

Annual Statement of Compliance

Wales & West Housing Association Limited Registration No. 21114R, Registered Office – Archway House, 77 Parc Tŷ Glas, Llanishen, Cardiff CF14 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 as 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 2020 item 14.01) which details how the vision will be delivered.</p>	

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	<p>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.</p>	Y	<p>The overall governance framework is contained within the Association’s Rules (updated October 2019), Standing Orders and Financial Regulations (last updated 2017 but due to be reviewed and updated in 2021). These set out the roles, responsibilities and accountabilities of the Board, Chair and Group 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 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>The Board is supported by the Probity & Audit Committee (P&A). 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. A comprehensive review of the Committee’s Terms of Reference is being undertaken to ensure that they are relevant and fit for purpose in light of recent changes (February 2021 Board, agenda item 12.04).</p> <p>Following the recent governance review, the P&A Chair now provides a brief verbal update to the Board to highlight any key issues or concerns considered by the Committee. The Board also receives a copy of the minutes of the last P&A Committee meeting for information and has access to the P&A agenda and reports through BoardPacks. An annual report, summarising the activities of the P&A Committee is also</p>	

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			<p>produced and presented to the Board (February 2021 Board agenda item 12.03, appendix 1).</p> <p>In line with best practice, a review of the governance arrangements across the WWH Group was undertaken by the Governance Manager (GM) throughout 2019/20, with the final report presented to the WWH Group Board in November 2020 (November 2020 Board, agenda item 12.03, appendix 1).</p> <p>The review sought to evaluate the effectiveness of the governance arrangements and whilst highlighting no issues of material significance, nonetheless made a total of 32 recommendations for improvement. The Board approved the implementation of the 32 recommendations, the proposed timescales and approach which were set out in an action plan presented to the Board alongside the final report at its meeting in November 2020 (agenda item 12.03, appendix 2).</p>	<p>Implement the review recommendations in line with the action plan approved by the Board.</p>
	<p>1.3 Complies with governing documents including adopting, and complying with, an appropriate code of governance.</p>	<p>Y</p>	<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>Compliance with the Code of Governance was reviewed by the GM as part of the governance review. Compliance evidence was gathered and</p>	<p>As above, continue to implement the</p>

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			<p>presented to the Board and the P&A Committee as part of the governance review findings report (October 2020 P&A, agenda item 09.02, appendix 2 and November 2020 Board, agenda item 12.03, appendix 2). The Code includes 74 recommended practices which an organisation may wish to consider implementing to meet the requirements of each principle. Of the 74 recommendations, there was enough evidence to indicate full compliance with 63 of those, with improvement actions identified in relation to the remaining 11. Compliance with the Code however is not contingent upon the demonstration of strict adherence to each and every recommendation and so considering all of the evidence together the GM determined that there was sufficient evidence to conclude that WWH is fully compliant with the CHC Code of Governance.</p> <p>In addition, the Code of Governance forms the basis of the annual team effectiveness appraisals for the WWH Group Board and Cambria Maintenance Services Board, as well as the P&A Committee team appraisal.</p>	<p>review recommendations as per the agreed action plan to work towards compliance with all 74 recommended practices as set out in the Code.</p>
	1.4 Adheres to all relevant law.	Y	Systems, processes and workflows across the organisation are designed to ensure that WWH complies with the law. Key activities subject to legal / regulatory matters are covered by documented policies, procedures and guidance notes which are reviewed on a regular basis.	

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			<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> <p>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>	
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	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 the Resident Participation Strategy Officer.	

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			<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. This approach continued through 2020 despite new and emerging challenges as a result of the pandemic. Welfare calls were made to circa. 3,000 residents to better understand their issues or concerns and ensure that they had the relevant support in place and to offer help with shopping or rent payments as required.</p> <p>Performance measures are developed to understand how well the Association meets residents' priorities and the results are presented to Board quarterly and shown as a trend over time accompanied by a narrative (self-evaluation) of how further improvements will be achieved. The quarterly performance in respect of services delivery and actions to improve are shared with residents via the In-Touch magazine as a series of info-graphics.</p>	

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PS2.0	Effective and appropriate tenant involvement and high quality and improving services			
	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 undertaken and enshrined in a series of assurance frameworks detailing the controls and 'three lines of defence' that are 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 of aspects of property compliance are undertaken regularly.</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; and 	<p>Review and update the Standing Orders, Financial Regulations and delegations of authority as per</p>

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			<ul style="list-style-type: none"> 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> <p>Following a review of risk and assurance in 2020 (July 2020 Board away day and September 2020 Board training), the Board has oversight of risk through the reformatted assurance and performance update report which is provided to the Board on a quarterly basis (September 2020 Board, agenda item 12.01, November 2020 Board, agenda item 12.01, February Board 2021, agenda item 12.01). For some risks, as determined by Board and/or the Executive, further assurance is provided through additional reporting (e.g. cash flow and covenants).</p>	the governance review recommendations.
PS3.0	Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements			
	3.2 Assessment of capacity to take on new business and development opportunities is robust.	Y	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	

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			<p>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 2020 Board minutes, item 05).</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			
	3.3 Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies.	Y	<p>The annual 5 and 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 were closely aligned to the financial items in the Association’s risk register, including income (rent regulation, Universal Credit), costs (pension deficit risk and the risk of increasing maintenance and other operating costs), the possible economic scenarios as a result of the Covid 19 pandemic and borrowings (covenant breach, insufficient security and interest rate risk) (see Board minutes May 2020 item 12.02).</p>	

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	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. raising finance by entering into a private placement, see Board minutes October 2020 and decisions regarding stock rationalisation, see minute 12.02 of September 2020 Board meeting).</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 December 2020, item 07.02). The Board approves new borrowings individually following consideration of any obligations and impact on covenants (Board minutes December 2020, item 07.02).</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	The Board has adopted a process of continuous self-evaluation based on WWH's operating principles. Staff and managers use the operating principles of 'Know, Understand, Improve' on a continuous basis to identify areas for improvement in each of the main systems and in support services along with more substantive cross-organisational issues. Improvements are captured and reviewed by Executive Directors and the Senior Management Team (SMT) and, depending on their scale, are reported to Board each quarter and form the Association's self-	

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			<p>evaluation and/or corporate plan. In addition, a narrative of the main improvement work undertaken as part of the self-evaluation is included with service performance info-graphics the residents' magazine, In Touch.</p> <p>The annual statement of compliance is prepared by the Governance Manager and is subject to audit by the Internal Audit Manager before being presenting to Board for review and approval.</p>	
PS5.0	A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues			
	5.1 Demonstrates how the Board assures itself of current performance, including tenant satisfaction, and drives continuous improvement.	Y	<p>The Data Team collates a range of Operational Measures, including some resident satisfaction measures, which are reported to the Board via the quarterly Assurance and Performance update report. 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.</p> <p>To ensure the Board is informed on progress in relation to the corporate projects, the Board has always received updates via a quarterly report. The format of this report and the range of measures is reviewed regularly to ensure that it continues to meet the needs of the Board. The format of the report was most recently reviewed and adapted following wider conversations with the Board about the Board Assurance Framework. The report was presented to the Board in its new format at the September 2020 Board meeting (agenda item 12.01). The Board now receives an update report on progress made against the corporate</p>	

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			<p>plan on a quarterly basis with more detailed information provided through a series of appendices provided to the Board through BoardPacks.</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 ethical employment • Equality and Diversity • Human resources • Health & Safety • Development of new homes • Making a difference (Community benefits) • Major Maintenance works <p>The last set of outturn reports were presented to the Board at its meeting in March 2020 and will again in March 2021.</p> <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 last resident satisfaction survey were reported to the Board in March 2020 (agenda item 10.11).</p>	

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PS5.0	A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues			
	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 approximately 90% of its homes via common housing registers and works closely with local authorities, who manage 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 (see March 2020 Board report 12.01).</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	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 to 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, appointments kept, let right first time etc.).	

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			The quarterly assurance and performance update report includes a narrative section on financial management and value for money with detailed information provided to the Board in a number of supporting appendices made available to the Board through BoardPacks (see September 2020 Board meeting, agenda item 12.01). 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.	
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	The Association maintains a good working relationship with the Regulator founded on open, honest and transparent communication and as such any concerns or instances of non-compliance are always reported to the Regulator at the earliest opportunity.	
	7.2 Adheres to all regulatory requirements.	Y	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.	

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			An annual report outlining the scope of the regulatory requirements across the Group and details of how these are met is presented to the P&A Committee at its first meeting of the year. The latest report was presented to the Committee in January 2021 and confirmed that, despite the pressures as a result of the pandemic, all regulatory requirements for 2020 were met without exception (P&A Committee January 2021, agenda item 07.05).	
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	The Board receives and discusses a range of financial information presented as part of the quarterly performance report. The report includes: - <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	The Board receives a 'Corporate Plan update' and an 'Assurance and Performance Update' on a quarterly basis. Between them, the reports provide the Board with progress updates in relation to corporate projects and improvement projects, as well as an update on self-evaluation, the current financial position, the risk register and updates in relation to the subsidiary companies. The reports detail all areas of the Group's performance and how any issues will be addressed (see agenda items 12.01 and 12.02, February 2021 Board meeting).	

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	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 2021-2025 business plan reflects the priorities which have emerged over the course of the year, in particular as a result of the emergence of the pandemic and the influence this has had on services and future plans.</p> <p>Overall, the plan shows the Association to be in a strong position to deliver on an ambitious programme for the future (September 2020 Board report 14.01).</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	The Board reviews and approves the financial assumptions supporting the 5 and 30-year forecasts and development feasibility appraisal models each year. (July 2020 Board minutes, item 11.02 and 11.03).	

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			Meetings are undertaken each quarter with all managers to update the rolling forecast.	
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	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 2020 Board report 12.01, appendix 1).	
	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 (December 2020, Board report 09.02).</p>	

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PS10.0	A clear understanding of liabilities and asset performance			
	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	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.	
	10.4 Ensures that publicly funded homes meet the required standards of design and the Welsh Housing Quality Standard.	Y	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 (July 2020, Board report 11.04).	

This Statement of Compliance was approved by the Board of Directors on 25 March 2021, Resolution No. B 08.01.

Chair



Chief Executive



Date:

25 March 2021