



CHIC 

A Year of Levelling Up

ANNUAL REPORT 2021/2022

Members Perception Survey 2022



“Working with CHIC has helped our organisation achieve value for money in procurement and appoint the right supply partners, enabling us to continue to deliver excellent services to our residents”

David Wells, Wrekin Housing

Welcome

2021/22 was the first year of CHIC's new five year business strategy and one that proved to be very busy in providing procurement support services to our members.



Introduction from the Chief Executive

As we emerged from the challenges of the pandemic we saw members keen to re-establish their asset management and development projects and programmes, utilising the benefits of our frameworks and dynamic purchasing system. We procured 149 new contracts for 81 members and saw member spend through the contracts increase by 104% year on year, collectively exceeding £100m for the first time.

CHIC also developed a strong relationship with Welsh Government and our members in Wales. We procured a comprehensive new DPS to support grant funded optimised retrofit and building safety works across Wales.

To support this growth on all fronts, the team has grown during the year from 14 to now a full complement of 24. This has strengthened our member services team, our procurement capacity and our work with the supply chain. My thanks to all colleagues for their support and hard work.

Growth means efficiencies. We have improved our business infrastructure, reviewed and refined processes and expanded some services, but have reduced member transaction fees by 15% to an average of 2.5%.

CHIC has also sought to enhance our social value offer and at the end of the year we established a new charity, CHIP. We have appointed a new Manager for CHIP who will now be leading our social value programme delivery.

We have had a busy year promoting CHIC at each of two CHIC and CIH conferences, a range of round table and webinar events and expanding our communications infrastructure.

We end the year stronger financially, with a continued focus on offering guidance and support to our growing membership, as an 'asset management consortium that does procurement'.

As ever, my sincere thanks to the Board for their wisdom, stewardship and constant support in ensuring that what we do reflects the priorities and needs of the membership.



Governance

CHIC started this year with a new contract with our Agent, ARK Consultancy. ARK's asset management and development pedigree supports CHIC's service offer to our members, where we provide comprehensive support as well as compliant procurement solutions.

The Board reviewed our Business Strategy early in the year, adopting updated objectives and targets for the next five years. These predict continued growth and expansion, with commensurate investment in CHIC's infrastructure. We also reviewed and updated the membership rules, to ensure they continue to reflect the variety and scale of our members.

Delivering added value has always been at the heart of CHIC's objectives and I am delighted that growth has enabled us to establish a new charity, CHIP, to further these aims.

CHIC's Board comprises mainly of member representatives, who ensure that CHIC's strategies, services and products remain focused on need. I am grateful to all my Board colleagues and their organisations for their support during the year.

My appreciation also goes to the CHIC team for a successful trading year, despite the pressures of increasing inflation and supply chain shortages. We look forward to adding more value for members but recognise the economic uncertainties we will all be facing.

Above all, CHIC is a member owned consortium, governed by and delivering for members and their residents. We will continue to uphold these core principles whilst working closely with our supply chain partners and supported by our Agent.



Maggie Punyer
Chair



David Wells
The Wrekin Housing Trust
Vice Chair



Mak Akinyemi
Asset Management
Consultant



Charlotte Johnson
Platform
Housing Group



Luke Beard
Community Housing



Jayne Bissell
Connexus Group



Naeem Nawaz
Accent Housing
Group



Sarah Payling
Ocean Media Group



Mark Pinnell
Dacorum BC



Leon Storer
Stonewater

CHIC's membership

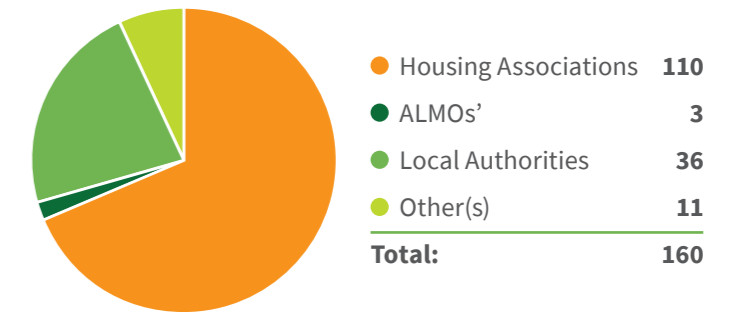
CHIC's original Members Agreement was drafted and adopted for 7 founders, anticipating some modest membership growth. By 2021/22 the membership had grown to over 150 and some of the decision making requirements for member consultation were no longer manageable.

CHIC therefore embarked upon a review, leading to a General Meeting in May 2022, when amendments were agreed to the Articles and new Membership Rules were adopted. All existing and new members are now aligned to the Membership Rules.

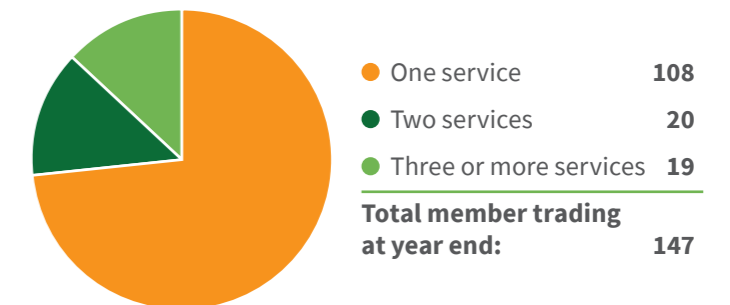
The changes still maintain the core values of CHIC being member owned and governed but now empower the Board, consisting primarily of member representatives, to take most strategic decisions for the consortium.

The joining process for new members is now streamlined, just requiring consent to abide by the Membership Rules.

At the end of the year CHIC's membership included 160 organisations:



Of these, active engagement was:



41 members had 67 new contracts pending, which will commence in 2023.

CHIC's business strategy 2021-2026

In preparing CHIC's new Business Strategy for 2021-2026, we talked to our members about the services and products they need, now provided through a suite of eight core services.

We also looked at what other consortia offer – some are product or geographically focused and others national. We believe that CHIC's key strengths are in offering a broad range of services and products in a flexible way, so we can respond swiftly to individual member requirements and provide ongoing support once contracts are established and works and services are being delivered to residents.

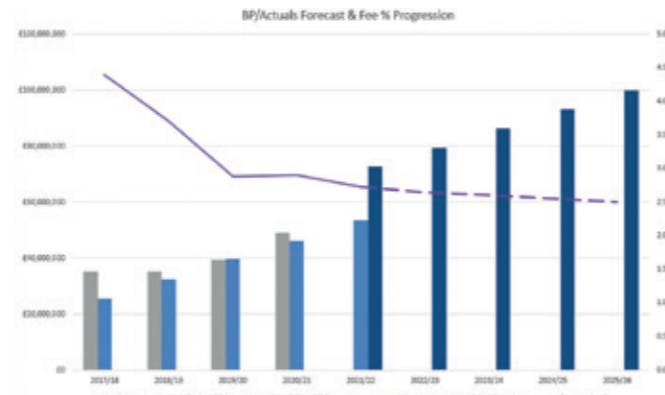
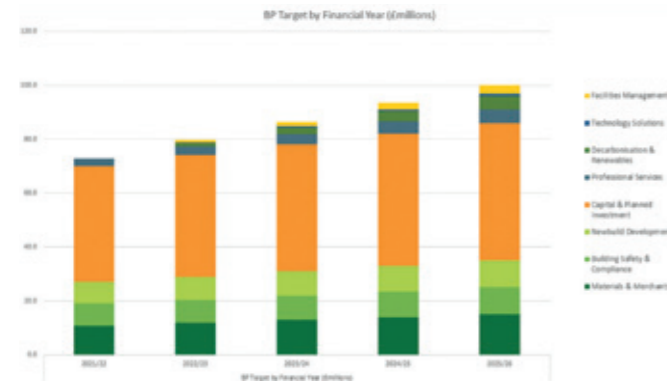
The strategy for the next five years is for CHIC to build on this strong infrastructure, delivering more contracts for more members, increasing savings and efficiencies and delivering added social value.

Key five year objectives are for annual increases in:

- **Membership**
- **Members using multiple services**
- **Contracts let and supported**
- **Financial reserves**
- **Users of COMS**
- **Social value outcomes**

This growth will enable CHIC to become more efficient. Despite targets to invest in and improve our systems and processes, we also expect to continue to reduce average transaction fees paid by members through the supply chain.

We have already achieved the five year target of 2.5%, down from 2.9% in the previous year. The strategy is to continue with a flexible fee structure (higher for lower value contracts), but there is recognition that some cross subsidy is necessary, so CHIC can offer a full suite of asset management and related products.



Investment in homes and communities starts with investment in people

This year, CHIC took its commitment to generate a social value return from its procurement activities further, through the launch of a new charity, CHIP.

Community investment and delivering social value are core to CHIC's objectives. CHIP will work proactively with contractors and suppliers to ensure that all contractual obligations are achieved. It will also commission and monitor Local Employment Groups and other voluntary sector organisations to create and support employment opportunities for people who are disadvantaged and distant from the workplace.

New from CHIP will be a rolling programme of small Community Chest grants for members. CHIP will support and monitor projects where grant funding will enable local groups of residents and community stakeholders to secure meaningful improvements to community wellbeing and social value.



Nik Adi
Graduate
Apprentice

CHIP will fund a graduate apprentice, working within the CHIC team, and has appointed a Social Value Manager, to ensure all social value objectives and targets are achieved.

The CHIP Trainee of the Year Award will now be presented at an annual awards dinner on the night of the CHIC Conference & Exhibition.

Responsibility for CHIP's Governance is vested in a Board of five Trustees. Two are representatives from the CHIC Board, working with three independents, including the chair, Tracey O'Brien.




Tracey O'Brien
CHIC's Chair



Emma Macaulay,
Social Value Manager,
will deliver social value
outcomes for CHIC's
community

Performance report

Service delivery

	Total live projects	379
	Building safety & compliance	102
	Capital & planned investment	125
	Facilities management	7
	Materials & merchants	39
	Newbuild development	13
	Professional services	92
	Technology solutions	1

New call off contracts issued
 **149** *(50% increase from previous year)*

New opportunities
 **224** *(£331m)*

6 Networking events hosted


Savings from procurement
£1.95m

Savings from contracts
£17.2m

2.3m
 Affordable homes owned and managed by members



Supply chain

Number of new framework partners
67 

New frameworks
6 

Materials savings
 Average of **9%** 

Membership

New members
38

Member reports
852

Merchant reports
300

20 
 COMS demonstrations to members

CHIC's average fee during this year
2.5%

Social value

16 
 People supported into work through local employment groups 



Supply chain partners

CHIC is continually evolving the suite of frameworks and contracts available to meet members requirements. This year, we have procured some new frameworks:



New frameworks
this year



Adaptive Bathrooms Framework

Single provider with AKW Medi-Care Limited for the supply of adapted bathroom and sanitary materials and associated services.



Roofing Framework

Includes the design, supply, installation and associated works for traditional flat and pitched roofing systems.



Compliance Audit Framework

A comprehensive solution to access a range of internal policy compliance and site portfolio audits, along with site contractor assurance audits.



Consultancy Framework

Comprising building surveying services, contract administration, employers agent, quantity surveying services and principal designers, along with other specialist asset management services.



Conveyancing Framework

Cutting the cost of conveyancing by reducing the disbursement fees for undertaking property searches such as local authority and drainage.



Digital Asset Delivery Framework

Provides an environment where housing providers can host digital data in one location through ready made digital asset management products.

Dynamic Purchasing System Progress

Supplier onboarding has been very active across CHIC's DPS during the year with over 250 supplier Requests to Participate processed. Members appreciate the flexibility and options the DPS offers, as an alternative route to market.



Partnerships in Wales

Optimised Retrofit and Building Safety

CHIC has developed a bespoke procurement solution for Retrofit and Building Safety in Wales. Funded by Welsh Government, the main objective was to create a single compliant route that will support local employment and growth. CHIC's DPS solution provides full end to end services, creating a flexible structure that can adapt to evolving technology and markets, and where suppliers can join at any time.

The structure reflects feedback from a variety of stakeholders, consulted to inform the optimum approach. The DPS is broken down into different work lots by area and size, to support local engagement with SME and Mirco businesses.

Services are already being delivered, procured via the DPS, carrying out Fire Risk Assessments on tall residential buildings across Wales.

CHIC has established a new team based in Wales, which works with Welsh members to deliver optimised retrofit and building safety projects, as well as CHIC's existing suite of core services.



Llywodraeth Cymru
Welsh Government



CHIC Order Management System (COMS)



CHIC's Order Management System (COMS) has seen further development during this year. We now partner with Efficiency North (EN) to support and develop the system.

Berneslai Homes, an EN member, and Two Rivers Housing have both adopted COMS for their planned programmes.

Increases in the number of members utilising COMS to manage their planned materials ordering has prompted further development in invoice automation and how standard material packs are configured.

The system development will now focus on a new Merchants Module, to enable centralised management of general materials catalogues and more effective price and specification variation control. Merchant reporting will become more automated, increasing system efficiency.



Stakeholder engagement

CHIC provides services for members in partnership with our supply chain. We like to bring all our stakeholders together to meet, learn and share.

Roundtable Discussions

Understanding the needs of our stakeholders is important. This year we introduced a series of roundtable discussions to help shape our future services and to influence better outcomes for residents.

The Disrepair Challenge

We had been hearing more 'noise' from members about disrepair, with national television news coverage shining a light on examples of disrepair horrors faced by some tenants. Stakeholders participated in an informative debate, revealing some key issues the sector needs to address.

Newbuild Framework

CHIC will establish a new Gold Standard development framework in 2022/23. So we consulted stakeholders who reviewed and discussed the options for a flexible framework. We concluded with strong support for CHIC's 'direction of travel' for a new newbuild framework which will meet a wide variety of member needs, including a focus on offsite construction.

Reports from the roundtable discussions can be found on our website at chicld.co.uk

Ministerial Discussion

A new Minister for Housing and Planning, Marcus Jones MP, was appointed as we ended the year. CHIC hosted a roundtable discussion attended by senior representatives from our members and supply chain partners, providing the Minister's first engagement with the sector. We were able to discuss the big issues currently affecting our members and their tenants. More details of the discussions can be found at chicld.co.uk

CHIC Conference & Exhibition

CHIC hosted two annual conferences this year as our 2021 conference had to be postponed due to the pandemic. The first was in November 2021 and then we returned to our normal timetable in June 2022. We provided a wide range of knowledgeable speakers and received great feedback from attendees, encouraging our housing and construction sector colleagues to meet and plan ahead for housing.

Financial review

CHIC is a not for profit company limited by guarantee, owned by its wide portfolio of members. The Board must maintain a fair balance between ensuring that there is sufficient income to deliver a great service, building up reserves for future investment in new services and to weather market volatility, whilst offering competitive transaction fees for members.

This year saw growth in service delivery for members, as investment in residents homes geared up following the challenges caused by the pandemic. In turn, CHIC's transaction fee income also increased but much of the income growth was needed to invest in a growing team and the business infrastructure to support the programme. However we also:

- **Increased reserves**
- **Reduced average fees across all services from 2.9% to 2.5% - our five year strategic target**

The new procurement bill expects consortia to be transparent about fees. CHIC's fees vary from 0.5% to 4% (6% for legal services). Higher value projects have lower % fees. We are already transparent on fee levels for each contract; our members have the fee built into contract costs and collected from the supply chain partner.

The CHIC team

CHIC's team grew this year, to support increased membership and more comprehensive services activities, particularly across our procurement and member services teams.

We said farewell to two members of the CHIC team, **Fred Bentley** and **Lesley Dixon**, both of whom have retired.

New staff joining the team include:

PROCUREMENT



Rebecca Devaney

Head of Procurement



Biyageh Barry

Procurement Manager



Michael Klotz

Procurement Coordinator



Tariq Malik

Procurement Coordinator

MEMBER SERVICES



Jackie Leonard

Head of Projects (Wales)



Hafzah Pervez

Member Services Coordinator

CHIP funds a graduate apprentice to work with CHIC's core team. We welcomed **Nik Adi** to the team this year.

Communities & Housing Investment Consortium

CHIC is a not for profit member owned and governed asset management consortium. We offer a wide selection of services to our members in the affordable housing sector, for other public sector bodies and for charities. We provide procurement and contract support solutions, delivering savings, efficiencies and added social value.

In preparing CHIC's new Business Strategy for 2021-2026, we talked to our members about the services and products they need, now provided through a suite of eight core services:



**MATERIALS
& MERCHANTS**



**BUILDING SAFETY
& COMPLIANCE**



**NEWBUILD
DEVELOPMENT**



**CAPITAL & PLANNED
INVESTMENT**



**PROFESSIONAL
SERVICES**



**DECARBONISATION
& RENEWABLES**



**TECHNOLOGY
SOLUTIONS**



**FACILITIES
MANAGEMENT**



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Social value now provided through CHIP



Communities and Housing
Investment in People

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information scan
the QR code

