

PARC BRYNACH



# Business Plan

2023 – 2027

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Hanover Court retirement scheme,  
Rhos-on-Sea, Conwy

# Making a difference

## to people's **lives, homes** and **communities**

Our vision for many years has been to make a difference to people's lives, homes and communities and, over the years, we have made a difference in so many ways. As we look forward to the next five years, we are very clear on what we mean by making a difference and how we will go about doing so. We believe that there are three main challenges that society faces and where we can make a difference.


The first is **making a difference by helping to solve the housing crisis in Wales**. The demand for a decent, warm, safe and secure home has rarely been as strong in more than a century. The economic turmoil of the last few years has made getting a home even more difficult with private rents spiralling for the small number of properties available and interest rates on the increase. We provide quality, affordable housing

and we will play our part in solving the crisis which many thousands of people face. We will do this by continuing to build hundreds of new homes each year. We will do this by looking after the housing we have to a high standard to ensure our residents can stay for as long as they wish. We will do this by working with our residents to make sure that they can pay their rent and sustain their tenancies, reducing evictions for rent arrears to as close to zero as we can. Finally, we will do this by letting our properties to those most in need, working with our local authority partners to house people who are homeless, in temporary accommodation or who have arrived in Wales as refugees.

The second is **making a difference by keeping residents safe in their homes**. The need for safe homes has come into even sharper focus in



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



the last few years as a result of tragic events in Rochdale and at Grenfell. The standards to which we are held to account are rightly rising and we continue to invest in our homes to make sure that they are safe both for now and for the long term. We will strive to improve our knowledge about the properties we own and how we manage that information, so we are best placed to decide the most appropriate course of action to keep that property safe.

The third is **making a difference by providing homes that are affordable**. The cost of living crisis means that costs are rising faster than wages and those people at the lower end of the income scale are most affected as the essential necessities to live have been some of the highest rising prices. We can't make food cheaper. but we can make the 'cost of occupation' of our homes

more affordable. Our plans will make homes more energy efficient and will limit future rent and service charges increases as much as possible. We support a national rent policy for Wales, based on the living rent model we adopted some years ago, updated to reflect the circumstances our residents now find themselves in.

To make this difference we will remain firmly focused on our core business activities. We will run an efficient business by sticking to the knitting which has been, and continues to be, our mantra. As a social business we are a force for good and we will use our capacity and resources - financial, intellectual and physical – to **make a difference** across Wales.



# Now, next and later

Our concentration on sticking to the knitting and focussing on the efficient and effective delivery of core services has helped shape our corporate executive and leadership structure, which has undergone some changes.

Resources have been strengthened to ensure the **seven areas that make up the Wales & West Housing Group** are best placed to continually improve, identify and respond to emerging challenges and, at the same time, adapt to the changing demands from an increasingly diverse customer base.

We have been sticking to the knitting and understanding what is needed to be done 'now',

what is 'next' on the list and what can wait until 'later'. Many of the changes and improvements we want will run over several years, so effective planning, staying focused and learning from what works will ensure we are using our resources to best effect.

Our ambition is considerable and is reflected in the aims and objectives described in the following seven sections. We are a large and capable organisation and we will use our resources to make the lives, homes and communities in which we operate better.



# Making a difference to people's lives, homes and communities

**Making a difference**  
by helping to solve  
the housing crisis  
in Wales

**Making a difference**  
by keeping  
residents safe in  
their homes

**Making a difference**  
by providing  
homes that are  
affordable

**Running an efficient business**  
(sticking to the knitting)

**01**

**OPERATIONS**

Housing, estates  
and site services



**02**

**ASSETS**

Major works,  
compliance and  
Cambria Maintenance  
Services



**03**

**FINANCE**



**04**

**DEVELOPMENT**



**05**

**TECHNOLOGY  
AND DATA**



**06**

**ORGANISATIONAL  
DEVELOPMENT**



**07**

**CORPORATE  
SERVICES**



# Operations

## Housing, estates and site services

A new Executive portfolio of Operations has been created, bringing together front-line resident facing services. Our housing services such as rents, lettings and helping to resolve nuisance have been joined with our site-based property and maintenance staff who ensure residents homes are safe and well maintained, as well as ensuring site services are of high quality and good value.

The aim of this change is to better understand the lived experience of residents, ensure they are involved in the design of the services they receive and that they represent value for money. We will continue to build close relationships with residents, supporting them when they need help, so that they are able to sustain their tenancies for as long as they wish.

We launched our updated resident involvement strategy at the beginning of the year and will work through the action plan so that all areas of the business are working in the way we want.







Tailoring the delivery of services to meet what matters to our customers is important to us and, over the coming months, we will spend more time listening and learning. The information we gather will underpin our review of how we deal with anti-social behaviour and nuisance, how we manage complaints and plan for, and deliver, site services.

We implemented the Renting Homes Act by the end of May deadline. Converting tenancies was just the first part and we will streamline the variations in contracts that have resulted, removing anomalies and ensuring the considerable change in approach, brought in by the new Act, is fully embedded.

A renewed focus on value for money and affordability means we will concentrate on reducing the time to let homes, the service model in extra care housing and, perhaps most importantly, the procurement of site services. With £7 million spent on services such as window cleaning, grounds maintenance and cleaning, small improvements represent big savings to residents.

# Assets

## Major works, compliance and Cambria Maintenance Services

This new streamlined Executive portfolio has been created with a clear focus on asset management. The aim is to improve our knowledge about the properties we own and how we manage that information, so we are best placed to decide the most appropriate course of action. Choosing the best pathway for each scheme or property is the challenge and remaining responsive to new technologies and approaches will help limit the impact for residents. Our new asset management strategy will make clear our ambition and the actions we will take.

The priority is getting ourselves ready and building capacity with partners to take on the new streams of work such as fitting solar panels or external wall insulation. We need to improve our ICT systems, undertake more training and development of staff and survey many more homes, all the while maintaining our current full compliance with the existing Welsh Housing Quality Standard.

Over the years having our own in-house maintenance provider, Cambria, has meant we have delivered excellent services and saved ourselves, and by extension our residents, money. Demand for services is strong, as are the pressures on costs, which together mean the need for close management and almost continual review to ensure best value is sustained as well as the high levels of performance we take for granted.

After the events of recent years, building safety compliance remains the highest priority. Our performance is excellent and we know we need to stay focused and not let complacency creep in.





Cambria's Dominic Gale and WWH's Lucinda Hyde, working side by side



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*We focus on understanding value, and not simply cost, as that way we have greater impact in the communities in which we work.*

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# Finance

In straitened times, it is easy for the focus to solely be on the money and to lose sight of value. The aim for our finance services is to provide comprehensive and joined up reporting of financial management and forecasts, operational, environment and social value positions so that departments and the business as a whole make better decisions, and all stakeholders understand the difference we make. We focus on understanding value and not simply cost, as that way we have greater impact in the communities in which we work. Non-financial reporting we believe is equally as important as financial reporting and we will develop our ESG (Environmental, Social and Governance) approach to reporting over the coming years.

We are continuing our investment in new software systems and will now focus on deploying a new accounting system. We rely on a combination of software systems at present and the new system will bring efficiencies for finance staff so they are able to spend more time as business partners. This will enable them to support colleagues across the business to be more efficient and to be able to provide timely access to the right data to make good decisions.

We also believe we can obtain better value from our procurement processes and with improved reporting we will be well placed to review all aspects from the choice of contractor, to the way we procure, to the added value we expect.

Members of the WWH Finance team



# Development

For many years the construction sector has known what good looks like in terms of building houses as they were built from brick and block. Traditional construction made for solid, long lasting homes but the downside was they were not very warm or low in carbon. At present, with so many build systems, it is less clear what good looks like in terms of the next generation of homes.

Our aim is to use the next few years to refine our specification and determine the right system

that meets our requirements on being easily maintainable, easy to build and affordable to occupy. We want our 'homes of the future' to meet the principles of the circular economy so that little is wasted and almost everything can be reused or recycled.

In the meantime, our primary objective is helping to solve the housing crisis and building as many homes as we can. The market conditions are challenging and we hope we can exceed our





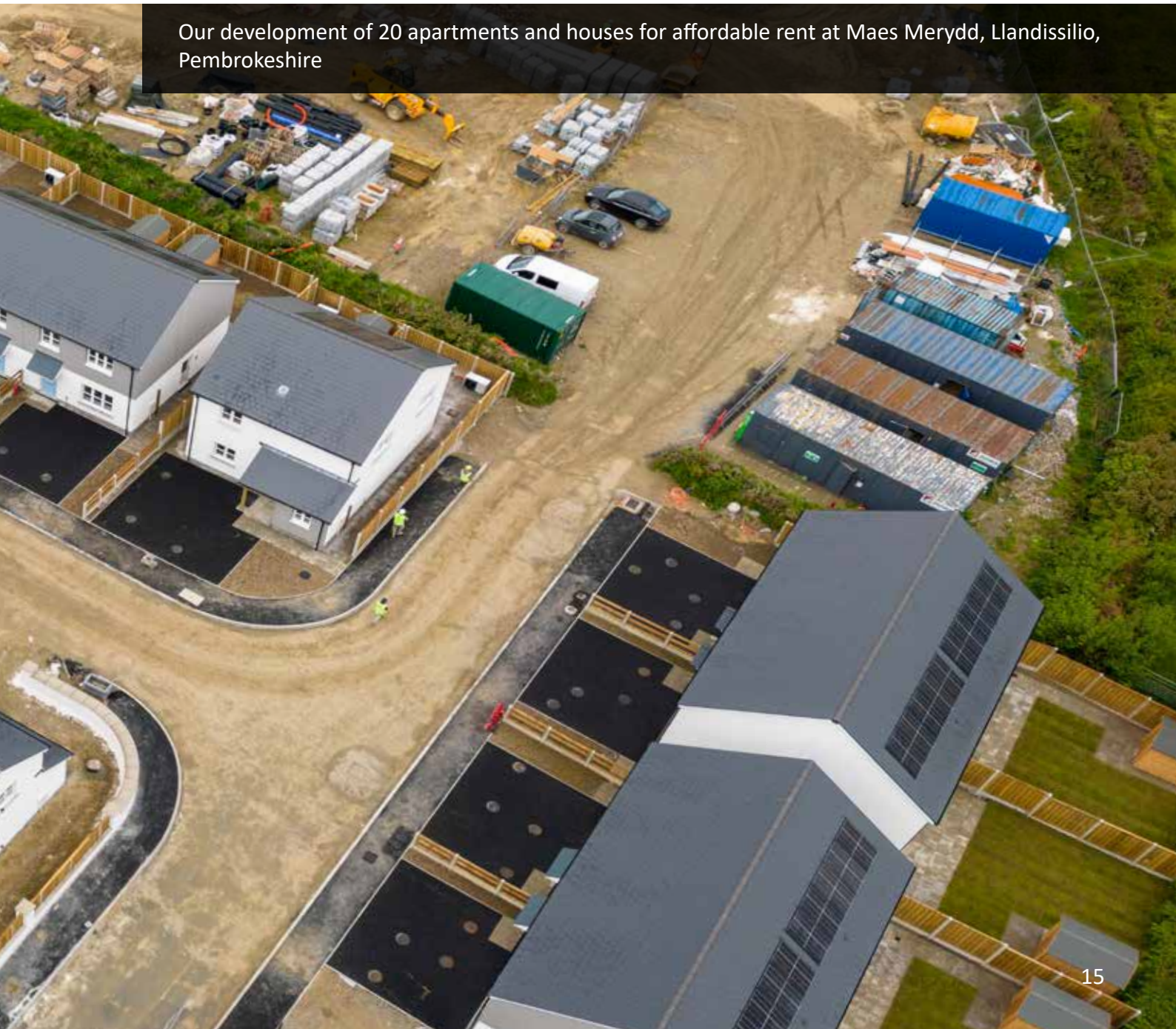
expectation of 1,400 homes over the life of the plan. We aspire to do more and have the capacity to do so and we will seek partners that share our ambition to build at scale. We aim for all the homes we build to be low carbon, good to live in, maintainable and with no fossil fuels.

Mindful of the difficulties in the construction sector and the acute need for more affordable homes, we will accelerate our programme of buy-backs, returning homes built as social housing to our

housing stock and making them available to let at social rents.

Our focus is social rented housing and, to help provide as many as we can, we will also develop mixed tenure sites using our Own Home Cymru brand as well as homes for market sale. We want to help increase mobility in the housing market, enabling home ownership for the many people ineligible for social housing and for whom market housing is out of reach.

Our development of 20 apartments and houses for affordable rent at Maes Merydd, Llandissilio, Pembrokeshire



# Technology and data

A long held ambition has been to build a full end to end digital service offer that would enable both staff and residents to access and use systems such as rents and repairs. We have made good progress in developing the required infrastructure and will have a fully integrated information management system in the near future. Once all the foundations are in place, we will be able to create the necessary functionality so that those residents who wish to manage their

rent accounts, or organise their own repairs, will be able to.

With rents and tenancy management systems in place the completion of the asset information system will be the final major building block to be put in place, bringing improved management and monitoring of building safety compliance. The information needed to effectively manage our assets we know will be greater as we



Vithul Benny, ICT System Tester





understand decarbonisation requirements and we want to make the system much more accessible and easier to use for staff.

We have become increasingly data hungry as an organisation as we seek to measure and understand our performance. We will replace Qlikview with Power BI to give us greater analysis ability and complete our Cloud migration journey so that no major systems remain 'on prem'.

The final significant piece of work, and arguably the most important, is the enduring battle all organisations face to keep their ICT systems resilient and safe from attack. Cyber security is a risk we manage well but there is always more to do to combat the increasingly creative ways our security is challenged.



Dana Varah, ICT Applications Support Analyst



Claire Ashby, Community Development Officer, at Trinity Centre outreach project in Cardiff



# Organisational Development

We want to take staff engagement to the next level and build on our successes as an IIP Platinum employer, rated as a 3-Star World Class not for profit organisation to work for by Best Companies.

The feedback from staff and residents about how we run the business is very positive and we know we can go further to be more inclusive, more diverse and increase representation. We are a people business and therefore it makes sense to invest in our staff to help us achieve our goals. Our aim is to create a comprehensive people strategy that will align our staff resources, skills and capability to our business objectives – enhancing leadership and management, training and development as well as performance management.

The new working arrangements which emerged out of the pandemic have brought considerable benefits and also some challenges. Our culture and the connection between staff and with customers is really important to us and actions

to embed the Wales & West Housing Group Way as our operating model and refine our approach to hybrid and flexible working will both help to ensure that we meet the needs of everyone.

The pandemic brought into sharp focus the wellbeing of staff and it became one of our key priorities. We have thought about the mental and physical health of staff and residents, putting in place support such as giving all staff access to a new workplace wellbeing app called Unmind, and a 24-hour telephone support service for residents. We will continue to build on this.

Housing is a great industry to work in and our 'grow our own' initiative supporting graduates and trainees to start a career with WWH has been very successful. We want to encourage greater diversity and representation and will look at how we can use our recruitment processes, our 'grow our own' initiative and the 'get into housing' project to achieve this.



Isaac Parr and Elliot Danby were the first of our 'Grow our Own' trainees to secure full-time roles with WWH

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*Our values are dear to us and we want our actions and behaviour to reflect our strongly held views*

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# Corporate Services

Part of our strength has come from the support we get from central services, the staff and systems that operate, often unseen, that keep everything working as it should.

We know the value of corporate services and have brought together what were three 'back office' departments to better coordinate strategic and business planning, communication and public relations and governance.

Our values are dear to us and we want our actions and behaviour to reflect our strongly held views – implementing our strategies for diversity and inclusion, resident engagement and, most significantly, for the environment.

All three of these strategies are derived from our vision to ***make a difference to people's lives, homes and communities*** and our operating

model and belief that one size doesn't fit all. Through these strategies the Group will continue to think differently and to build on our success.

The Directorate will also focus on refining our back-office functions through improvements to our monitoring of corporate projects, our document retention and business continuity processes and stakeholder management. These are vital to maintaining our strong governance and regulatory status, as is keeping a watching brief on other regulatory changes.

As a large organisation, the Group has a corporate and social responsibility and has an ethos of "making a difference" to enable us to support other organisations, as well as the communities we work in. The Corporate Services team will review how we can do more in this space, especially in these difficult times.



WWH Board members 2023

# Our financial strength is a key component of our ability to **make a difference**

We run a business that concentrates on achieving value and this helps us to generate free cash. We focus on value rather than cost and this means that we provide an efficient service that both satisfies residents and that creates social value.

To make a difference to solving the housing crisis in Wales, our five year plan shows considerable investment into new warm, comfortable social rented homes .

To keep our homes safe, our five year plan incorporates all of the expenditure necessary to keep our existing homes in good condition. These investments make good business sense, helping us to secure our business, not just for the now and the next but also for the later. We are a long-term business and we intend to keep making a difference for many decades to come.

We have faced significant challenges over the last three years, with the effects of Brexit, the COVID-19 pandemic, the war in Ukraine and the cost-of-living crisis putting our business under

strain. We are really pleased that our financial model has coped with this, although not without some scarring. Nevertheless, our foundations remain strong and our future plans continue to focus on generating free cash.

It is our free cash generation that allows us to borrow for the future. We only borrow to build more new homes and we will play our part to help the Welsh Government achieve their target of 20,000 social rented homes over the term of this Senedd.

Looking forward, we face the challenge of decarbonisation, which is of paramount importance to limit the impact of climate change. Our aim is to find a way of funding the considerable capital investment required in all homes. As efficient as we are, we will need financial support to accelerate the pace of improvement we are able to achieve alone and we are keen to work with Welsh Government on finding ways to finance the necessary investment.

## Income and expenditure account

for years ending 31 December	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
<b>Income - gross</b>	<b>74.2</b>	<b>80.1</b>	<b>83.6</b>	<b>87.5</b>	<b>92.0</b>
Service costs	(6.4)	(7.4)	(7.7)	(8.0)	(8.4)
Property costs	(14.0)	(14.7)	(15.3)	(15.9)	(16.6)
Overhead costs	(22.9)	(24.8)	(25.9)	(26.6)	(27.2)
<b>Operating surplus</b>	<b>30.9</b>	<b>33.2</b>	<b>34.7</b>	<b>37.0</b>	<b>39.8</b>
Depreciation and non cash items	(10.8)	(11.6)	(12.6)	(13.9)	(14.6)
Major repairs	(4.8)	(4.3)	(4.4)	(4.5)	(4.6)
Other income	1.1	(0.1)	-	-	-
Interest payable - net	(7.4)	(6.8)	(7.3)	(8.6)	(11.9)
<b>Net surplus</b>	<b>9.0</b>	<b>10.4</b>	<b>10.4</b>	<b>10.0</b>	<b>8.7</b>

## Balance sheet

as at 31 December	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
Gross property cost	934.9	1,003.1	1,099.6	1,198.3	1,255.1
Depreciation	(156.8)	(170.9)	(186.5)	(203.4)	(222.0)
<b>Net cost of property</b>	<b>778.1</b>	<b>832.2</b>	<b>913.1</b>	<b>994.9</b>	<b>1,033.1</b>
Other fixed assets	27.8	30.6	33.9	33.9	33.8
Cash	72.2	47.7	13.0	11.5	18.7
Current assets	41.0	46.1	38.8	37.9	36.8
Housing grant	(430.4)	(448.8)	(483.8)	(523.3)	(541.7)
Borrowings	(324.6)	(324.4)	(323.6)	(367.8)	(384.4)
Other creditors and provisions	(22.5)	(31.4)	(29.0)	(14.7)	(15.2)
<b>Net assets &amp; Reserves</b>	<b>141.6</b>	<b>152.0</b>	<b>162.4</b>	<b>172.4</b>	<b>181.1</b>
Gearing Ratio - Gross Cost	37%	34%	31%	32%	32%

## Cash Flow

for years ending 31 December	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
Cash operating surplus (before major repairs)	30.9	33.2	34.7	37.1	39.9
Property reinvestment	(13.3)	(14.0)	(15.3)	(14.7)	(16.5)
Replacement capital expenditure	(3.1)	(3.1)	(3.1)	(2.7)	(2.5)
Net interest payments	(8.3)	(8.4)	(9.8)	(11.1)	(12.6)
Pension deficit contributions	(2.3)	-	-	-	-
<b>Free cash inflow</b>	<b>3.9</b>	<b>7.7</b>	<b>6.5</b>	<b>8.6</b>	<b>8.3</b>
Development expenditure	(37.1)	(59.7)	(85.0)	(84.5)	(42.3)
Grants	25.1	22.8	39.7	44.7	24.0
Land for Housing loans	(1.3)	9.0	(2.1)	(14.5)	-
LCHO and property sales	3.2	1.8	0.6	-	0.6
<b>Net cash outflow before financing</b>	<b>(6.2)</b>	<b>(18.4)</b>	<b>(40.3)</b>	<b>(45.7)</b>	<b>(9.4)</b>
Additional facility requirement	-	-	-	45.0	37.5
Loan principal repayments	1.4	(6.1)	5.6	(0.8)	(20.9)
Investments	1.5	-	-	-	-
<b>Net increase / (decrease) in cash</b>	<b>(3.3)</b>	<b>(24.5)</b>	<b>(34.7)</b>	<b>(1.5)</b>	<b>7.2</b>

## Assumptions

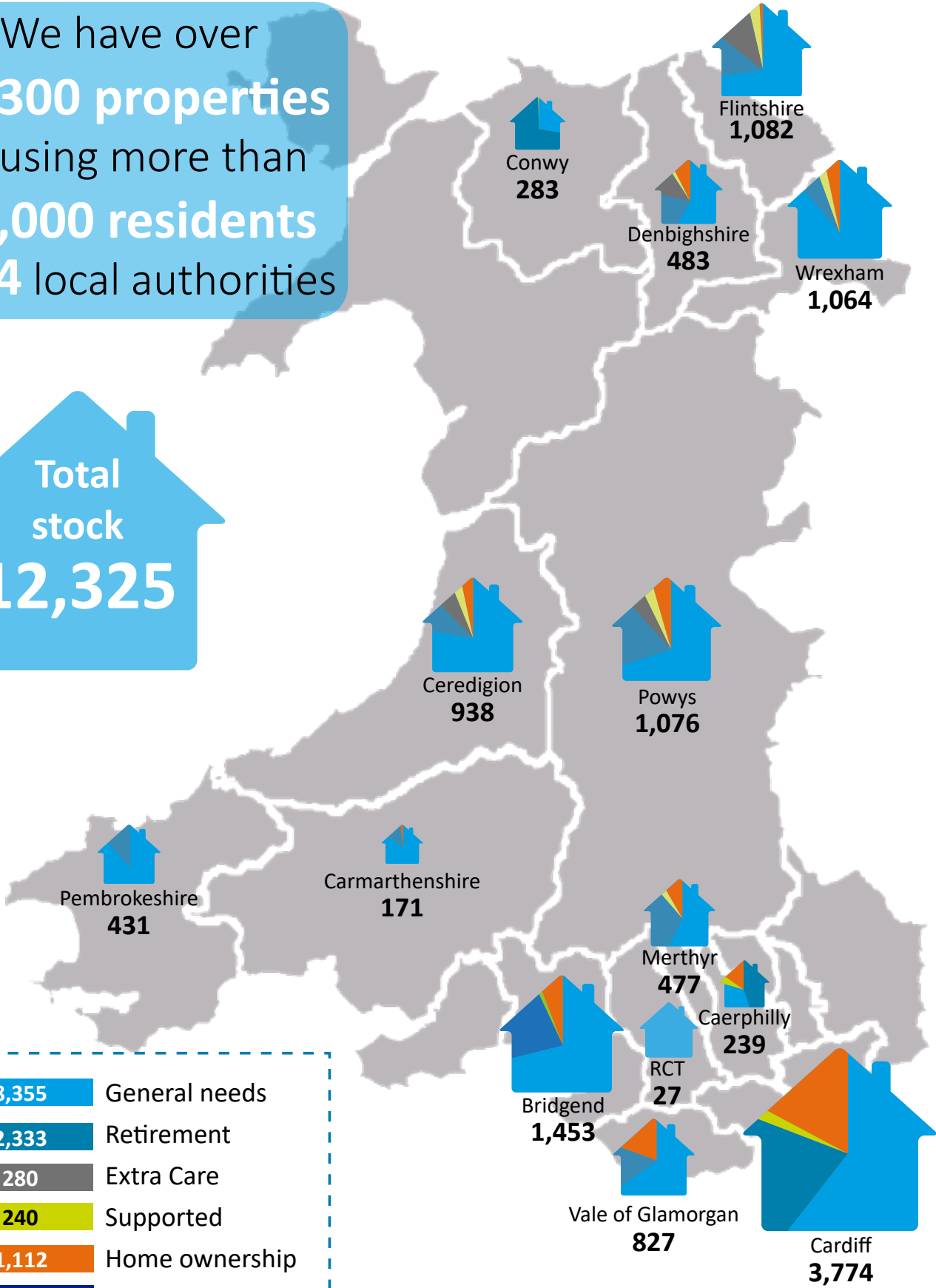
for years ending 31 December	2023	2024	2025	2026	2027
	Plan	Plan	Plan	Plan	Plan
<b>Inflation</b>					
Rent	6.5%	3.5%	2.0%	2.0%	2.0%
Salaries	4.0%	2.5%	2.0%	2.0%	2.0%
Maintenance costs	6.5%	2.7%	2.0%	2.0%	2.0%
Property reinvestment costs	6.5%	2.7%	2.0%	2.0%	2.0%
CPI	6.5%	2.7%	2.0%	2.0%	2.0%
<b>Funding</b>					
New borrowings rate	5.7%	5.6%	5.4%	5.4%	5.3%
Grant rate	50%	50%	50%	50%	50%
Housing completions	250	107	365	341	350



# Communities across Wales

We have over **12,300 properties** housing more than **20,000 residents** in **14 local authorities**

Total stock  
**12,325**



8,355	General needs
2,333	Retirement
280	Extra Care
240	Supported
1,112	Home ownership
5	Commercial unit

As at 31 December 2022

### Head Office

Archway House  
77 Parc Tŷ Glas  
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