

Annual Statement of Compliance

Wales & West Housing Association Limited Registration No. 21114R, Registered Office – Archway House, 77 Parc Tŷ Glas, Llanishen, Cardiff CF 14 5DU

Pursuant to the Regulatory Framework for Housing Associations registered in Wales this annual Statement of Compliance confirms the Association has met the performance standards as set by Welsh Ministers in accordance with Section 33A of the Housing Act 1996.

Where full compliance with any of the performance standards cannot be evidenced, the explanation is set out and a summary of actions (including timetable) to be taken to improve the compliance position is provided. The explanation and improvement actions are subject to discussion/assessment with the Regulator.

Performance Standard

Ref No	Performance Standard	Full Compliance Y/N	What we currently do	What we still need to do/ Improvement Actions
PS1.0	Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord			
	1.1 Sets a clear vision and values for the organisation which deliver and progress the core purpose of the business	Y	<p>WWH's vision (strong, sustainable growth to make a difference to people's lives, homes and communities) was agreed by the Board in 2011. This vision and its values (fair, open, responsible, supportive and efficient) are well established and understood within the business as evidenced through the Best Companies employee engagement survey and the IIP assessment. The vision and values are reproduced on the WWH website as well in many other publications, including the Annual Report and Financial Statements, and Business Plan.</p> <p>The Board is actively involved in the development and approval of the rolling 5-year Business Plan (see Board minutes September 2019 item 08.03) which details how the vision will be delivered.</p>	

Ref No	Performance Standard	Full Compliance Y/N	What we currently do	What we still need to do/ Improvement Actions
	1.2 Governance arrangements establish and maintain clear roles, responsibilities and accountabilities for the board, chair and chief executive and ensure appropriate probity arrangements are in place	Y	<p>The overall governance framework is contained within the Association Rules (updated October 2019), Standing Orders and Financial Regulations (last updated 2017 but due for review as part of the ongoing governance review). These set out the roles, responsibilities and accountabilities of the Board, Chair and Chief Executive. More detailed information about these and other roles are set out in individual role profiles which are in place for the Chair, Vice Chair and Board Members which were reviewed, updated and recently approved by the Board as part of the development of the governance toolkit documentation in November 2019 (November 2019, Board minute, 12.02)</p> <p>A Probity & Audit Committee (P&A) supports the Board. Its responsibilities include reviewing governance arrangements and ensuring that any weaknesses in standards are quickly rectified. The function and responsibilities of P&A are set out in the Standing Orders. P&A minutes are presented to the Board for information purposes and copies of P&A agenda and reports are also available on BoardPacks for all Board Members to view. An annual report, summarising the activities of the P&A Committee is also produced and presented to the Board (February 2020 Board minute 08.02).</p> <p>In line with best practice, a review of the governance arrangements across the WWH Group is being undertaken by the Governance Manager throughout 2019/20, the scope of which was endorsed by the P&A Committee at its meeting in October 2019 and approved by the Board at its meeting in November 2019 (October 2019 Committee minute 07.10 and November 2019 Board minute 12.03). The review is evaluating the effectiveness of the current governance arrangements and will provide recommendations for improvement as appropriate. The preliminary findings will be presented to the P&A Committee for consideration at its meeting in May before the final report is presented to the Board at the July 2020 meeting.</p>	Governance review to be completed by July 2020 to include updates to any supporting documentation.

Ref No	Performance Standard	Full Compliance Y/N	What we currently do	What we still need to do/ Improvement Actions
	1.3 Complies with governing documents including adopting, and complying with, an appropriate code of governance	Y	<p>The Association has adopted the CHC Code of Governance for the sector. Following the implementation of Non-Executive Board and Committee Member remuneration, the Board agreed that the CHC Code of Governance would be adopted across the Group and would therefore be the measure of good governance for all Group companies.</p> <p>The Board uses Internal Audit periodically to review its governance arrangements to ensure they remain current and to test compliance with both its governing documents and the Code of Governance. In early 2019, the IAM conducted an audit to review compliance with the Code, the results of which were presented to the P&A Committee at its April 2019 meeting and concluded that WWH was able to demonstrate compliance.</p> <p>In addition, the Code of Governance forms the basis of the annual Board Team effectiveness appraisals undertaken for all Board members.</p>	
	1.4 Adheres to all relevant law	Y	<p>The Association fully complies with all relevant law. Key activities subject to legal / regulatory matters are covered by documented policies, procedures and guidance notes which are reviewed on a regular basis. Assurance is provided in a number of ways including performance measures (e.g. gas servicing), regulatory returns, external reviews and inspections and Health & Safety audits. In addition, activities are reviewed by Internal Audit in accordance with a regularly updated risk-based programme of work which is approved by the Probity & Audit Committee.</p> <p>Corporate membership of relevant organisations (e.g. CHC), briefings from professional advisors, general networking and provision of ongoing training / support / supervision of staff increases awareness of compliance issues, and changes in legislation / regulatory requirements.</p>	

Ref No	Performance Standard	Full Compliance Y/N	What we currently do	What we still need to do/ Improvement Actions
PS2.0	Effective and appropriate tenant involvement and high quality and improving services			
	2.1 Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation	Y	<p>The Resident Participation Strategy approved by the Board in January 2017 sets out how resident participation is embedded into the Association’s work through its operating principles which form part of the Wales & West Housing way (the WWH way). The WWH way is a descriptor of the organisation’s approach to running the business and places customers at the centre. WWH’s approach to Resident Participation is guided and informed by a group of committed, involved residents, the Resident Participation Steering Group. Resident participation is promoted via the WWH website, In Touch magazine and in-house Resident Participation Strategy Officer.</p> <p>Residents are regularly engaged through ‘demand assessment’ exercises undertaken by staff to understand ‘what matters’ to them. This is part of the systems thinking approach adopted throughout the Association. Services are shaped and re-designed to deliver on residents’ priorities, and feedback from residents is routinely sought about performance and if priorities and ‘what matters’ have changed.</p> <p>Performance measures are developed to understand how well the Association meets residents’ priorities and the results are presented to Board quarterly and to residents via the In-Touch magazine. The results are shown as a trend over time along with a narrative (self-evaluation) of how further improvements will be achieved.</p>	

PS3.0	Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements			
	2.2 Meets all applicable statutory requirements providing for the health and safety of the occupants in the home	Y	<p>A comprehensive approach to property compliance is taken and enshrined in a series of assurance frameworks detailing the controls and ‘three lines of defence’ in place to ensure the health and safety of residents and their homes. A detailed compliance report is provided to Board each quarter covering the main areas of property health and safety which demonstrates compliance with statutory requirements.</p> <p>Both external and internal audits are undertaken regularly of aspects of property compliance.</p>	
PS3.0	Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements			
	3.1 Safeguards taxpayers interests and the reputation of the sector and protects social housing assets	Y	<p>The Association has effective business and financial management processes in place. These include:-</p> <ul style="list-style-type: none"> • Standing Orders and Financial Regulations which set out matters reserved for the Board and delegated authority • Financial strategy approved by the Board each year • Short, medium and long-term cash flow forecasts which, supported by comprehensive sensitivity analysis, demonstrating the solvency of the business. • Quarterly management accounts with variance analysis <p>In accordance with the risk management policy, a corporate risk register is maintained. The register is reviewed and updated, where necessary, by senior managers each quarter. The register includes risks included on the Welsh Government sector risks document assessed as being of concern to the Group, as well as other risks which pose a significant threat to the business.</p>	

			Each quarter the Board reviews an extract showing all risks with a high or medium inherent risk rating as part of their review of the quarterly performance report. For some risks, as determined by Board and/or the Executive, further assurance is provided through additional reporting (e.g. cash flow and covenants).	
	3.2 Assessment of capacity to take on new business and development opportunities is robust	Y	<p>All new projects and changes to activities are subject to a specific report to the Board which contain an evaluation of the project, the impact and consequences associated with undertaking or not undertaking the project and an assessment of the risks. Where necessary such as for new development and business opportunities a full financial appraisal is undertaken and presented to Board to assist in decision making.</p> <p>In addition, the Board receive a financial position update to every meeting which profiles the financial implications of further commitments in the context of current commitments and borrowing (December 2019 Board minutes, item 05).</p>	
	3.3 Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies	Y	<p>The annual 5 & 30-year plans are stress tested using a number of individual scenarios (such as increasing interest rates, inflation and maintenance costs as well as possible rent reductions or freezes) and then as multiple scenarios to give an indication of what “breaks” the plan and the length of time available to take corrective action.</p> <p>The Board discuss and approve the potential sensitivities to be included in the business plan at its May and July meetings. These sensitivities mainly mirrored the key financial risks identified in the Association’s risk register (see Board minutes May 2019 item 08.05).</p>	

PS4.0	Clearly evidenced self-evaluation and statement of compliance			
	3.4 Before taking on any new liabilities, ensures obligations are fully understood and demonstrates consideration of how the likely impact on current and future business and regulatory compliance will be managed	Y	<p>Any new project or changes to activities which could involve significant risks are subject to a specific report to the Board which outlines the potential benefits and risks of undertaking the new activity (e.g. IHP3 bid in collaboration with Sevenoaks Modular and Hale Construction, see July 2019 Board minutes, item 12.01).</p> <p>The Board approves the annual Financial Strategy which details the approach to new borrowings and investments along with the assumptions underpinning the financial appraisals used for new developments and ventures (Board minutes November 2019, item 12.5). The Board approves new borrowings individually following consideration of any obligations and impact on covenants (November 2019 Board minutes, item 12.5).</p>	
PS4.0	Clearly evidenced self-evaluation and statement of compliance			
	4.1 Compliance with Circular 02/15 - the core principles of self-evaluation for use by Housing Associations registered in Wales, or any subsequent guidance which replaces this Circular	Y	<p>The Board has adopted a process of continuous self-evaluation based on WWH's operating principles. Staff and managers identify areas for improvement in each of the main systems and in support services. These are recorded as 'improvement actions' within the Intranet along with more substantive cross-organisational issues which are recorded as part of the corporate plan. Progress with actions is monitored by the Senior Management Team (SMT) and reported to Board each quarter and forms the Association's self-evaluation. In addition a summary of the actions is included in the residents' magazine, In Touch.</p> <p>The annual statement of compliance is prepared by the Governance Manager and will be subject to audit by the Internal Audit Manager and presented to the Probity & Audit Committee for review.</p>	

PS5.0	A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues			
	<p>5.1 Demonstrates how the Board assures itself of current performance, including tenant satisfaction, and drives continuous improvement</p>	<p>Y</p>	<p>The Data Team collates a range of Operational Measures, including some resident satisfaction measures, which are reported to the Board via the quarterly Strategic, Operational and Financial updates (Performance reports). The measures, which illustrate performance over a period of time, are accompanied by narrative summarising the Association’s self-evaluation and the actions being taken to improve performance. The Board is kept up-to-date on the progress of larger actions via the “Progress with corporate projects” section in the quarterly performance reports.</p> <p>The format of the Board’s quarterly performance report and range of measures is reviewed regularly to ensure it continues to meet the needs of the Board. The report also contains sections summarising financial management and value for money, progress with corporate projects, health and safety, performance of subsidiary companies, risk management and emerging issues. Contents of this report are discussed at relevant Board meetings.</p> <p>A series of ‘outturn’ reports are presented to the Board annually detailing performance and any issues relating to the following matters:</p> <ul style="list-style-type: none"> • Complaints • Welsh Language • Anti-slavery and human trafficking • Equality and Diversity • Human resources • Development of new homes • Community benefits <p>The Board receives resident feedback on services via a range of surveys, including a comprehensive survey undertaken every three years by an independent organisation. The results of the latest resident satisfaction survey will be reported to the Board in March 2020.</p>	

	5.2 Demonstrates how lettings make the best use of available housing, compatible with the core purpose of the Registered Social Landlord	Y	<p>WWH lets 90% of its homes via common housing registers and works closely with local authorities, who managed the lists, to ensure fair and easy access to people in need of housing. Performance in relation to lettings is reported to the Board every quarter including details of offers made and where demand issues are experienced. In addition, the Board receives an impairment report each year which includes details of less popular property.</p> <p>An Asset Management Group, which includes all Executive Directors, reviews all the Association's stock regularly and makes recommendations to the Board for disposal or remodelling.</p>	
PS6.0	Delivering value for money in all areas of the business			
	6.1 Demonstrates a strategic approach to and delivery of value for money across the business in operational costs and charges to tenants and service users	Y	<p>The Board approved approach to Value for Money (VFM) is focussed on service delivery, procurement and finance (treasury and tax efficiency), with the emphasis on achieving value rather than just saving money. The approach to operational costs is concentrate on 'doing what matters' to customers, designing systems to meet their demands and removing waste within those systems. The Board assesses this via measures in the quarterly performance report which focusses on getting things right first time (e.g. first-time fixes, appointment kept, lets right first time etc.).</p> <p>The quarterly performance report includes a narrative section on financial management and value for money which is supported by a number of appendices. These include a specific value for money summary which shows the measures that the Association has adopted on operational efficiency, focusing on trends over time in costs and income per unit, property reinvestment, including cost trends on kitchens, bathrooms and boilers, treasury efficiency and free cash.</p> <p>A comprehensive review of site services and associated services charges is nearing completion. The review, led by the Group Chief Executive has seen significant reductions in services charges to residents.</p>	

PS7.0	Compliance with regulatory and statutory requirements and guidance			
	7.1 Communicates in a timely manner with the regulator on material issues that relate to non-compliance	Y	To date there have been no material issues of non-compliance requiring formal reporting.	
	7.2 Adheres to all regulatory requirements	Y	<p>The Association adheres to all Welsh Government regulatory requirements. Relevant regulatory returns are made when required, and where appropriate, systems, activities and processes are designed to take account of regulatory requirements. Internal Audit also provides assurance in this area and reviews the accuracy of some returns.</p> <p>A report outlining the scope of the regulatory requirements across the Group and details of how these were met was presented to the P&A Committee in January 2020 and this will be an annual report going forward.</p>	
PS8.0	A financial plan which delivers and supports the business plan and effective monitoring of financial performance			
	8.1 Ensures that the organisation is financially sound	Y	<p>The Board receives and discusses a range of financial information presented as part of the quarterly performance report. The report includes: -</p> <ul style="list-style-type: none"> • management accounts; • rolling forecasts; and • Financial position statement. 	
	8.2 Effective systems and controls are in place to monitor and accurately report delivery of the Registered Social Landlords plans	Y	A comprehensive quarterly 'Strategic, operational and financial update' report is presented to Board. The report details progress with corporate projects, improvement projects, contains an update with regard to the self-evaluation, the current financial position, includes the risk register and updates as well information about the subsidiary companies. The report details all areas of the Group's performance and how any issues will be addressed.	
	8.3 Monitors, reports on and complies with all covenants	Y	Compliance with all covenants is monitored every quarter by senior managers and the management accounts demonstrate how covenants are achieved and these are presented to the Board (and lenders) each quarter.	

PS9.0	Effective management of treasury operations ensuring sufficient liquidity at all times			
	9.1 Ensures sufficient funding is available to deliver the business plan	Y	<p>The 2020-2024 business plan shows the Association to be in a strong position with a positive free cash flow in year showing that all current operations (including reactive maintenance, major repairs and replacement components) can be funded by rental income. This business plan anticipates that sufficient funding will be able to meet development aspirations taking account of grants, property sales, new funding and loan repayments (see September 2019 Board report 08.03).</p> <p>A financial position statement is presented to every Board providing details of commitments and projected future expenditure and how this will be funded.</p>	
	9.2 Ensures financial forecasts are based on appropriate and reasonable assumptions	Y	<p>The Board reviews and approves the financial assumptions supporting the 5 and 30-year forecasts and development feasibility appraisal models each year. (July 2019 Board minutes, item 10.02).</p> <p>Meetings are undertaken each quarter with all managers to update the rolling forecast.</p>	
PS10.0	A clear understanding of liabilities and asset performance			
	10.1 Maintains a thorough, accurate and up to date record of assets and liabilities including all liabilities which have recourse to social housing assets	Y	<p>The Board approved the format of the assets and liabilities register in May 2017 (Board minutes May 2017 item 113.05). The Board receive regular updates via a summary included in the quarterly management accounts (September 2019 Board paper 08.02, appendix 2.1).</p>	

	10.2 Data on the financial and social performance of assets is accurate and used to inform investment decisions	Y	<p>The Board approved the latest Asset Management Strategy (February 2019 Board minutes item 08.09) which sets out the basis for investment in property assets. There are three distinct steps: -</p> <ul style="list-style-type: none"> • Understanding the asset portfolio, • Understanding the performance of assets, and • Prioritising investments in the asset portfolio <p>The Board approves a rolling three-year major works programme of investment to maintain WHQS and the condition of homes.</p>	
	10.3 Ensures data on the condition of their assets is up to date and is able to demonstrate consideration of the short and long-term costs of maintenance, repair and renewal	Y	<p>The Board approved Asset Management Strategy sets out the range of methods in place used to collect asset information and to ensure it is kept-up-to-date. This includes full stock condition surveys, validation surveys, compliance work cycles, annual fire risk assessments and end of tenancy energy efficiency certificates. Biannual rolling asset reviews are coordinated by the Asset Management Group which considers the performance of all homes, in terms of costs and demand.</p>	
	10.4 Ensures that publicly funded homes meet the required standards of design and the Welsh Housing Quality Standard	Y	<p>All new social housing built by the Association, supported with SHG or HFG, is designed to comply with DQR and WHQS requirements and all schemes are approved by Welsh Government prior to commencement. Ongoing compliance with WHQS is reported to the Board annually.</p>	

This Statement of Compliance was approved by the Board of Directors on 26 March 2020, Resolution No. B 10.02.

Chair



Chief Executive



Date:

26 March 2020