

# Business Plan

2022 – 2026



# The Wales & West Housing



*The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy. The true neighbour will risk his position, his prestige, and even his life for the welfare of others*



*Dr Martin Luther King JR*

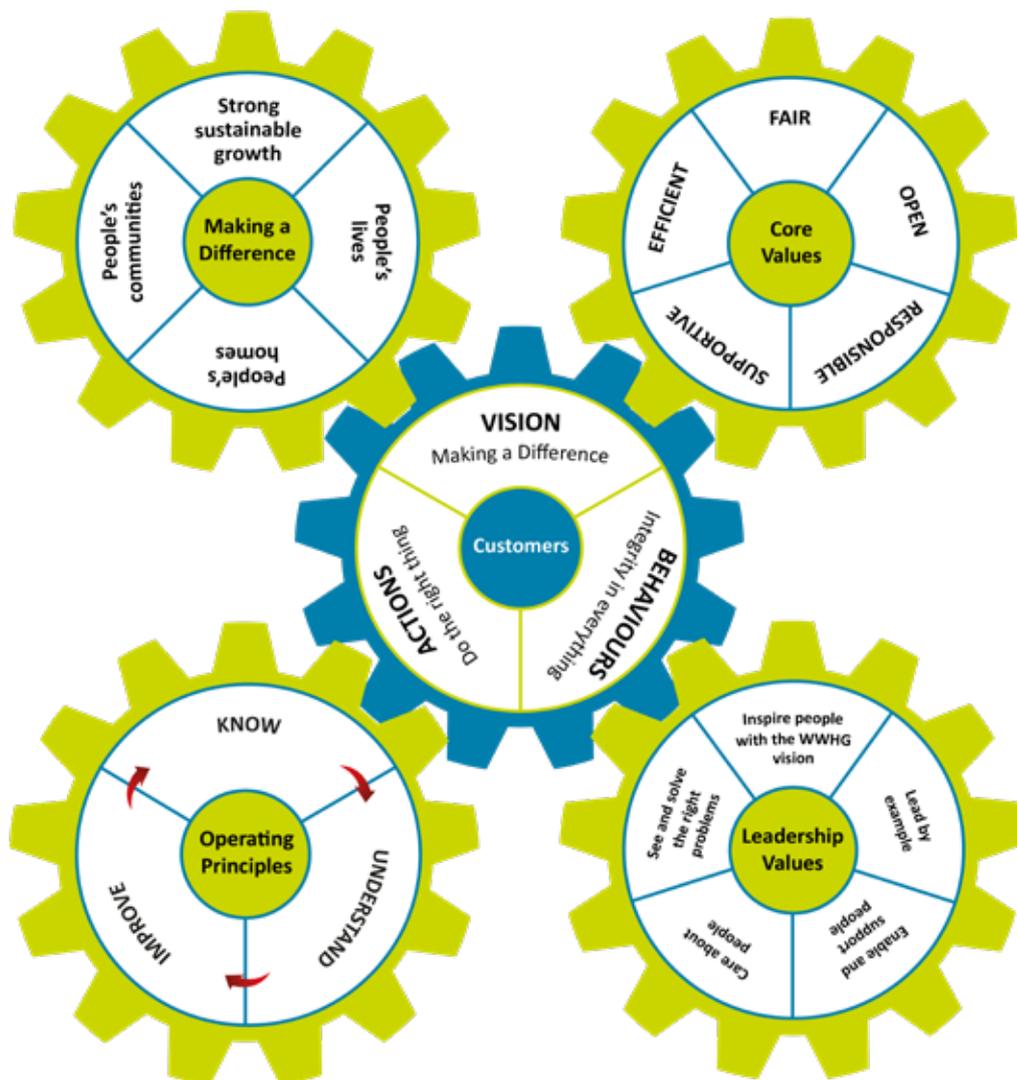
# Group way

Our staff have met Dr King’s measure on so many occasions in the last 12 months. There have been many challenges, some not without risk, which staff have faced head on to keep people safe, warm and secure in their homes. The welfare of everyone has been the priority.

The culture of any organisation is a reflection of its leadership, how it operates and ultimately its people. Our values are more than just words and anyone that spends time with the Wales & West Housing Group cannot escape from the strength

of feeling, shared across the whole organisation, about doing the right thing.

Our social purpose is more clear than ever as is our deep rooted belief in what we do and the difference we make. The Wales & West Housing Group way enshrines all that we are and how we operate – values led, customer centric, focused on doing what matters, determined to use the resources available efficiently and to best effect. It has served us extremely well through one of the most challenging periods in any of our lives.



# Next steps

It has been easy in the last 12 months to know what is important; keeping our staff safe, keeping our residents safe and their homes in good order, and making sure the business was still in good shape for when the worst was over. Wales has recently moved into 'alert level 0' bringing with it a final easing of almost all restrictions and the positive signs that we are moving into a new relationship with Covid 19.

Wales has to look forward and the programme for government published after the May Senedd elections sets a clear agenda, with housing a priority. We too are looking forward and despite the challenges of the pandemic have emerged stronger and more committed to helping people get a quality home in which they can afford to live and hopefully prosper. Our residents and customers had to carry on with their lives and needed us to maintain as much 'business as usual' as we could – which we did. We kept delivering essential safety and compliance work to our homes, increased welfare support, sustained care and support, helped residents in financial difficulty, reduced the level of arrears and have no backlog of repairs.

We enter the next five year period stronger than we were. We have a new faith in what we can achieve even in the most difficult times and this gives us confidence in setting our business and corporate plan for the future. Our staff have embraced the new ways of working, mixing time at home or in the office with time in customers' homes, on site or in schemes, making the most of new technology and software, changing how and when they work as required. The flexibility they have shown is a key part of our achievements in the last 12 months and will define how we run the business going forward. Investment in technology will continue so that we have exactly what our staff need to provide services alongside investment in the office environment so it matches the varied nature of work in the 'new normal'.



Covid hasn't been the only story to dominate the headlines and alongside the fabulous five Welsh medal winners at the Tokyo Olympics has been the stories of devastating fires and floods across the globe. It is paramount everyone does all they can to limit climate change and we have multiple projects underway to help us design the most effective strategy to decarbonise our housing stock. We are part of the Optimised Retrofit Programme collaborating with 26 social housing providers across Wales and are working closely with the Welsh School of Architecture on a range of initiatives and property types. The scale of the task is enormous and the scale of change for our residents no less daunting. We will need to be creative and will look to the sector and Welsh Government to be more open to risk so



# Tai Wales & Wes Housing



**Anne Hinchey**, Group Chief Executive  
and **Alex Ashton**, Chair of the Board

that the works are affordable and we are to avoid increasing fuel poverty instead of reducing it.

The Welsh Government's commitment to decarbonisation and 20,000 zero carbon new homes is welcomed. If these ambitions are to be realised they need to be matched by a radical shift in policy and practice so that all stakeholders such as the main housebuilders in Wales, Dŵr Cymru, Natural Resources Wales, as well as the social housing sector are all working towards a common goal.

Over the last decade we have progressively shifted our focus towards sustaining tenancies and are proud of what we have achieved. We are concerned at the growing number of people

who need help to cope with day to day living. Accessing support services such as mental health is more difficult not less, paying utility bills and affording food is harder and will be even more so with the reduction in Universal Credit. We hope that the necessary investment is made to provide the vital support that people need and deserve.

Our sector is a fantastic one in which to work - where people can see the difference they make every day. Our 'grow our own' initiative means we are welcoming more and more apprentices and trainees across the Group each month. After the darker days and weeks of recent times, it is good to see new careers starting and to meet people who are equally as passionate about the work we do.



*Castell Ventures Support Workers  
Sarah Harrison & Aimee Houston  
with homemade ear protectors*

# Our priorities

Our priorities for the coming five years remain as they did last year and sustain our focus on resilience, being effective and efficient in the delivery of our core services. Continuous improvement is part of our culture with staff empowered to tailor services to the needs of customers. The business plan focuses on the more substantive structural changes required such as that required to the stock we own, the new homes we build, the software we use and where we add services to support people in need of care or those that are homeless.

We have moved forward significantly with some priorities, such as More Homes, and less so with others due to the circumstances of the last year or so. Our plans are our response to the demands we receive from our customers, some of which have remained broadly similar while others have changed. The actions we will take in 2022 and over the next five years reflect these changes.



Build **MORE** homes



**INVEST** in the right homes



**CARE** for and improve **WELLBEING**



Tackle **HOMELESSNESS**



**AGILE** and **FLEXIBLE**



**EFFICIENT, AFFORDABLE** and  
**ACCESSIBLE** services



Embedding the **WALES & WEST**  
**HOUSING GROUP WAY**

# Build **MORE** homes

Our ambition to build more homes has not waned. Despite the past 18 months of restrictions we have kept on building. Even at the height of the national lockdown, sites were made safe and new working protocols were introduced to get them back up and running as quickly as possible. Our 10-year long term contracts mean we can work closely with our partner contractors to help them weather the current spike in costs and labour issues.

We want to deliver the types of homes people want to live in, in the areas they want to live, in a sustainable way, delivering safe, efficient homes to provide our residents with the best living environment. In many developments we are working towards carbon neutral in materials and construction, resulting in near zero energy consumption in occupation.

Building more homes for social rent is our purpose and we look forward to continued support from Welsh Government to deliver more homes. We will look to further our discounted home ownership initiative to assist those on lower incomes unable to afford market prices or access social rent, creating home ownership options which really help mobility.

We expect to deliver 430 homes this year, expect around 400 next year and 2,500 over the life of the plan. We expect to build 360 grant funded social homes a year and a further 140 homes in mixed tenure developments, with a combination of market sale, Low Cost Home Ownership and self-funded social rented homes.



“ We expect to deliver  
**430**  
homes this year, expect around  
**400**  
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over the life of the plan ”



*Rhiw Cefn Gwlad, Bryn Bragl, Bridgend*

# INVEST in the right homes

It is easy to say in the midst of a housing crisis that any place is okay, but it is not that straightforward. Now, perhaps more than ever before, people want a home that they can call their own, one that is safe, secure, warm and increasingly one from which they can work and support their family.

We maintain our housing stock to a high standard. We invest more than most social landlords using around 40 pence in every pound of rent to keep homes in good condition. It's the key litmus test of our performance and the area about which we have most conversations with our customers. Their expectations are high, their rent is most often a large proportion of their income and therefore they want value for money.

We have completed the most significant review of our housing portfolio and have a clear strategy to

rebalance our stock removing the outliers, mainly homes we did not build but acquired years ago, and purchasing homes we sold under the right to buy. By owning whole terraces, or both semis, we can upgrade, insulate, decarbonise more efficiently and add more homes for social rent at a time of greatest need. We will work with our fellow housing associations to see what stock we can swap, buy or sell to make the job of property improvement and decarbonisation easier for all.

Retrofitting homes is an enormous challenge every home owner faces, and we are learning the best ways to achieve this. We will explore how we can help Cambria, our maintenance company, and other small and medium contractors in Wales gear up for the new types of work we will all need.





*Lavender Court, Cardiff*

**Audrey Thomas with Ezma Zhao,  
Wellbeing Officer at Llys Glan  
yr Afon Extra Care scheme in  
Newtown, Powys**





# CARE for and improve WELLBEING

The pandemic has put everyone's wellbeing to the test and made us all more aware of our mental health and the need for connection with each other. We are acutely aware of the sense of loneliness and isolation some of our residents feel. Our teams made welfare calls throughout the pandemic to our elderly and vulnerable residents to make sure they had a support network, and often they just wanted a friendly chat. We now want to understand that picture better so we can identify what we can do, as a landlord, to help. We want people to have strong and meaningful connections within their communities.

It is not only within our communities that we are working to improve wellbeing. Over 40 WWHG staff have been trained in the past year

to become wellbeing champions, offering a safe space and listening ear, without any judgement, for their colleagues to be heard and we will continue with this work.

The past year has brought huge growth to Castell Ventures, our CIW registered Group company. From new younger persons supported provisions to new Extra Care schemes, Castell Ventures is focused on delivering quality care by understanding what matters to its customers and designing support accordingly. All the support delivered is created flexibly, so it can continually change, making sure the person is at the centre and in control of how they live their life. Over the course of this plan, we will grow this service from North and Mid Wales into South Wales.



*Plas yr Ywen Extra Care, Holywell, Flintshire*



# ➤ Tackle HOMELESSNESS

As we build more homes, we work with local authority partners to identify the right homes for local need. We are building more 1 bed homes, and more younger persons supported accommodation than ever before, and will continue to do so to play our part in providing the right homes to tackle the housing crisis. We continue our support for Housing First schemes.

Our Housing teams take time to understand each applicant ensuring they are right for each home, and that the right support structure and payment plan is in place to help sustain the tenancy. By

investing this time and understanding the big picture we can continue to work hard to keep our eviction rates low.

We stand shoulder to shoulder with Welsh Government and our local authority partners in wanting to end homelessness forever. Through collaboration, between Welsh Government, local authority partners, Shelter Cymru and support agencies across the sector we can tackle this issue. We believe that it is everyone's right to have a safe and warm place to live.

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*We believe that it is everyone's right to have a safe and warm place to live.*

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# ▶ AGILE and FLEXIBLE



A new normal, which not that long ago would have seemed so far from our traditional ways of working has become just that...normal. As we find our feet in the new world, we will look at flexible, hybrid approaches to working so we are where the work requires us to be in order to do the right thing.

We have delivered a great service despite the challenges, and supported our staff and residents throughout. Our teams have been empowered to work more flexibly, and they have delivered.

We brought together over 700 members of staff across the Group for the first time to celebrate

our achievements and harness what is possible in a virtual arena. The WWHG Festival showed how we have adapted, and it brought a strong sense of togetherness in a remote world.

We have only scratched the surface of what can be achieved through some of the new systems and software we use, and by delving further we will be able to explore what will bring most impact for our customers.

As the world opens back up, we envisage a truly agile and flexible workforce of the future, empowered and equipped to be in the right place to do the best job for our residents and customers.

# EFFICIENT, AFFORDABLE and ACCESSIBLE services

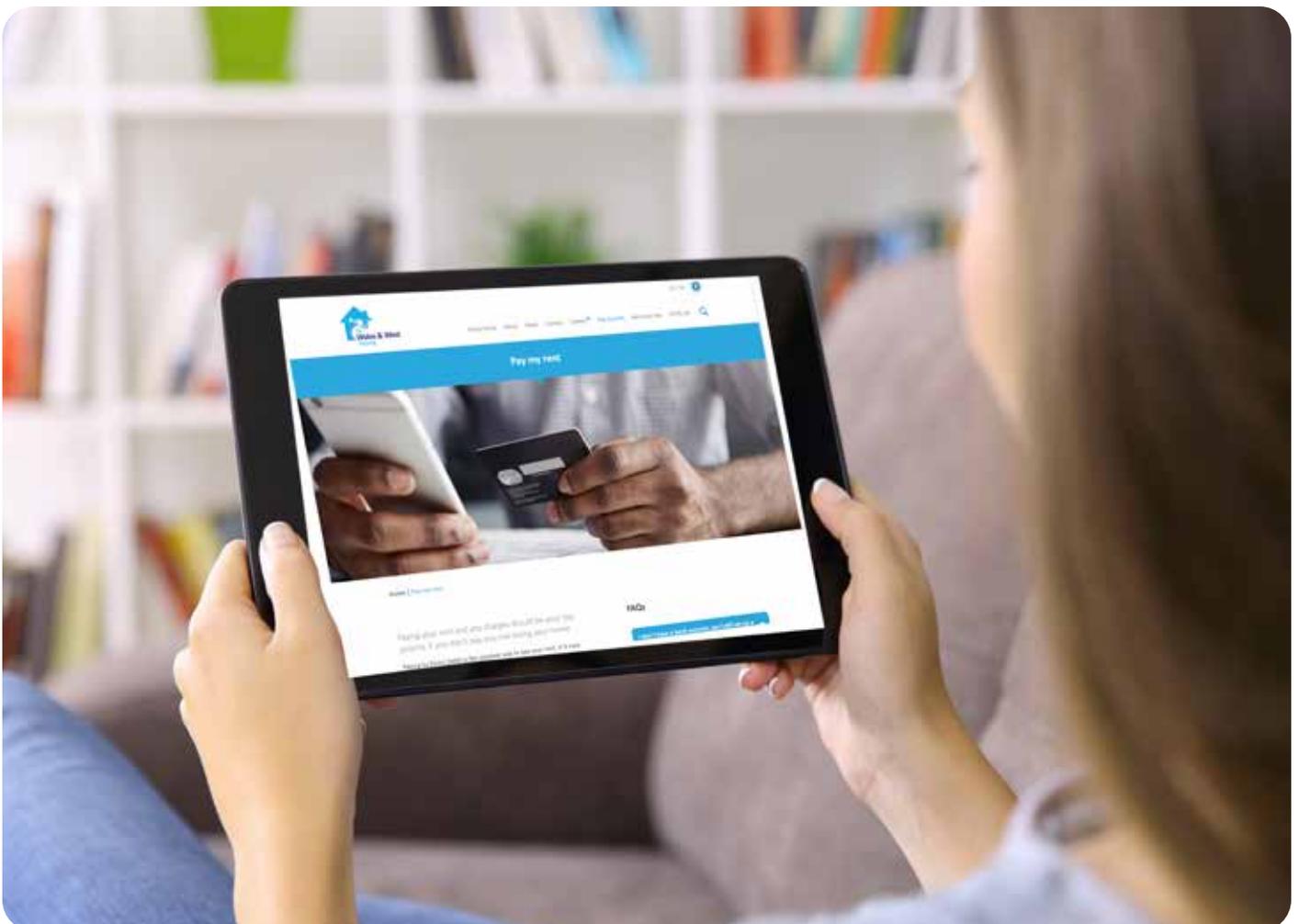
We are committed to providing homes and services which represent value for money for our residents. Our Resident Satisfaction Survey in 2020 showed that 88% of residents agreed that our rent represents value for money. But we look to go further than this. As we build new homes and maintain our existing stock, we are putting in more systems to tackle fuel poverty and try and help residents make savings.

Our new housing system and the way we work allows our staff to get to residents quickly and to support them to pay their rent.

As part of our ongoing digital transformation, Group companies Castell Ventures and Cambria

Maintenance Services have launched new bilingual websites. Consulting with our residents and customers we are gathering a picture of what our digital offer should look like to deliver the most benefit and impact to them. Over the life of this plan this landscape will be formed.

Where we can, we want to spend our money in Wales. We operate a 'buy right' set of principles and make good procurement decisions, with high expectations that our partners and contractors do the same, supporting our communities in the process.





# Embedding the **WALES & WEST**

We are proud to be a values driven three-star Sunday Times Best Company and IIP Platinum rated organisation. Our distinct and deliberate culture, the Wales & West Housing Group way guides all we do. Our aim, and what perhaps makes us different, is we want to tailor and change our service to meet what matters for our customers – we want it designed, as much as

we can, just for them. Our staff are in charge of changing the service to meet what matters, and we trust our staff to do the right thing and make good decisions.

We are a growing organisation and it is difficult to predict what the future will look like. Our culture, the WWH Group way, is a fundamental reason

*Elliott and Isaac,  
Data Team trainees*

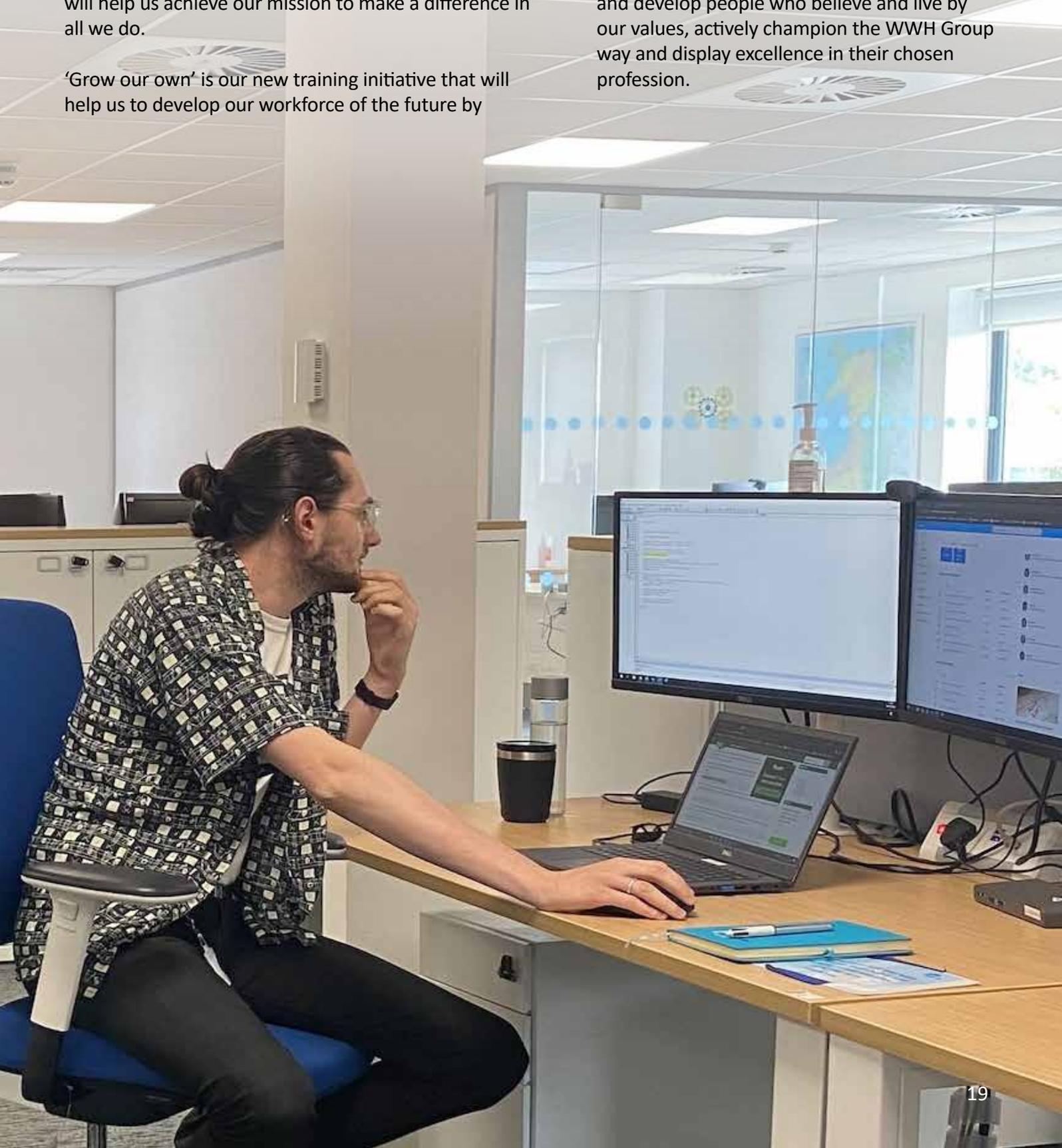


# ST HOUSING GROUP WAY

our people stay with us so we want to do all we can to protect it. To protect our culture, we need to recruit people that believe in our vision, live our values, and will help us achieve our mission to make a difference in all we do.

'Grow our own' is our new training initiative that will help us to develop our workforce of the future by

providing a holistic training experience, giving a grounding in the role, the organisation, and the sector, in our unique way. We want to grow and develop people who believe and live by our values, actively champion the WWH Group way and display excellence in their chosen profession.



# The financial strength to make a difference

Our financial strength is a key component of our ability to achieve our business plan aspirations. Our resilience has been tested this year by both Brexit and the Covid-19 pandemic and we are really pleased that our financial model has coped well with the stress placed on it. Our foundations are strong and our future plans continue to focus on generating free cash. The pandemic has limited our ability to carry out the normal extent of our investment into our homes but our five year plan incorporates all of the expenditure necessary to put us back on track. This investment is important to make sure that we secure our business not just for the Wales of today but also the Wales of tomorrow.

We run a business that concentrates on achieving value for money and this helps us to generate significant free cash. We see value for money as

being genuinely about value, rather than lowest cost. This means that we provide an efficient service that both satisfies residents and creates social value.

The strong free cash generation allows us to borrow for the future. We only borrow to build more new homes and we have strong, but sustainable, ambitions to build more low carbon, energy efficient homes over the next five years. We welcome the commitment of the Welsh Government to social housing and will work hard to help achieve their target of 20,000 affordable homes over the next 5 years, the vast majority of which will be social rented homes.

We have lived through an extraordinary period, and the future is still uncertain, but our plan is robust and can withstand the challenges that may lie ahead.

## Income and expenditure account

for years ending 31 December	2022	2023	2024	2025	2026
	£'m	£'m	£'m	£'m	£'m
<b>Income</b>	<b>70.2</b>	<b>74.3</b>	<b>79.0</b>	<b>83.3</b>	<b>87.4</b>
Service costs	(4.7)	(4.9)	(5.1)	(5.3)	(5.5)
Property costs	(11.7)	(13.0)	(13.7)	(14.4)	(15.1)
Overhead costs	(19.8)	(20.4)	(21.0)	(21.6)	(22.4)
<b>Operating surplus</b>	<b>34.0</b>	<b>36.0</b>	<b>39.2</b>	<b>42.0</b>	<b>44.4</b>
Depreciation and non cash items	(11.7)	(12.5)	(13.3)	(14.1)	(14.8)
Major repairs	(3.9)	(3.2)	(3.7)	(3.8)	(3.9)
Interest payable - net	(10.5)	(10.7)	(10.8)	(11.3)	(11.3)
Development interest capitalised	1.3	1.3	1.2	1.2	0.8
<b>Net surplus</b>	<b>9.2</b>	<b>10.9</b>	<b>12.6</b>	<b>14.0</b>	<b>15.2</b>

# Balance sheet

as at 31 December

	2022	2023	2024	2025	2026
	£'m	£'m	£'m	£'m	£'m
Gross property cost	930.9	998.1	1,066.1	1,131.6	1,182.6
Depreciation	(157.9)	(172.6)	(188.4)	(205.3)	(223.4)
<b>Net cost of property</b>	<b>773.0</b>	<b>825.5</b>	<b>877.7</b>	<b>926.3</b>	<b>959.2</b>
Other fixed assets	28.0	28.0	28.0	28.5	29.0
Current assets	82.7	56.7	37.0	35.7	34.9
Housing grant	(424.4)	(447.8)	(470.9)	(493.8)	(516.5)
Borrowings	(325.1)	(325.0)	(324.8)	(338.4)	(336.0)
Other creditors and provisions	(38.3)	(30.6)	(27.6)	(24.9)	(22.0)
<b>Capital &amp; Reserves</b>	<b>95.9</b>	<b>106.8</b>	<b>119.4</b>	<b>133.4</b>	<b>148.6</b>
Gearing Ratio - Gross Cost	38%	35%	33%	32%	30%



*Ezma Zhao,  
Wellbeing Officer,  
delivering cakes to  
residents' doors  
during lockdown*

# Cash Flow

for years ending 31 December	2022	2023	2024	2025	2026
	£'m	£'m	£'m	£'m	£'m
Cash operating surplus (before major repairs)	34.0	36.0	39.2	42.0	44.4
Major repairs	(3.9)	(3.2)	(3.7)	(3.8)	(3.9)
Replacement components	(8.3)	(9.9)	(10.3)	(11.0)	(10.8)
Replacement capital expenditure	(2.0)	(1.8)	(1.8)	(2.2)	(2.1)
Net interest payments	(10.7)	(10.9)	(11.0)	(11.5)	(11.6)
Pension deficit contributions	(2.2)	(2.4)	(2.5)	(2.5)	(2.5)
<b>Free cash inflow</b>	<b>6.9</b>	<b>7.9</b>	<b>9.9</b>	<b>11.0</b>	<b>13.5</b>
Development expenditure	(59.8)	(53.7)	(54.1)	(50.8)	(37.0)
Grants	18.4	20.8	25.4	25.8	25.9
<b>Net cash outflow before financing</b>	<b>(34.5)</b>	<b>(25.1)</b>	<b>(18.8)</b>	<b>(14.0)</b>	<b>2.4</b>
Revolving facility drawn / (repaid)	(0.1)	(0.1)	(0.2)	(4.4)	(1.6)
Additional facility requirement	18.8	-	-	10.0	-
Loan principal repayments	(0.1)	(0.1)	(0.2)	(0.8)	(0.8)
<b>Net increase / (decrease) in cash</b>	<b>(15.9)</b>	<b>(25.3)</b>	<b>(18.8)</b>	<b>(0.4)</b>	<b>(0.0)</b>

# Assumptions

for years ending 31 December	2022	2023	2024	2025	2026
	Plan	Plan	Plan	Plan	Plan
<b>Inflation</b>					
Rent	3.0%	3.0%	3.0%	3.0%	2.0%
Salaries	2.0%	2.0%	2.0%	2.0%	2.0%
Maintenance costs	2.0%	2.0%	2.0%	2.0%	2.0%
CPI	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Funding</b>					
New borrowings rate	3.4%	4.4%	4.9%	4.9%	4.9%
Grant rate	50%	50%	50%	50%	50%
Social Housing completions	360	360	360	360	360

# Where we operate

We have over

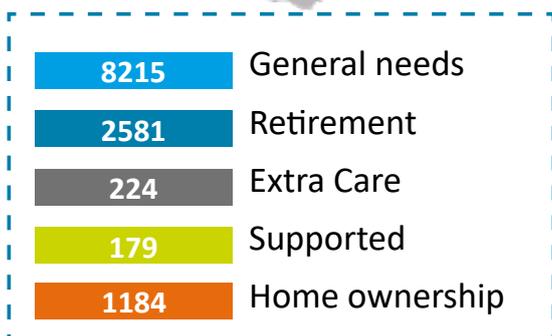
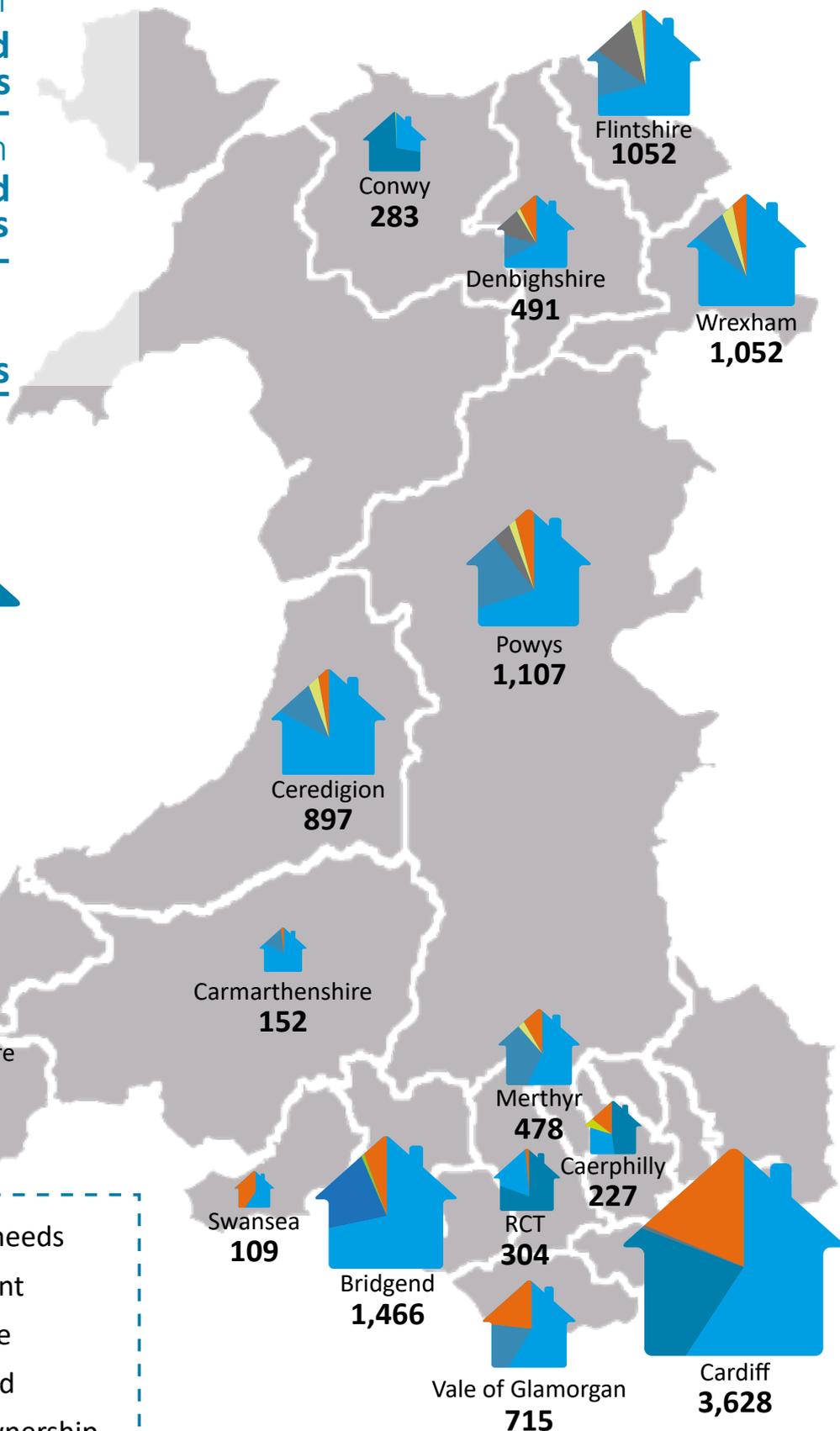
**12** thousand properties

housing more than

**22** thousand residents

in **15**

Local Authorities



As at 31 August 2021

**Head  
Office**

Archway House  
77 Parc Tŷ Glas  
Llanishen  
Cardiff  
CF14 5DU

**North Wales  
Office**

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Deeside  
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**West Wales  
Office**

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