

Business Plan

2019 – 2023



*‘strong, sustainable growth to
make a difference
to people’s lives, homes and communities’*



Making a difference in everything we do

We provide homes from which our residents can build their lives. They can stay with us for as long as they want with the peace of mind their home will be kept in good condition and that we are on hand to help with those everyday hiccups we all experience from time to time. We get the basics right - warm, safe, secure – so that our residents can focus on the more important aspects; family, health, work, and adding value in their community.

Following a major redesign of our frontline services a few years ago, we shifted our focus to how we could make more of a difference. In 2011 our mission became ***'strong, sustainable growth to make a difference to people's lives, homes and communities'***.

How do we do this? We match new residents to the right home for them, we build the right relationship to understand what matters so they

start and sustain their tenancy, and we treat them as individuals so they receive the right services tailored to their needs. We create jobs, apprenticeships, build new housing, form new communities and we do all of this in a way that adds most social value.

We are seeing a level of change in our society and in people's lives that in the past spanned generations. Services and facilities that many people take for granted have gone, many places no longer have a bank, a library or a local school. We offer an alternative vision and reality for the future. A successful, efficient, financially strong company with a social conscience that puts its residents first. A constant in a changing world, there for our residents when they need, enhancing services not reducing them, focusing on the right thing to do for them and their community.



Sharon Lee
Chair



Anne Hinchey
Chief Executive

Our culture

Our culture is very straightforward and can be described simply as ‘**doing the right thing**’. We all, intuitively, know what is the right and the wrong thing when we receive services. We know what’s fair and equitable, we know what’s good and when things are wrong. Our residents don’t want customer charters or service standards, they tell us what matters to them and it’s our job to listen.

We have created an environment in which our staff are encouraged and enabled to determine the right thing to do based on their conversations and relationships with our residents, guided by our values and operating principles. Our culture is one that frees our staff from the bureaucracy that many organisations impose, leaving them

The Wales & West Housing Way

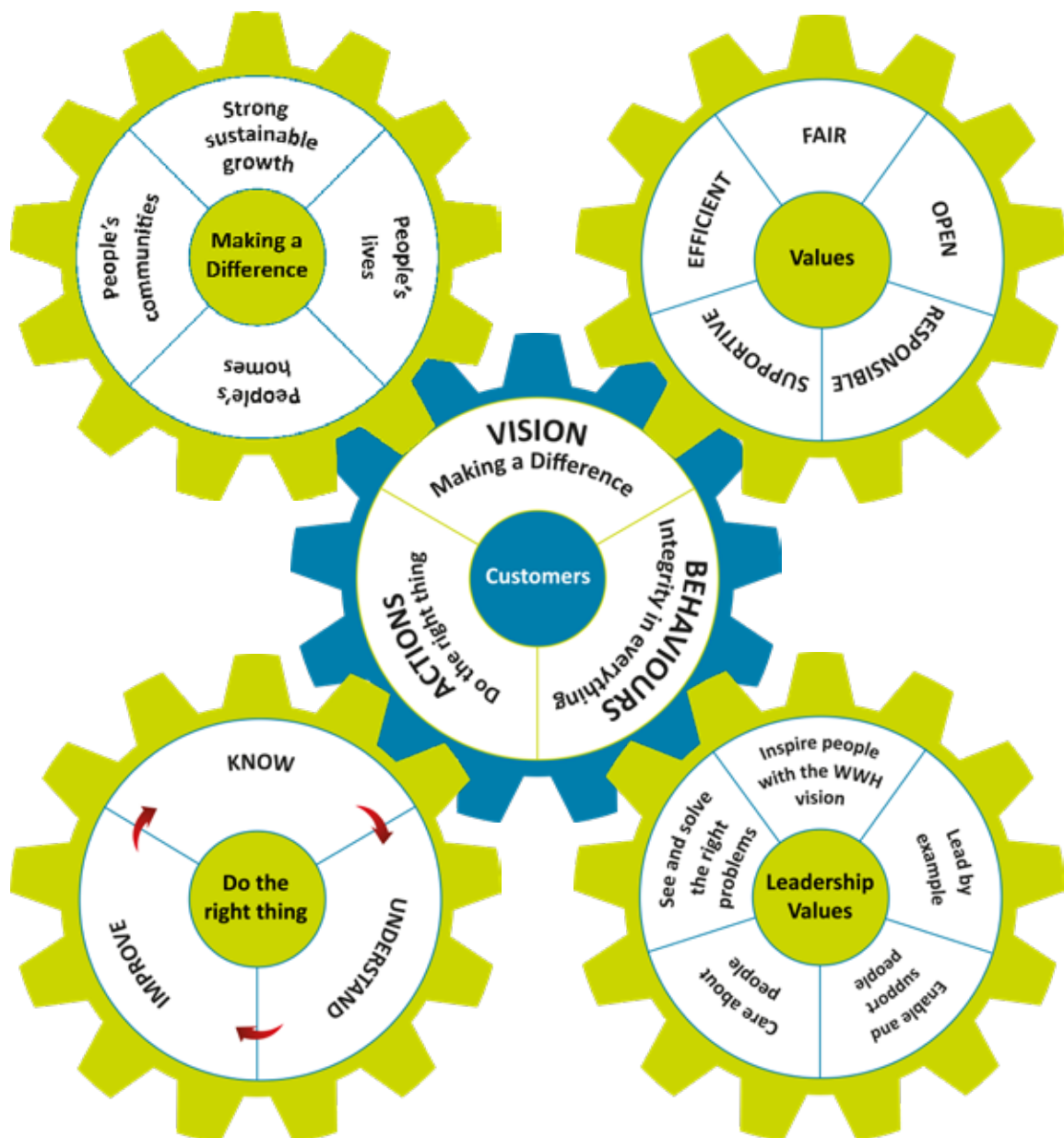


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to work as they think best. Freedom, however, comes with responsibility, which our staff have the confidence to embrace, because they know they will be supported and empowered to make the difference we want.

We call it the '**Wales & West Housing Way**', the way we run the organisation and continuously improve the quality of services we provide. The WWH way encapsulates our vision, our values and the principles we expect everyone in the Wales & West Housing Group to use to improve outcomes for residents and make us even more efficient than we already are.



Our strategy

We have listened to our residents, our staff and our stakeholders to help inform what we need to do to achieve our vision and make a difference. Five themes emerge of where we need to focus to have the sort of impact we want for our residents and in their communities.

Our strategy is simple; build more homes and look after the residents we already have.



**INVESTORS
IN PEOPLE**

Platinum
Until 2020



We set the bar high for the quality of our services and want them to be even better and for us to be even more efficient – we will achieve this by embracing all that new technology offers, coupled with our relentless focus on doing what matters for residents and removing waste in our systems.

Our themes are to:



Build **more** homes



Care for our residents



Invest in and **regenerate** our existing homes



Transform our business



Be **efficient** and keep homes and services **affordable**

Build **more** homes



**OVER THE NEXT 5 YEARS
WE AIM TO BUILD**

500
NEW HOMES A YEAR

With our new partners we will build more homes every year than we have ever done. The new long term partnering arrangements we have procured will help us maximise our collective capacity to build more and better housing. We will invest around £500 million over the ten year life of these contracts securing new homes, jobs and apprenticeships. We will maximise the social value from this investment to make the most difference we can for our residents and communities across Wales.

Change in the construction sector is long overdue and we will be a catalyst for the transformation of how and where homes are constructed, the standard to which they are built and the quality and comfort

afforded for the residents. We will soon start on homes that will be near zero energy to occupy and others will be designed with the passivhaus standard in mind. We will learn from these projects, and those supported through the Welsh Government's Innovative Housing Programme, to transform our future programme.

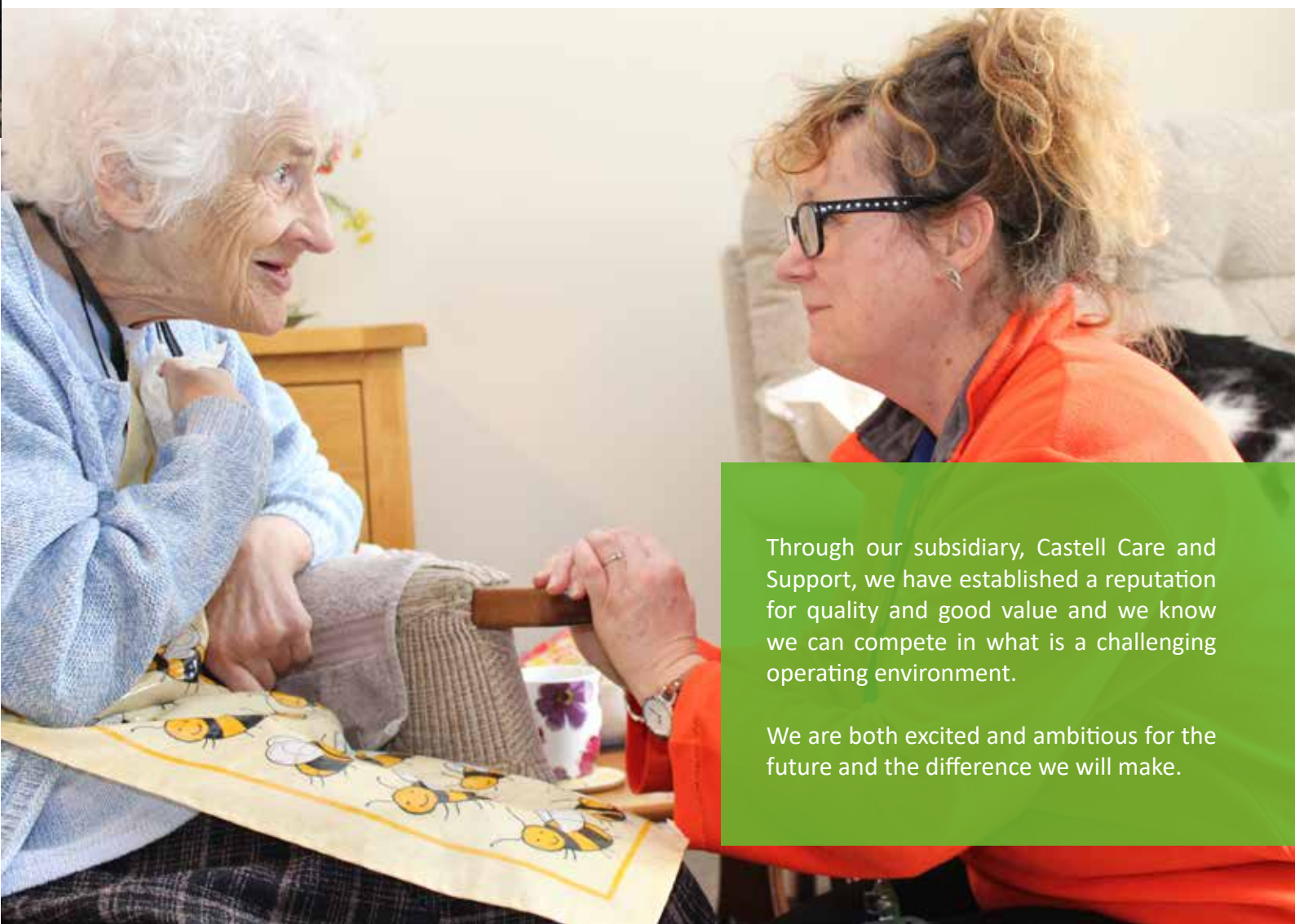
People need homes that are affordable to live in which is why our priority will continue to be, as it always has, social rented housing. We also want to build as many homes as we can and therefore our programme will be a balance of homes for social rent and homes for low cost home ownership. Over the life of this business plan we will increase production to around 500 new homes a year.

Care for our residents

We will continue to grow our care and support business as we develop more extra care and supported housing schemes.

We are already a major provider and landlord of supported housing in Wales and will seek to become the care and support provider in these schemes to provide a seamless and holistic service to our residents.

As a relatively new care provider, in our first three years we have been learning how our approach to service delivery can make a difference in how we care and support residents. The outcomes speak for themselves with lives transformed and people more able to realise their potential at all stages of their lives.



Through our subsidiary, Castell Care and Support, we have established a reputation for quality and good value and we know we can compete in what is a challenging operating environment.

We are both excited and ambitious for the future and the difference we will make.

Invest in and regenerate our existing homes



A decent, safe and warm home is so fundamental to living a good life and we want every one of our residents to be in the right home for them. A home that they can afford, that meets their needs and enables them to realise their potential.

We will invest wisely to keep our housing in excellent condition and buy components such as boilers, windows and doors that last, are kind to the environment and help keep energy bills low. We will adapt homes quickly and without fuss so they meet people's needs and they are able to remain in for as long as they choose.

We will also start a programme to regenerate some of our housing that without early intervention could become unpopular. We want to be innovative and use investment to see how far clever design and use of materials can transform our schemes.

We will also apply a similar process of review to our site services. Our schemes must be both attractive and affordable to look after and good design again can play a significant part.

Transform our business

We have transformed our business to focus on what matters to our residents and design service delivery from a customer perspective. The next step in our journey is a technological transformation to embrace new functionality that will help staff and residents operate where they want and at times and in ways that best suit them.

The opportunity is considerable and exciting. We are thinking differently about what effective data and information management looks like in the 21st century that embraces communication from the

boiler that has gone wrong, the Instagram feed and even technology such as Alexa.

Technology will enable us to do more with the resources we have, so that as we grow our services remain high quality and as accessible as they are now.

Nothing can replace the strong relationship we have with our residents and we will be there, in person, to guide, advise and help. Alongside that personal service we will expand the choice our residents have about how they interact with us.



Be **efficient** and keep services and homes **affordable**



As obvious as it may sound, we will continue to focus on those areas of our business where the greatest opportunity for efficiency exists, such as treasury management and reducing the cost of building new homes.

We want to make incremental improvements in services such as repairs, lettings and rent, to make a difference to the service our residents receive, but we know these have little impact on value for money.

Efficiencies and financial gains in how rent arrears are managed, for instance, is

penny-wise and pound foolish. Our effort is concentrated on the small improvements we can make in key areas that have the potential to save thousands of pounds.

We want more control over the rents we charge so we can help our residents balance the cost of their home with all the other costs they have to afford such as getting to work. Affordability is critical and we will build a model that is responsive to different locations in Wales and the diversity of our residents.

Strong, sustainable growth to make a difference

Our financial strength is a key component of our ability to achieve our vision. We focus on generating free cash and our business plan shows this increasing from £5.9m in 2019 to £7.2m in 2023. This free cash generation comes from getting the basics right – a tailored service for our residents, an excellent maintenance service and the provision of safe and secure homes. The free cash generated sustains our business and allows us to meet covenants with our funders. We only borrow to build more new homes and we will support the Welsh Government by building more new homes as our contribution to the 20,000 new affordable homes that they have targeted over the life of the current Assembly. In return, we expect that the Welsh Government will provide the right policy environment and we will work with them to help develop a long term housing policy which balances the needs of residents, the need to solve the chronic shortage of housing and the long-term financial viability of housing providers.

Income and expenditure account

for years ending 31 December	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Income - gross	63.5	67.5	72.5	76.2	79.3
Service costs	(6.1)	(6.5)	(6.8)	(7.2)	(7.3)
Property costs	(19.0)	(20.4)	(22.1)	(23.7)	(25.0)
Overhead costs	(17.8)	(18.5)	(19.3)	(19.7)	(20.7)
Operating surplus	20.6	22.1	24.3	25.6	26.3
Major repairs	(3.3)	(3.3)	(3.4)	(3.5)	(3.6)
Interest payable - net	(8.9)	(10.3)	(12.1)	(13.7)	(15.3)
FRS102 Pension Cost	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Net surplus	8.3	8.3	8.6	8.2	7.2

Balance sheet

as at 31 December	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Gross Property Cost	783.1	841.9	886.4	932.7	988.8
Depreciation	(131.5)	(143.3)	(156.3)	(170.2)	(184.8)
Net cost of property	651.6	698.6	730.1	762.5	804.0
Other fixed assets	32.4	33.1	32.6	32.0	31.4
Current assets	40.6	44.2	43.4	42.6	41.8
Housing grant	(352.5)	(380.9)	(395.5)	(405.7)	(419.5)
Borrowings	(259.8)	(279.0)	(288.3)	(302.8)	(323.6)
Other creditors and provisions	(30.9)	(26.3)	(24.0)	(22.1)	(20.4)
Net Assets & Reserves	81.4	89.7	98.3	106.5	113.7
Gearing Ratio - Gross Cost	34%	33%	33%	33%	33%

Cash Flow

for years ending 31 December	2019	2020	2021	2022	2023
	£m	£m	£m	£m	£m
Cash operating surplus (before major repairs)	29.9	32.1	35.5	37.5	38.8
Major repairs	(3.3)	(3.3)	(3.4)	(3.5)	(3.6)
Replacement capital expenditure	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)
Replacement components	(8.4)	(8.7)	(9.0)	(9.3)	(9.6)
Net interest payments	(9.3)	(10.8)	(12.5)	(13.9)	(15.4)
Pension deficit contributions	(1.9)	(2.1)	(2.1)	(1.8)	(1.8)
Free cash inflow	5.9	6.1	7.3	7.8	7.2
Development expenditure	(58.1)	(54.4)	(45.4)	(65.9)	(94.1)
Grants	18.3	17.7	10.2	8.3	9.5
Property sale receipts	4.8	10.5	18.6	35.3	56.5
Net cash outflow before financing	(29.1)	(20.1)	(9.3)	(14.5)	(20.9)
Revolving facility drawn/(repaid)	11.0	-	(13.0)	(10.0)	8.0
Additional facility requirement	21.0	21.8	25.2	27.9	16.3
Loan principal repayments	(2.6)	(2.7)	(2.9)	(3.4)	(3.4)
Net increase / (decrease) in cash	0.3	(1.0)	-	-	-

Assumptions

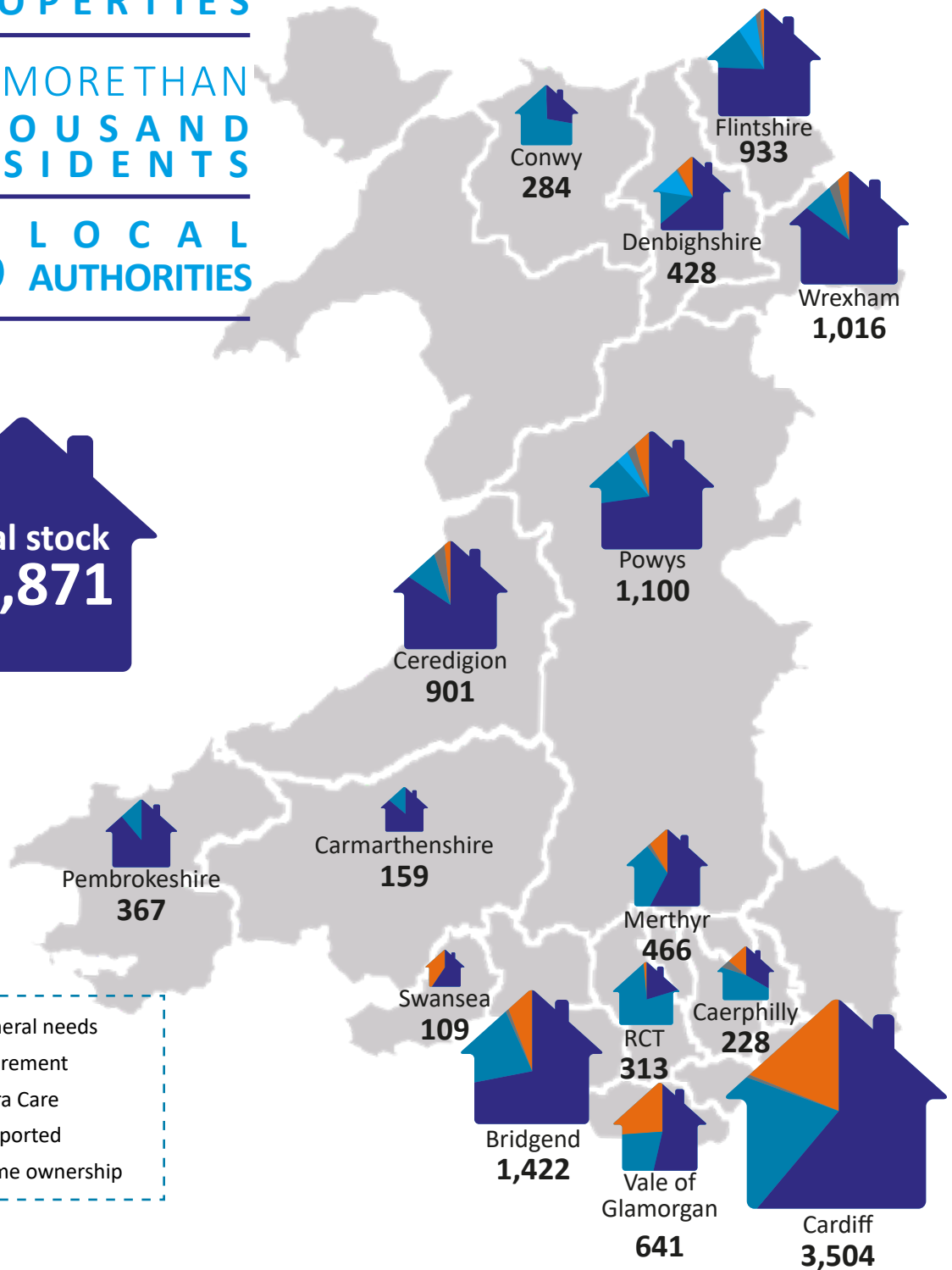
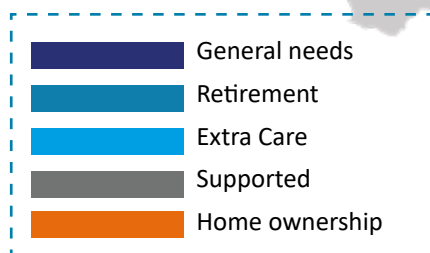
for years ending 31 December	2019	2020	2021	2022	2023
	Plan	Plan	Plan	Plan	Plan
Inflation					
Rent	3.0%	3.0%	3.0%	3.0%	3.0%
Salaries	3.1%	2.9%	2.7%	2.0%	2.0%
Maintenance costs	3.5%	3.5%	3.5%	3.0%	3.0%
CPI	2.0%	2.0%	2.0%	2.0%	2.0%
Funding					
New borrowings rate	4.3%	4.8%	5.3%	5.8%	5.8%
Grant rate	58.0%	58.0%	58.0%	58.0%	58.0%
Housing completions	276	500	600	383	500

Where we operate

WE HAVE ALMOST
12 THOUSAND
PROPERTIES

HOUSING MORE THAN
20 THOUSAND
RESIDENTS

IN **15** LOCAL
AUTHORITIES



Head Office

Archway House
77 Parc Tŷ Glas
Llanishen
Cardiff
CF14 5DU

North Wales Office

Tŷ Draig
St. David's Park
Ewloe
Deeside
CH5 3DT

West Wales Office

Cwrt y Llan
Church Lane
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