





Making a difference

# for the future

**Our growth as a business has always been guided by the fundamental desire to ‘make a difference’. For in excess of 50 years the primary way we have made that difference is by providing high quality, great value homes in the places where people want to live and by working tirelessly to help our residents sustain their tenancies and make the most of their lives.**

We are as strong in our belief of our social purpose as we have ever been. We are a large social enterprise that has become expert in balancing the commerciality we need to be efficient and effective with the respect and compassion we want in how we treat our residents, staff and partners. The last few years have been challenging and the future will be much the same. Our size and financial resilience mean we can meet those challenges head on and support our residents, who are some of the most vulnerable people in our communities, to weather the storms we all face.



“

I love living here...It's been so exciting although I was a bit nervous when meeting the other residents, being the youngest. I needn't have worried - Llys Glan yr Afon is for any adult age - we're all getting on really well together.

”

**Resident, Abby Kinloch**

# Our FOCUS

Our focus remains, as it has for the last few years, on meeting the housing needs of those people least able to afford a decent home. A safe, secure, warm home in good repair is such an essential requirement for every person and our priorities reflect the positive impact we can and continue to make.

Each of our residents has a different story to tell but they all share the same desire to be treated as an individual and for their circumstances to be understood and taken account of. We continue to strive to remove the waste that bureaucracy brings so we listen to their stories, understand their lives and deliver our services in a way that best meets their particular and specific needs. We have proven that taking account of our 20,000 residents' different sets of circumstances is the most cost effective way to run our business, as counter intuitive as that may seem. We are more efficient now than ever, we will be more so in the future taking decisions mindful that we are here for the long term. Tailoring services is good value and with the efficiency savings we invest more in our homes so that they are more affordable for our residents.

Strong, sustainable growth to make a difference are the first words of our vision for the future. We have a strong Board made up of committed and experienced people who all share a passion for what we do. We have an excellent team of staff which, after the merger last year, have come together and made us stronger as an organisation with even greater pride in our Welsh heritage, the Welsh language and the difference we make.

## Our vision is:

*to achieve strong sustainable growth to make a difference to people's lives, homes and communities*



**Anne Hinchey**  
Chief Executive



**Sharon Lee**  
Chair

# Who we are

Wales & West Housing is one of the largest associations in the country. We own almost 12,000 homes in 15 of the 22 counties of Wales providing quality homes to more than 20,000 residents. We are a major developer of new affordable homes and our programme accounted for almost 20% of all the new social housing in Wales last year.

We do so much more than just provide excellent homes. For our residents in extra care we provide catering services – over 1,000 meals a week, we provide care and support to young homeless people, the elderly and ex-offenders and we provide a full telecare/emergency alarm service giving people across Wales peace of mind. All of that is in addition to a full landlord service.

What defines us is our values. We hold them dear to our hearts and they drive our behaviour. In these challenging times they are more important than ever.

## OUR VALUES

### Fair

Balanced, giving praise where due and constructively critical. Inclusive in our approach, respecting the dignity and individuality of everyone.

### Open

Open to change, committed to continuous improvement and learning. Transparent honest and trustworthy.

### Responsible

Professional, challenging existing arrangements, taking ownership of issues and using our initiative to see them through to resolution.

### Supportive

Easy to deal with, approachable and accessible. Welcoming, caring, listening and responsive.

### Efficient

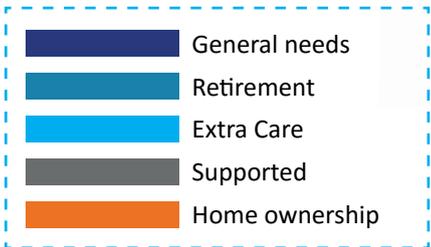
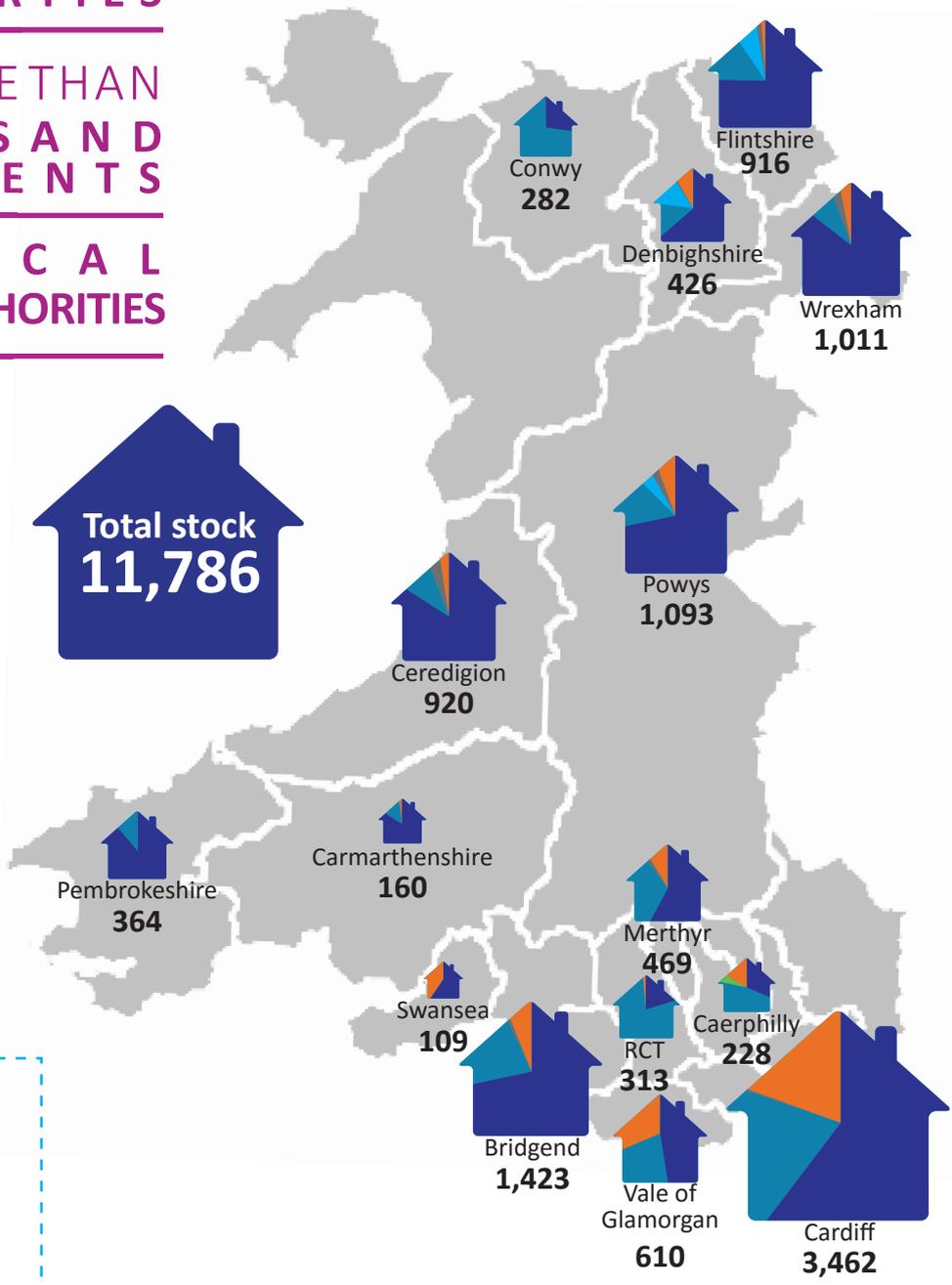
Make the best use of resources and maximise the impact of our activities.



WE HAVE ALMOST  
**12** THOUSAND  
PROPERTIES

HOUSING MORE THAN  
**20** THOUSAND  
RESIDENTS

IN **15** LOCAL  
AUTHORITIES



# Our purpose and what matters

We have a clear sense of purpose. We will grow in order to continue to make a difference to the people of Wales and we will do that sustainably, protecting our assets and the services which support our residents.

We listen to our customers and, from the many and varied demands we receive, we understand what matters to them. With clarity of purpose, from a customer's perspective, our focus is to help our residents sustain their tenancies for as long as they wish. People stay in our housing which is good for them and good for us – settled lives and settled communities.

Every organisation has a set of operating principles, few write them down. We are proud of how we run Wales & West Housing and our principles provide a focus for that. The overarching aim is to 'do the right thing', to truly tailor services for our residents.

## OUR OPERATING PRINCIPLES

We will do the right thing to deliver what matters to customers

### Purpose

We will understand both our purpose and what matters to our customers.

### Performance

We will understand our performance using both evidence and experience.

### Problems

We will solve the problems that get in the way of us doing the right thing.

### People

We will enable and support people to do the right thing.

As a people business our staff are critical to our success. If we are a good employer and our staff are happy we will be a good landlord and our residents will also be happy. Our aim is to continue to develop the right culture and environment in which our staff can excel and be both enabled and empowered to deliver excellent levels of services for our residents.



# Priorities for the future



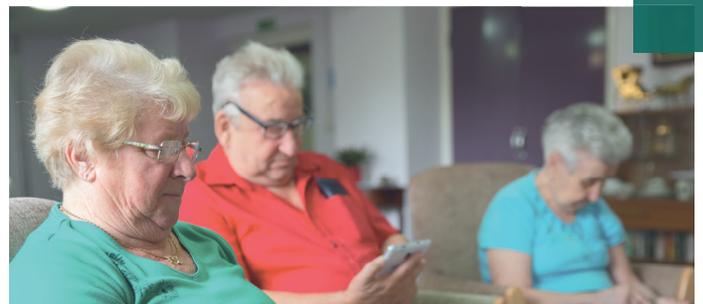
**BUILDING MORE HOMES**



**INVESTING IN OUR  
EXISTING HOMES**



**CARE & SUPPORT FOR  
MORE OF OUR RESIDENTS**



**DIGITAL TRANSFORMATION**



**BEING EVEN MORE  
EFFICIENT AND KEEPING  
SERVICES AFFORDABLE**

# BUILDING MORE HOMES

LAST YEAR WE SPENT

£20,870,670

BUILDING

253 HOMES

(June 2016 - July 2017)

We will build more homes in Wales for people to rent and to buy. The housing crisis in our country has reached a critical point and we are committed to doing all we can to build more homes.

## Affordable

We are firmly committed to making homes as affordable as we can. Wherever possible we will build homes for social rent supported by the Welsh Government or through the cross-subsidy we can achieve through market sales. The social housing grant subsidy can only go so far and we will use our financial capacity to fund homes at an intermediate rent and for low cost home ownership.

The shortage of housing now means that many people are caught in the middle – ineligible for social housing and unable to afford to buy a home. Shared ownership will become a strong feature of our development programme in the coming years as we help people on lower incomes who can afford to buy part of a new home. Over the next five years we aim to build 1,300 homes.

## A strategic approach

We want the development process with Wales & West Housing to be as simple as possible. We will form new partnerships with developers such as the large house builders and contractors of various sizes to make the best use of our combined skills and capacity. We know which standards are important to our residents and will work with our partners to unlock more opportunities through section 106 agreements and partnerships to build many more high quality, efficient and affordable homes.

# INVESTING IN OUR EXISTING HOMES

We provide great homes. They are in excellent condition, warm, secure and we make sure the grounds in which they are situated are attractive and safe for our residents. We don't scrimp on our repairs and maintenance, we make sound judgements on what needs to be done and invest wisely in components that last.

We want every home we own to meet the same high standard and to that end we will invest over £2 million a year, a fifth of our programme, in West Wales. We don't think our residents should live in homes with Welsh Housing Quality Standard acceptable fails and will reduce the percentage of these to single figures within the next few years so that all our housing is among the best quality and warmest in Wales.

Expectations change over time and some properties no longer meet the grade our residents want. We are no stranger to stock rationalisation where it is clear properties should be managed by other landlords, sold, remodelled or even demolished. Asset management and getting best value from our homes is our strength. For a small number of properties, less than 1% of our stock, we will review their long-term future as social housing.

Our site services are some of the most visible and highly scrutinised of all our services. Residents understandably care about the quality of service and its value for money. We will continue the transformation of site services that we started in 2016 so that what we do and how we do it meet residents' expectations and are the most efficient and cost effective we can achieve.



IN THE LAST YEAR:

**WE INSTALLED**  
**NEW KITCHENS** **426**

IMPROVING THE WAY OUR RESIDENTS LIVE

**WE INSTALLED**  
**NEW BOILERS** **431**

IMPROVING THE STANDARD OF OUR  
EXISTING PROPERTIES

(June 2016 - July 2017)



# CARE & SUPPORT FOR MORE OF OUR RESIDENTS

We have helped transform the lives of our residents in our first directly provided supported housing scheme, Kickstart, in Abergele. We are having a similar impact in our services in Aberystwyth and at our third extra care scheme in Newtown, Powys.

Providing the care, support, catering and landlord services in a scheme is the most effective way in terms of both quality and cost. We aim to be the whole provider of these services in all our schemes where this is possible.

## Housing First

Losing your home is devastating and sadly too many people across Wales are made homeless each year. We support the various campaigns that are seeking to end homelessness and are proud of the contribution we make. Rough sleeping is on the increase though and we believe that the Housing First approach to tackling this problem is one we can adopt. We are working with several councils on this and will explore what we can do alone and in partnership to bring forward Housing First projects.

“ This house is marvellous. It has given me back my independence. Before we moved here I felt like a prisoner in my bedroom. We now have everything we need to make our lives easier. The extra wide corridors and doors mean I am able to move about without help. I can go into the kitchen and make myself a cup of tea or go out into the garden. ”

Resident, Mr Parsons

# DIGITAL TRANSFORMATION

**We want to embrace a digital transformation of our business but not at the expense of a traditional person-focused customer service.**

Our residents want highly personalised engagement and meaningful relationships with us either face to face or over the telephone for the majority of their interactions. For other matters, the more simple and straightforward, they want us to do these well and cost effectively. We will make the digital transformation across our services for the basics and give our residents choice for more complex interactions.

A new website and online tools will give residents greater freedom about how they engage with us 24/7. We know residents value our Customer Service Centre and this will remain open every day of the year giving the personal service important to so many people.

Delivering a truly tailored service to our residents requires a bespoke ICT system. We have made excellent progress in developing our own software solutions that give staff the tools they need. The next stages will deliver greater change to how we manage our relationship with customers and improve how we record and manage data.

The physical and intellectual investment is considerable and the journey of transformation, given the rapid advances in technology, will probably never end. We do not believe we should be at the cutting edge. Instead we will adopt new technologies when it is right for residents and staff alike.



## BEING EVEN MORE EFFICIENT AND KEEPING SERVICES AND HOMES AFFORDABLE

As a social business we understand the need for our homes to be affordable. Even without the welfare reform changes of recent years, most of our residents are people on low incomes for whom every penny counts. We want our rents to reflect the 'cost to occupy' and to take account of costs such as heating and grounds maintenance so that we find the right balance between services and affordability.

### Value for Money

It is only right that our residents are able to hold us to account for how we use the rents we collect, which accounts for almost all of our income. We have become more efficient and leaner in recent years, making better use of the resources we have available. We concentrate our spend in Wales and on using small and medium-sized local suppliers and contractors to maximise the value of our activities to the communities in which we operate. Our focus continues to be on financial and operational efficiency through effective asset management, removing waste and bureaucracy and good treasury management. Our resident satisfaction is high and we intend for it to stay this way. We invest the appropriate amounts of money in our properties to ensure that we continue to meet WHQS and to reduce acceptable fails to a negligible level. Being efficient does not mean cuts to services or lower investment than necessary.

The way we do business delivers considerable social value across Wales. Most of our staff are local to the communities in which they work, we concentrate our spend on local contractors and suppliers and we use community benefit clauses to maximise the return on our investment.

# GROWING SUSTAINABLY, FINANCIALLY STRONG

Being a well-run business is really important especially when times get more challenging. We focus on getting the basics right – good quality, safe homes, an excellent maintenance service, personalised and tailored customer service and the ability to contact us whenever. The strongest evidence we have of our efficiency is the improving free cash generation, growing from £4m a year in 2016 to £8m a year by 2022. This allows us to comfortably meet our covenants with our funders and to access new funding. Our free cash generation sustains our business – we only borrow money to build more new homes. We will play our part in solving the housing crisis in Wales and in helping the Welsh Government meet its target of 20,000 new affordable homes in the lifetime of the current Assembly. Our strong free cash flow gives a good credit score, allowing us to borrow at favourable rates. Our operating surplus is well over 30%, our reinvestment in our properties is at appropriate levels and our interest cost is managed by an increasing proportion of long-term fixed rate low cost debt. Our strength allows us to meet the challenges we face. Our plan assumes that the Welsh Government will honour the commitment to a rent rise of CPI +1.5% until March 2019. Thereafter the impact of benefit capping to the Local Housing Allowance will mean reduced rent growth and we will work with Welsh Government to help to develop a new rent policy for Wales that strikes the right balance between affordability for residents and long-term financial viability for housing providers.

## Income and expenditure account

for years ending 31 December	2018	2019	2020	2021	2022	2018 - 2022
	£m	£m	£m	£m	£m	£m
<b>Income</b>	<b>53.0</b>	<b>55.9</b>	<b>59.0</b>	<b>61.7</b>	<b>65.0</b>	<b>294.6</b>
Operating costs	(34.1)	(36.5)	(38.4)	(39.0)	(40.9)	(188.9)
<b>Operating surplus</b>	<b>18.9</b>	<b>19.4</b>	<b>20.6</b>	<b>22.7</b>	<b>24.1</b>	<b>105.7</b>
Major repairs	(2.3)	(2.5)	(2.5)	(3.1)	(2.9)	(13.3)
Interest payable	(8.4)	(8.9)	(10.1)	(11.1)	(11.8)	(50.3)
FRS102 Pension Cost	(3.2)	(0.3)	(0.2)	(0.2)	(0.2)	(4.1)
Net surplus	5.0	7.7	7.8	8.3	9.2	38.0

## Balance sheet

as at 31 December	2018	2019	2020	2021	2022
	£m	£m	£m	£m	£m
Gross Property Cost	708.4	746.4	786.3	820.5	870.6
Depreciation	(116.0)	(122.8)	(130.6)	(138.9)	(148.4)
<b>Net cost of property</b>	<b>592.4</b>	<b>623.6</b>	<b>655.7</b>	<b>681.6</b>	<b>722.2</b>
Housing grant	(284.9)	(297.1)	(305.3)	(316.7)	(346.5)
Borrowings	(242.6)	(256.1)	(273.0)	(280.6)	(283.7)
Other assets	7.7	9.9	10.7	12.1	13.6
<b>Net Assets &amp; Reserves</b>	<b>72.6</b>	<b>80.3</b>	<b>88.1</b>	<b>96.4</b>	<b>105.6</b>
Gearing Ratio - Gross Cost	34%	34%	35%	34%	33%

## Cash Flow

for years ending 31 December	2018	2019	2020	2021	2022	2018-2021
	£m	£m	£m	£m	£m	£m
Net cash flow from operations	25.4	26.9	28.7	30.9	33.2	145.1
Net interest payments	(8.5)	(8.7)	(9.9)	(11.0)	(11.8)	(49.9)
Replacement capital expenditure	(0.7)	(0.7)	(0.7)	(1.1)	(1.1)	(4.3)
Replacement components	(11.0)	(11.0)	(11.7)	(11.3)	(12.3)	(57.3)
<b>Free cash inflow</b>	<b>5.2</b>	<b>6.5</b>	<b>6.4</b>	<b>7.5</b>	<b>8.0</b>	<b>33.6</b>
Development expenditure	(31.1)	(30.6)	(28.7)	(25.3)	(30.3)	(146.0)
Grants	6.7	10.7	4.8	10.1	8.7	41.0
Net cash outflow before financing	(19.2)	(13.4)	(17.5)	(7.7)	(13.6)	(71.4)
Known facility drawdown	(3.1)	15.1	10.3	0.0	0.0	22.3
Additional facility requirement	25.0	1.3	9.6	10.8	17.3	64.0
Loan principal repayments	(2.9)	(2.9)	(2.9)	(3.1)	(3.7)	(15.5)
Net increase / (decrease) in cash	(0.2)	0.1	(0.5)	(0.0)	0.0	(0.6)

## Assumptions

for years ending 31 December	2018	2019	2020	2021	2022
	Plan	Plan	Plan	Plan	Plan
<b>Inflation</b>					
Rent	4.0%	3.0%	3.0%	3.0%	3.0%
Salaries	3.0%	2.5%	2.5%	2.5%	2.5%
Maintenance costs	4.0%	3.5%	3.5%	3.5%	3.5%
CPI	2.5%	2.0%	2.0%	2.0%	2.0%
<b>Funding</b>					
New borrowings rate	3.8%	4.6%	5.1%	5.8%	5.8%
Grant rate	58.0%	58.0%	58.0%	58.0%	58.0%
Housing completions	159	291	250	295	300

### Head Office

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### North Wales Office

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### West Wales Office

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