going forward we continue to review the resources and capacity of the void team.

We narrowly missed our **"Tenancies ending within 12 months"** target of 7.5% with a tenancy turnover of 7.8%. During the year 33 tenancies have terminated in their first year, with performance significantly improving in the second half of the year. Unfortunately, the most frequent reason for tenancies ending is customers passing away (37%). The other main reason is customers 'receiving/giving' support from/to family or friends (21%).

"Customer satisfaction with the overall service provided" – Whilst the KPI reported in the table above is based on the 2022 STAR Survey, transactional surveys data collected during the year indicates overall satisfaction of 94.16% and places us in the upper quartile. This will be reviewed again following our tenant satisfaction survey in 2023.

"Customer satisfaction with the opportunities to get involved" - We seek to ensure all tenants have a voice in shaping our service as tenant involvement is at the heart of everything we do. This KPI was last measured through the 2022 STAR survey. During the year we delivered a range of involvement activities through our Gateway2Engagement framework. As such throughout the year we sought the views of over 2,000 tenants against a target of 600, through 14 consultation activities. Our biggest consultation event was The Big Conversation where we gathered over 1,200 views from 618 tenants on a variety of different topics. This feedback allowed us to change our services to better meet tenant needs.

‘Percentage of accepted tenant scrutiny recommendations implemented within agreed timescales’ There has only been a low level of recommendations arising from scrutiny reviews, with 6 out of the 9 recommendations being implemented by the due date. The remaining 3 have revised due dates in 23/24. Progress is monitored by the Audit and Risk Committee. Further topics for scrutiny reviews during 23/24 are ‘Complaints’ and ‘Damp, Mould and Condensation’.

‘Percentage of colleague E&D measures meeting their respective targets’ We ended the year with 2 out of the 5 measures meeting target. The 3 measures outside of target are Colleagues from Ethnic minorities - including White minorities (EM), Gender Pay Gap based on the median and the Percentage of colleagues aged 25 years and under. 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 3 reportable incidents that occurred during the year. All learning points have been implemented.

“Achieve annual VfM targets” - We achieved 6 out of 8 targets detailed below.

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 2022/23 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 2022 VfM Global Accounts).

VfM Regulatory Metrics – our current performance

Table 3	20-21	21-22	22-23 Target	22-23 Actual Group	Comparison to CGA's Peer Group median (Based on 2022 data)		Comparison to Sector Consolidated median (Based on 2022 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.	8.32%	13.26%	23.59%	12.78%	8.8%		6.5%	
Metric 2a - New supply delivered (Social Housing Units) No. of new units as a % of total units.	1.32%	1.42%	3.56%	1.59%	1.10%		1.4%	
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.	46.9%	48.83%	49.33%	42.54%	43.90%		44.1%	
Metric 4 - EBITDA MRI % Measurement of liquidity.	221%	187%	165%	241%	123%		146%	
Metric 5 - Headline Social Housing Cost per Unit £ Cost per unit for social housing activities.	£2,921	£3,230	£3,370	£3,056	£3,930		£4,150	
Metric 6a - Operating margin % (Social Housing Lettings) Measurement of financial efficiency.	27.4%	27.37%	26.3%	31.39%	19.5%		23.3%	
Metric 6b - Operating margin % (Overall Margin) Measurement of financial efficiency.	25.3%	23.71%	21.79%	26.86%	19.6%		20.5%	
Metric 7 - Return on Capital Employed % Measurement of efficiency of investment.	3.9%	3.68%	3.31%	4.10%	3.30%		3.2%	

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

Commentary on the metrics

The VfM indicators show a strong position for CGA, with 6 out of the 9 metrics being in the upper quartile and 2 out of the 9 metrics being in the upper-middle 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.

Unfortunately, we missed our Reinvestment % target due to the re-phasing of schemes within the development programme. However, the number of schemes that we have either on site or ready to contractually commit places us in an excellent position to achieve our new homes target of 600 homes by 2024.

Metric 2a - New Supply Delivered (Social housing Units): This metric has increased steadily to 1.59% in 2022/23 and places us in the upper-middle quartile when compared to both our peer group and the sector. Unfortunately, we missed our target due to the timing of completion of schemes.

We currently have 557 new homes approved of which of which 276 (49%) are contractually committed and 281 (51%) where sites have been identified but have not yet been contractually committed.

Metric 3 - Gearing % - this ratio is 42.54% placing us in the upper-middle quartile. meaning we have more borrowing capacity than over half of the other associations in the sector and our peer group. This has reduced from 21/22 due to a larger rise in our asset base compared to our borrowings.

Metric 4 - EBITDA-MRI & **Metric 6a/6b - Operating Margin %**: Our **EBITDA-MRI** and **Operating Margin** metrics achieved the targets for the year. Our EBITDA-MRI of 241%, Operating margin (social housing lettings) of 31.39% and Overall Operating margin of 26.86% 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 99.95% and low level of arrears at 0.24%, combined with effective cost control. Interestingly our turnover per social housing unit of £4,863[1] is in the lower quartile of the sector as a result 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.

This reflects our continued tight control of costs and growth (a 9% increase in stock since 1 April 2018). Despite our tight cost control, we continue to deliver effective outcomes, with the percentage of customers satisfied with the service provided in the upper quartile at 94.16% (based transactional survey data).

Metric 7 – Return on Capital Employed %: Our **Return on capital employed** of 4.10% compares favourably to our peer group and to the sector, being in the upper quartile.

[1] Based on data provided by the Regulator of Social Housing (RSH) Global accounts 21/22.

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	22-23 Actual	23-24 Forecast	24-25 Forecast	25-26 Forecast	26-27 Forecast	27-28 Forecast	Peer Group Median	Sector Median
Metric 1 - Reinvestment %	12.78%	17.7%	12.4%	5.2%	3.8%	1.5%	8.8%	6.5%
Metric 2a - New supply delivered (Social Housing Units)	1.59%	2.83%	2.77%	2.56%	2.12%	0%	1.10%	1.4%
Metric 2b New supply delivered (Non-Social Housing Units)	0%	0%	0%	0%	0%	0%	0%	0%
Metric 3 - Gearing %	42.54%	49.9%	51.1%	50.9%	49.7%	48.1%	43.90%	44.1%
Metric 4 – EBITDA-MRI %	241%	196%	170%	187%	185%	213%	123%	146%
Metric 5 - Headline Social Housing Cost per Unit £	£3,056	£3,528	£3,857	£3,913	£3,966	£4,050	£3,930	£4,150
Metric 6a - Operating margin % (Social Housing Lettings)	31.39%	32.5%	32.2%	33.1%	32.2%	32.9%	19.5%	23.3%
Metric 6b - Operating margin % (Overall Margin)	26.86%	26.0%	26.4%	25.7%	24.5%	27.6%	19.6%	20.5%
Metric 7 - Return on Capital Employed %	4.10%	3.7%	3.7%	3.7%	4.5%	4.0%	3.30%	3.2%

Our latest Business Plan has provision to grow to own over 7,200 homes by March 2027. This will see us increase our **Reinvestment %** to 17.7% and **New supply delivered** metric to a peak of 2.83% in in 2023-24, demonstrating strong upper quartile performance when compared to our peer group and the sector (based on 2021-22 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 2023-24 and 2024-25 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.

As noted above, the approved business plan includes 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 2022/23, due to these assumptions.

2022/23 was the fourth year of our five-year Corporate Plan to 2024. Following an analysis of performance to-date, we have reviewed our targets to ensure they remain appropriate and help us to further improve our Business Health.

Our plans for 2023/24 include:

- Responding effectively to the current high inflation macro-economic environment.
- Embedding service delivery changes arising from changes following the rent cap/The Big Conversation with tenants.
- Continuing to develop new homes, with a range of tenures.
- A Service Transformation Plan in response to learning lessons from recent sector failings.
- Looking at ways to improve satisfaction across the business by listening to our tenants' views.
- Preparation for Sector reforms:
    - TSM's.
    - Consumer Regulation.
    - Professionalisation.
- Development of our next Corporate Plan & review/update of key Strategies.

In developing our strategic priorities beyond 2024/25 we will consider how we manage the cost pressures for both CGA and our customers arising from the high inflation macro-economic 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 2018 Value for Money standard.