

Annual Report

2018/19







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A message from our Chief Executive



This report is for our tenants and leaseholders. It highlights some of the work we have carried out during the year and reviews our performance, highlighting areas where we have made progress and areas where we need to improve.

Our business has three main workstreams which together support our mission to make co-op and community led housing into a mainstream option. Originally, CDS' core function was not as a landlord but as a service provider, supporting new housing co-ops to establish and become independent landlords. Often, we then supported those landlords to maintain services for their members. Over time, we become a landlord in our own right, providing low cost rented homes and home ownership options to people who would otherwise struggle to afford market options and this forms the main regulated part of our work today.

The heart of our work is offering customers a safe and affordable home, with good quality landlord services.

Our history has led to an unusual set of characteristics; we are a small social landlord with less than 750 rented homes – but we work from Surrey to Essex and the Kent coast to Milton Keynes – an area more than 130 miles across. This means that we have very few concentrated areas of ownership which brings particular challenges in terms of local relationships and services.

Over the last few years, we have refocused our mission, linking back to our original aims of supporting growth in co-op and community led housing. We want to ensure that our landlord service reflects our commitment to residents having a meaningful say in the decisions that most affect them. Given our geography, it is particularly important for us to find ways to do this that make it easy for lots of resident voices to be heard.

During this year, we began a new era of work with residents on our largest estate in Dartford, building on the establishment of the new local hub which creates a focal point for the estate.

The heart of our work is offering customers a safe and affordable home, with good quality landlord services. In 2018/19 safety continued to dominate our work, with more investment in compliance testing, upgrading fire protection and regular safety inspection and testing.

Whilst no-one doubts the importance of these activities, the increase in costs has led to higher service charges for our tenants and leaseholders and we know that this has been unwelcome. We will continue to consult with residents about ways in which we can

improve the efficiency of this work, without any compromise on quality.

For many customers there have been added economic pressures this year, with the move to Universal Credit and a general tightening of the welfare regime. In response, we have brought in additional staff to support customers, helping people to budget effectively and making sure that residents understand and claim all the help that they can. Our Welfare Benefits Advisor has helped many customers on a 1 to 1 basis as well as offering open advice sessions, providing information leaflets and signposting and increasing the knowledge and skills of our staff team.

We were pleased to continue to deliver an efficient repairs service for our residents with most repairs being carried out in just over 8 days and with costs held steady in real terms. However, we know from our surveys that both tenants and leaseholders want us to do better – with things being done more quickly and with improved communication both from us and from our contractors.

We significantly improved our capture of dissatisfaction and complaints and responded to these much more quickly than in previous years. We dealt with the vast majority of complaints at the first stage of the process and continue to focus on this as a great opportunity for learning and collaboration with our residents.

We were disappointed with the way in which we managed the letting of vacant homes this year where a new approach to specifying and managing work led to higher costs and longer delays. We have changed these practices but not quickly enough to avoid a significant dip in performance.

Resident feedback during this year was mixed – with a big increase in satisfaction in the mid year survey and a significant dip in the end of year survey. The main areas for us to focus on are our communication and reliability, particularly in repairs. Repairs, complaints/enquiries and debt management will be the key priorities for 2019/20 – alongside continued vigilance on safety.

During the year we welcomed 49 new households, with the transfer of homes from

Shenley Church End and Cheriton Housing Co-ops. Whilst it is always sad for us to see long established co-ops end, we were delighted that residents wanted CDS as their landlord, having had many years of experience of our service as managing agent.

As we move into the 19/20 year, our shareholders have voted to become a charitable community benefit society. This change will bring more focus to our mission and more funding to deliver it. We have updated our objects to make sure that co-operation – in all its forms – continues to be central to our work.

As always, ensuring we remain well governed and well managed is the foundation for all of our work. Throughout the year, our Board of Management has challenged, supported and encouraged the staff team to deliver and to improve and we are grateful for their efforts and their leadership.

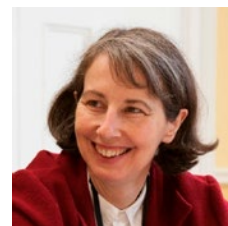
We are also grateful for the care, skill and initiative of our staff team. It has been a year of significant change for everyone who works at CDS –

with an increased workload resulting from the design and development of our new systems as well as the wider sector issues. Our team rose wonderfully to this challenge – learning new skills and sharing well established ones and giving life to our values in their everyday tasks. We thank them for the work that we saw – but equally for all the small unseen acts that make such a difference for our individual customers.

Linda Wallace
Chief Executive

As always, ensuring we remain well governed and well managed is the foundation for all of our work.

A message from our Chair



We have had another interesting and challenging year, with many changes in the way we work and developments in both our structure and our partnerships. As a Board we have been pleased to see steady improvement in core disciplines as evidenced by better internal audit results and more stable finances.

Our board comprises a mixture of independent members and members drawn from our service users – clients, tenants or leaseholders. Board Members bring a wide range of skills to bear on our work, with experience in areas such as finance, governance, strategy, development, customer service, co-operation and social impact. Our board members receive a small payment for their work with CDS and devote huge amounts of time, energy and expertise to help us to drive the organisation forward at a strategic level.

During the year, we approved our new corporate plan which sets out our goals and targets for the next 3 years. The main aims of our business are stable and for our residents this means making sure that we do the basics brilliantly and do this in a way that reflects our overarching vision and values. By “the basics” we mean the core elements of our landlord service; offering a good quality home and carrying out the day to day tasks – like dealing with enquiries or getting repairs done – in a simple and effective way.

As we believe in the value of residents having real influence over the way in which homes

and services are provided, we will seek to do ‘the basics’ in a way that provides meaningful opportunities for collaboration to achieve better value for money. We will also support residents to identify how community led housing options might benefit them and help them to pursue this where we can.

One of the key issues for landlords such as CDS is continuing to keep safety at the top of our agenda. Over the last few years, the rightly increasing demands on both keeping safe and evidencing safe practices, has led to higher costs for our residents and more pressure on our business plan. We will continue to prioritise safety for our customers, our staff and those who live and work on our estates. Alongside this, we intend to work with residents and suppliers to find the most efficient ways to achieve this and to improve communication about this area of our work

As always, I am grateful to my Board colleagues, to the Directors and all the staff at CDS who commit such energy and care to our work.

Brigid Sutcliffe
Chair

OUR BOARD (as at 1 September 2019) are:

- | | | |
|---------------------------|--------------------|--------------------|
| ■ Brigid Sutcliffe Chair | ■ Martha Slade | ■ Andrew Pakes |
| ■ Nick Whitaker Treasurer | ■ Lawrence Zollner | ■ Zohra Chiheb |
| ■ Nigel Wood | ■ Tony Watt | ■ David King |
| ■ Tony Bush | ■ Ed Wallace | ■ Rebecca Southern |

Overview of our Landlord Service 2018-2019



Our corporate plan sets out three strategic goals, one for each of our business streams...

- ▶ As a social landlord (the **Provider** stream) we will deliver consistently great services for CDS tenants and leaseholders
- ▶ As a service agency (the **Supporter** stream) we will deliver reliable and efficient landlord and business services for client co-ops and other small landlords
- ▶ And we will promote mainstream growth in co-op and community led housing (the **Promoter** stream)



Delivering consistently great landlord services

This goal is about being good at the things that matter most to our tenants and leaseholders. As well as offering a good quality home it focuses on both service and consistency as we know this is central to building trust with our customers.

We measure our improvement through a combination of key performance indicators and independently assessed customer satisfaction.

Repairs

We carried out 1968 repairs during the year with the average time taken to complete a repair increasing from 7.2 to 8.2 days. Tenant satisfaction with repairs fell by about 4% during the year but increased for home-owners. The main reasons for dissatisfaction were delays in getting things done and poor communication/customer service. Our data suggests that we do repairs more quickly than our peers but clearly the experience of our customers doesn't bear this out. We will be carrying out more follow up calls with customers in the coming year to make sure that we hear about any concerns and respond to them quickly – as well as setting out new standards and processes for our contractor partners.

Complaints

Our performance on managing complaints improved significantly, demonstrating improved responsiveness when things go wrong for our customers. We really value the feedback that we receive through complaints and we aim to be open and thoughtful about how we can better meet customers' reasonable expectations of us. Obviously, as a social landlord, we have an obligation to make sure that our services are fair for everyone – not just those who shout loudest – but we will always try to explore negative feedback with integrity and care.

Managing income

We continued to support our customers through the new welfare arrangements of Universal Credit. A new post meant that we were able to offer expert advice, navigating customers to the benefits that they were entitled to and leading to significant back payments and additional payments in a number of cases. Overall, we delivered better than average results on collecting rent and service charges – which is critical to our ability to continue to provide and invest in our homes.

Improving our back office support

We invested time and resources in improving our core infrastructure and implemented a new housing management system (Beacon) at the end of the year. We will use this to improve ease and efficiency, offering more on line options and a 24/7 service in many areas. In turn this reduces our core costs, making more money available to meet our wider goals.

Managing safely

We know that all our customers worry about safety – and as with other landlords, we have seen an increase in activity and cost in improving our work here. During this year we continued to keep 100% of our statutory safety checks up to date. We improved fire safety measures at a number of our estates and we have instituted more extensive checks on our communal areas and communal safety measures – both through our own staff teams and using external contractors. We have provided safety information for residents in written communication and on website.



Major works at Hillbury Estate

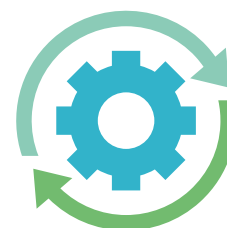
We were pleased to see completion of the Hillbury Estate major works project for external and internal communal repairs and improved safety. This was delivered on time and budget and with minimal disturbance to core services and whilst the bills for leaseholders were significant, the Board approved a number of payment arrangements to ease the immediate financial impact of these works on individual occupiers.

Welcome to our new residents

During the year we took transfers of engagements from two client organisations who decided not to continue independently. Shenley Church End, a 28 home scheme in Milton Keynes and Cheriton, a 21 home scheme in Folkstone were successfully integrated into our stock following a programme of consultation with residents, supported by an independent adviser.



Our performance



Targets for 2019.20 plan	Peer Group	CDS	CDS
	2018/19	2017/18	2018/19
Indicator			
General Needs Rent Collection	99.9%	100%+	100%+
Current Tenants Rent Arrears as % Debit	4.7%	2.7%	2.8%
ASB Cases per 1,000 homes	32	13	15
ASB Cases successfully resolved		100%	100%
Complaints Responded to on time	82.0%	82.5%	93.5%
Complaints Resolved at Stage 1	N/A	72.3%	91.0%
Average relet time non major voids	28	21	40
Void Rent Loss	0.57%	0.46%	0.41%
% properties relet as % gn stock	4.3%	2.9%	2.9%
Average repairs per home	3.4	2.7	2.8
Average days to complete a repair	8.7	7.2	8.2
Average cost per repair	£163	£166	£167
Homes Meeting the DHS		100%	100%
Tenants Satisfied with Overall Service	80%	83%	78%
Leaseholders Satisfied with Overall Service	N/A	65%	54%
Compliance with statutory H&S checks		100%	100%
Average Operating Cost per SH Home*	£4,961	£3,281	£3,703
H/Mark Benchmark Group			

Rents



From 1 April 2016 we have been reducing our rents by 1% per annum, although service charges are still set to reflect our actual service costs.

Our average weekly rent in March 2019 was £100.12 down from £101.35 the previous year. It should be noted that more stock was included in the calculation of the average rent in March 2019 compared to the previous year. Our average weekly rent plus service charges in March 2019 was £105.08 compared to £105.65 the previous year. Our rents continue to offer

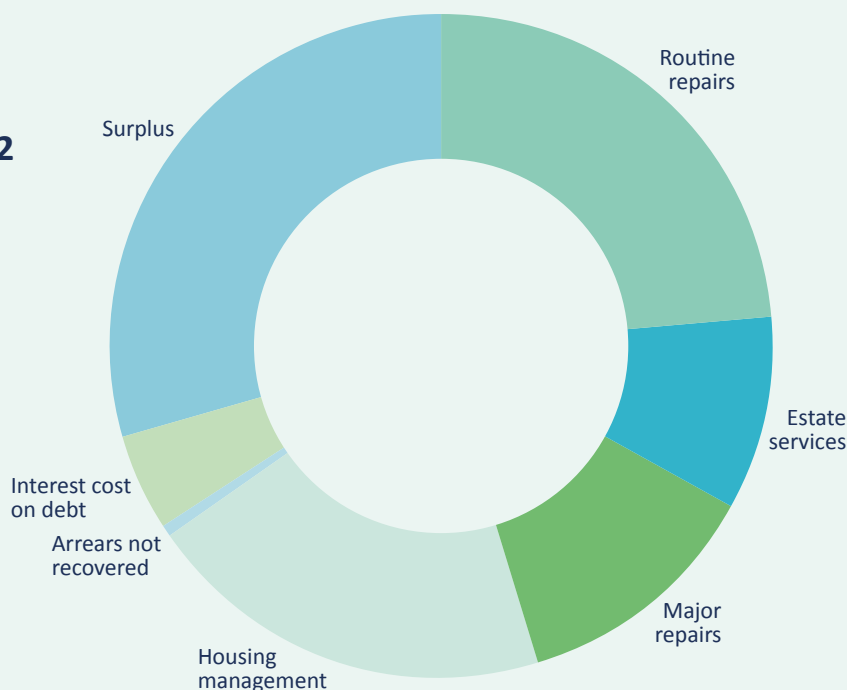
very good value for money compared to other social landlords.

Rents for shared ownership properties continue to rise in line with the provisions of the lease. Our service charges are reviewed each year and are increased or decreased based on our expected costs of running the estate services such as cleaning, gardening and lifts.

How your rent is spent (CDS-owned properties only)

During 2018/19 we received an average of £101.15 a week in rent and service charges per property. This money was spent in the following ways:

- ▶ Routine repairs **£24.28**
- ▶ Estate services **£9.48**
- ▶ Major repairs **£12.38**
- ▶ Housing management **£20.52**
- ▶ Arrears not recovered **£0.35**
- ▶ Interest cost on debt **£4.77**
- ▶ Leaving a surplus of **£29.92**, before tax.



Our forward plans



During the year we agreed a new Corporate Plan, which covers 2019 to 2022 sets out the way in which we will deliver services and promote growth in the sector over the next three years. Our purpose, to provide, support and promote community led housing, remains the same and our strategic goals are consistent with previous plans:

- ▶ Provide good quality homes and reliable services for CDS residents
- ▶ Support clients by delivering reliable and efficient landlord and business services
- ▶ Promote growth in the co-op and community led housing sector
- ▶ Continue to be well managed and well governed

Our objectives for each business stream are set out below.

Our landlord (Provider) business stream

Provide good quality homes and reliable services for CDS residents

- ▶ Create effective feedback routes so we can prioritise what customers value most
- ▶ Finalise and implement the asset management strategy
- ▶ Publish a clear service offer for customers
- ▶ Empower employees to be confident and capable problem solvers
- ▶ Use all our resources wisely, including money, time, systems and knowledge
- ▶ Work with customers to drive VFM and safety
- ▶ Benchmark and understand our costs and services

We strongly believe in the need for an effective residents' voice and we recognize that there is more work for us to do in making this meaningful at CDS. We intend to work on a model of collaborative engagement that allows more customers to influence more of our work in an easy and convenient way.

Supporter business stream

Support clients by delivering reliable and efficient landlord and business services

- ▶ Understand and respond to clients' service needs
- ▶ Be expert about legal and regulatory requirements
- ▶ Make it easy for clients to meet goals in a safe & compliant way
- ▶ Empower employees to be capable and confident problem solvers
- ▶ Understand and effectively manage our costs and income
- ▶ Drive growth through innovation, collaboration and creativity

The progress we have made in improving profitability in the supporter stream will give us the ability to expand our offer, both to help existing clients build resilience and to extend our supporter services to other smaller landlords.



Promoter business stream

Promote growth in the co-op and community led housing (CLH) sector

- ▶ Make it easy for people to explore their CLH options
- ▶ Enable delivery of significant numbers of new CLH homes
- ▶ Promote financial/social value of CLH
- ▶ Build awareness /enthusiasm for CLH in local authority areas where we are active
- ▶ Enable projects in our core stock and with our clients
- ▶ Invest in infrastructure, products or services that enable mutual/community led schemes

The increased funding we have been allocated by the GLA will enable us to help many more projects and move toward the goal of providing over 400 new homes to site secure status over the next three years.

In our business generally

Continue to be well managed and well governed

- ▶ Keep safety as our top priority

- ▶ Maintain a strong and capable board and senior team
- ▶ Review financing and covenants to maximise our investment capacity
- ▶ Dispose of 100% leasehold schemes & implement founder member strategy
- ▶ Manage client and customer debt effectively
- ▶ Invest in core skills, collaboration & leadership; create deputy roles
- ▶ Invest in core service and back office efficiency (systems & people).

Becoming charitable

On 7th May 2019 at a Special General meeting, the members of CDS approved the adoption of charitable rules. Once registration is complete CDS will become an Exempt Charity. For our existing tenants and leaseholders this has limited impact other than it will free up some resources to help us better meet our objectives and enshrines our commitment to meeting need in our work. The rights of those tenants who have the Right to Buy was contractually protected as part of the process.

How we are regulated

We are regulated by the Homes and Communities Agency who set standards that we must meet.

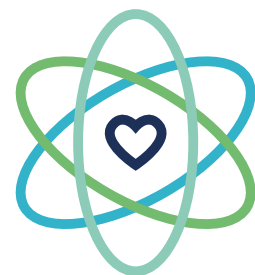
The Board reviews progress against the standards each year to drive awareness of strengths and weaknesses and continuous improvement.

In the year under review we improved our governance compliance in:

Standard	Compliance
Governance and Financial Viability	Full
Value for Money	Substantial
Rent Standard (New Statutory requirements in place)	Full
Tenant Involvement and Empowerment	
Customer service, choice and complaints	Substantial
Involvement and empowerment	Substantial
Understanding and responding to the diverse needs of tenants	Good
Home	
Quality of accommodation	Substantial
Repairs and maintenance	Substantial
Tenancy	
Allocations and mutual exchanges	Substantial
Tenure	Full
Neighbourhood and Community	
Neighbourhood management	Good
Local area co-operation	Good
Anti-social Behaviour	Substantial



Our values



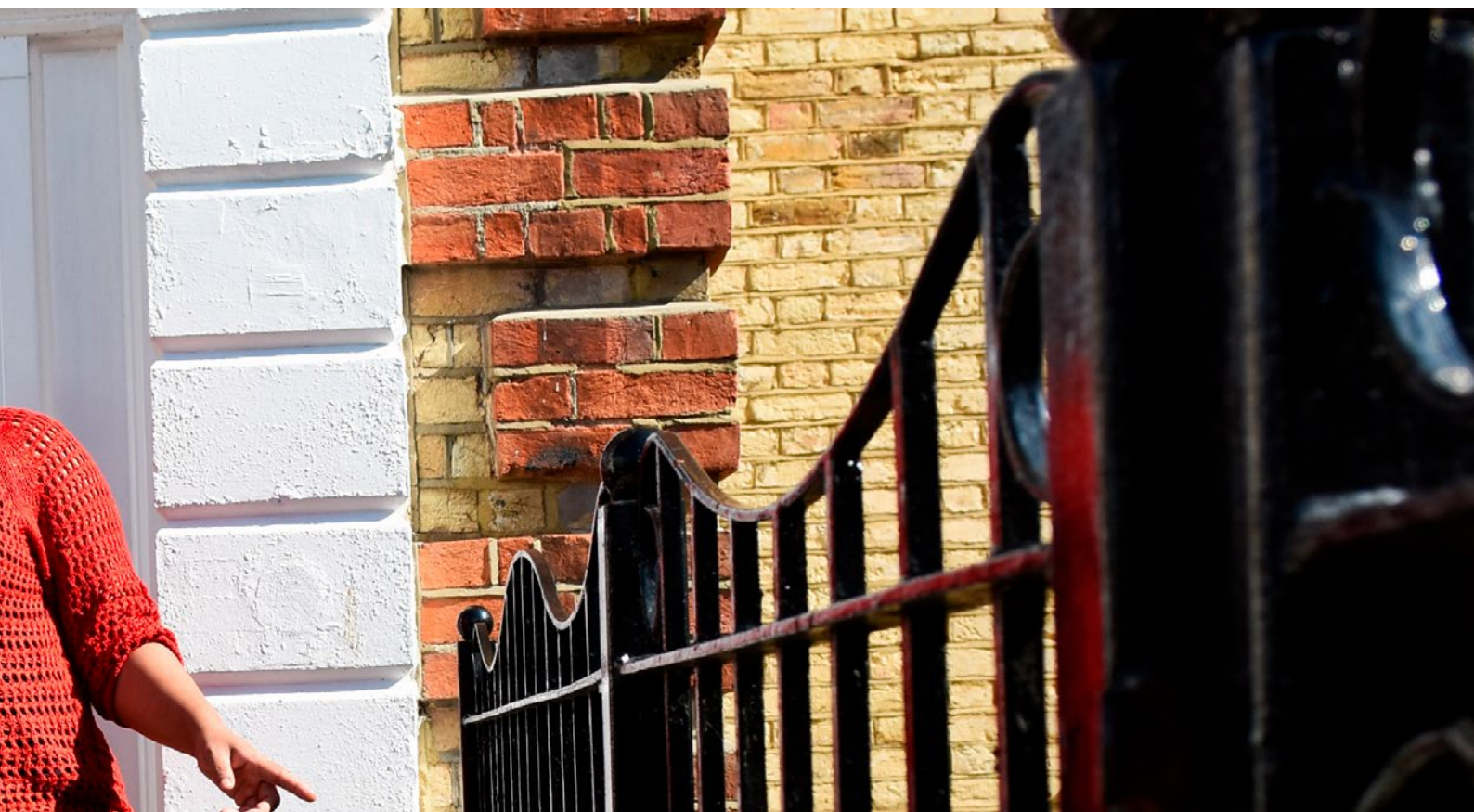
Our UTICK Values

Unity	We work as one team, with one reputation
Trust	We strive to be reliable, fair and to act with integrity
Intention	We know why we do things, we have plans and we monitor them
Impact	We care about the impact that we have on others
Collaboration	We achieve more when we work with others
Communication	We seek understanding as a basis for win/win solutions
Kindness	We are brave & honest, facing difficult issues with empathy

Our business is founded on co-operation and we champion co-operation as an effective business model that can help people improve their opportunities and choices. We are passionate about helping people to make the most of their individual and collective opportunities and expect to show this as an employer, agent and landlord. We will try always

to work in ways that promote trust, optimism and kindness as a springboard for releasing potential and creativity.

You should expect to see these values in evidence when you work with us. If you feel we haven't lived up to our values, please do let us know by emailing talktous@cds.coop



Getting feedback

We always want to hear from our customers whether your feedback is positive or negative.

To that end, we have open channels on our website, on open complaints process and an independent service which regularly seeks feedback from tenants and leaseholders. Increasingly, we will be using telephone and text based services to get quick feedback each time you use our services.

You can get involved in helping us to improve service in a number of ways:

- ▶ By joining our 'reading panel'
- ▶ By participating in surveys and polls
- ▶ By coming to a local focus group
- ▶ Through involvement with your local residents group
- ▶ By contacting us directly about a service or idea
- ▶ By joining our Board

What we do with your feedback?

The feedback from customers is regularly discussed by our staff teams, our Board and our Services Committee. This influences how we organise services and how we invest.





Value for money

Our aim in terms of delivering value for money for our residents is to offer better than average services for a lower than average cost.

During the 2018/19 year we continued to deliver a lower than average cost – both in terms of our rent charge and our operating costs – both of which are lower than our peers.

We improved or maintained performance at average or above average levels for:

- ▶ Delivering repairs on time
- ▶ The cost of repairs
- ▶ Managing debt
- ▶ Dealing with Complaints
- ▶ Managing ASB
- ▶ Losing money on empty homes

But we delivered below average performance in:

- ▶ Letting homes quickly
- ▶ The cost of repairs to our vacant homes
- ▶ Resident satisfaction with our overall services
- ▶ Resident satisfaction with repairs

Improving our core services will continue to be a key priority for us in 2019/20.



Financial summary

	2019	2018
	£'000	£'000
INCOME	6,181	5,751
Operating costs	(5,205)	(4,914)
OPERATING SURPLUS	976	837
Surplus on sale of housing properties	399	263
Investment and other income	10	4
Interest payable and similar charges	(212)	(212)
SURPLUS BEFORE TAX	1,172	892
Tax	(387)	(243)
Exceptional items:		
Transfer of engagement	620	
Increase in pension provision	(1,543)	
Retained (deficit) surplus for the year	(138)	649



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