

Performance Standards subject to consultation

Annual Statement of Compliance 2019

RSL Name and Registration No: Bron Afon Community Housing 30235R

Registered Office: Bron Afon Community Housing, William Brown Close, Llantarnam Industrial Park, Cwmbran, NP44 3AB

Pursuant to the Regulatory Framework for Housing Associations Registered in Wales 2017 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/agreement with the Regulator.

Performance Standard

Ref No	Performance Standard	Full Compliance Y/N	Evidence of Compliance	Improvement Actions
PS1.0	<p>Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord</p> <p>1.1 Sets a clear vision and values for the organisation which deliver and progress the core purpose of the business</p> <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>	Yes	<p>In 2018 we launched our new Corporate Plan setting out our new objectives over the next few years. A lengthy consultation took place in order to agree a set of objectives with Board, Executive, Staff, Members, Tenants and Key Partners all getting involved. Last year we also refined our values ensuring that our business decisions are underpinned by our values. We also have more stringent targets in place and a revised set of key performance indicators which Board regularly monitor. The Board meet frequently for Strategy days where progress against the Corporate plan, current and emerging</p>	<p>We are currently undergoing a large change project "One Bron Afon". Its primary aim being to bring teams to work together more closely to improve performance and to become a stronger, more confident organisation with a reputation for first class customer service and a great place to work.</p> <p>Refine and develop the performance areas where necessary e.g. development and major repairs, to make them clearer and more focused.</p>

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	<p>1.3 Complies with governing documents including adopting, and complying with, an appropriate code of governance</p> <p>1.4 Adheres to all relevant law and all regulatory requirements</p>	<p>risks and future opportunities are discussed.</p> <p>Last year saw the recruitment of 5 new Board Members as we moved towards a much more skills based board. We went through an extensive recruitment campaign to attract the skills which were identified in the gap analysis and all Board Members have been inducted and have made a positive impact. We used Central Consultancy to carry out a whole Board Appraisal in 2018 and have used the minor recommendations as best practice and have put together an action plan to take forward.</p> <p>We carry out a Board Appraisal on an annual basis including a Chair's appraisal and have an action plan in place to strive for best practice</p> <p>We have complied with the Code of Governance (CHC) since it was launched in 2015 and have reviewed our compliance with the revised code in 2018. We take a report to the Audit and Ethics Committee annually reporting progress against the code.</p> <p>We comply with all relevant law and regulatory requirements and monitor any changes which may affect the organisation.</p> <p>We encourage sharing of best practice wherever possible and use our shared internal audit service (shared with 3 other Welsh HA's) to benchmark best practice.</p>	<p>Review tenant board member recruitment process to ensure effectiveness and value for money.</p> <p>Develop further benchmarking and exploration of best practice e.g. the introduction of a DLO trading account will enable better performance and cost comparison.</p>
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<p>PS2.0</p>	<p>Effective and appropriate tenant involvement and high quality and improving services</p> <p>2.1 Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation</p> <p>2.2 Meets all applicable statutory requirements providing for the health and safety of the occupants in the home</p>	<p>2.1 We launched our new Community Involvement Strategy in September 2016. The strategy is the product of an extensive externally facilitated review carried out in 2015 with the full involvement of our members. The strategy has significantly improved the diversity and level of tenant and member involvement in shaping policy and services. The strategy builds on our foundations as a Community Mutual and strengthens dialogue between our Board and tenants on strategic matters through the introduction of regular 'Mutual Futures' forums involving Board, members and staff. Strategic and operational outcomes from year 2 of the strategy's delivery are detailed in December 2018's 'annual review' report to our Board.</p> <p>We meet all the statutory requirements for the Health and Safety of the occupants in the home as a minimum. We regularly review our Duty of Care processes and procedures internally and also use Internal Audit to give assurance with compliance.</p> <p>Every Board and Committee meeting has a 'Health & Safety Moment' on the</p>	<p>This year a particular area of focus for our involvement activity will be to fully engage retirement housing tenants in the joint-leadership and delivery of an extensive 'future options' review of our older person's housing stock..Our approach to the review has itself been shaped by an open dialogue with retirement housing tenants and stakeholders.</p>
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			<p>agenda as a standing item. This allows both Board members and Officers to share incidents/information and best practice.</p> <p>We have a robust Health and Safety Strategy in place and are continuously striving to improve the Health and Safety Culture.</p>	<p>This year we will be focusing on a Health and Safety cultural change project which will strive towards best practice and will move towards a Health and Safety maturity model.</p>
PS3.0	<p>Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements</p> <p>3.1 Safeguards taxpayers interests and the reputation of the sector and protects social housing assets</p> <p>3.2 Assessment of capacity to take on new business and development opportunities is robust</p> <p>3.3 Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies</p> <p>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</p>		<p>We have revised our Risk Management Policy in the last few months and have set a new Risk Appetite with the Board. We have robust risk management processes in place.</p> <p>3.1 and 3.2 Activity within Bron Afon is focused on delivering effective housing management and maintenance services to our tenants. We do not carry out any other activity which may put at risk social housing assets to any significant degree. Any new activity is appraised for financial and non-financial risks (including reputational risks) and presented to Board for consideration and approval.</p> <p>We are also contracted to deliver a number of tenant and community focused inclusion and support services that are funded and commissioned by external bodies with oversight through the Board and relevant management groups</p> <p>3.2 Our Lenders have agreed funding of £30.5m for development to</p>	<p>We have more recently developed a more robust approach to risk management via an assurance framework which will give Board Members more detailed information on the three lines of defence for Bron Afons strategic risks..</p> <p>Develop our appraisal process around non-social housing activity e.g. development for sale to ensure effective decision making and risk management</p>

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		<p>2020/21 and this has been modelled through the Business Plan together with sensitivity analysis. All development opportunities are appraised using a standard methodology approach, the assumptions for which are reviewed at least annually. We have to submit all schemes to the lenders for approval.</p> <p>We are starting the process to seek new loan finance post December 2020 and ensure our long term liquidity.</p> <p>3.3 We carried out stress testing in 2018 with the Board and Executive team, at the Board Away Day. We have robust risk management procedures in place with a strategic risk register which is reviewed at every audit and ethics meeting and by the Board every 6 months. We discuss high risks in more detail more frequently. Every service area also has operational risk registers.</p> <p>3.4 Given that we are new entrants into the development market, and the level of resources involved, there are additional and greater risks for the organisation. All development proposals are assessed both financially and with regard to a range of non-financial criteria – both the risks involved and the benefits arising using an appraisal method</p>	<p>Review and refine the stress testing approach to make it more relevant and embed it into our day to day thinking.</p>
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			<p>approved by the Asset Management and Development Committee on behalf of the Board. The overall cumulative commitment is monitored to ensure we do not over extend ourselves. The Committee meets at least quarterly and as required to scrutinise and approve scheme proposals.</p> <p>We also have in place two subsidiaries (and one dormant subsidiary). We take legal and financial advice with regard to any potential changes we may make in the way they operate to ensure their impact on Bron Afon is effectively understood and managed. The Boards of both subsidiaries receive regular updates regarding activity as appropriate.</p>	
PS4.0	<p>Clearly evidenced self evaluation and statement of compliance</p> <p>4.1 Compliance with Circular 02/15 – Core Principles of self evaluation for use by Housing Associations Registered in Wales, or any subsequent guidance which replaces this Circular</p>		<p>We have simplified our Self Evaluation process over the last 12 months and the Board review our Self Evaluation on a Bi-Annual basis against our Corporate Plan Themes- People, Homes, Communities and Our Business. We have published our self assessment as part of our Annual Report and outlined progress against Key Performance Indicators, Financial Viability and Value for Money.</p>	
PS5.0	<p>A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues</p>		<p>The Board meet bi-monthly and have subcommittees which regularly review the performance of the organisation and help drive a culture of continuous improvement.</p>	<p>We will undertake a governance review in 2019 building on any recommendations not already implemented from the Central Consultancy review in 2018.</p>

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	<p>5.1 Demonstrates how the board assures itself of current performance and drives continuous improvement</p> <p>5.2 Demonstrates how lettings make the best use of available housing, compatible with the core purpose of the Registered Social Landlord</p>		<p>The board regularly undertake strategic away days which focus on the current performance of the organisation, risks and opportunities.</p> <p>Board receive quarterly reports on performance against the suite of strategic KPIs which derive from the Corporate Plan and management accounts which include reviewing actions taken to improve performance. This is augmented by commentary on specific areas of focus within the Board's bi-monthly update & exception reports to Board where we are not on track to meet the targets set.</p> <p>Board periodically reviews housing demand in the context of lettings performance, housing development strategy and asset strategy. A key focus for the Board in this area of activity in 2017/18 (and ongoing) has been the formulation of our Older People's Housing Strategy and the related review of underperforming retirement housing stock.</p>	<p>We will review the roles of the sub committees in line with the One Bron Afon project to ensure the newly proposed Customer Experience Directorate objectives are included.</p>
PS6.0	<p>Delivering value for money in all areas of the business</p> <p>6.1 Demonstrates a strategic approach to and delivery of value for money across the business</p>		<p>We have a VfM Strategy which was revised and approved in 2018 and the new VfM performance indicators were approved by Audit and Ethics in February 2018 and will be monitored on an annual basis.</p>	
PS7.0	<p>Compliance with regulatory and statutory requirements and guidance</p>		<p>We review regularly to ensure compliance with all regulatory</p>	

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	<p>7.1 Communicates in a timely manner with the regulator on material issues that relate to non-compliance</p> <p>7.2 Adheres to all regulatory requirements</p>		<p>requirements. We maintain a good relationship with our regulator and have effective methods of communication. The regulatory team receive a copy of Board Papers and Committee Papers and attend meetings when necessary. We use the notifiable events guidance where necessary.</p>	
PS8.0	<p>A financial plan which delivers and supports the business plan and effective monitoring of financial performance</p> <p>8.1 Ensures that the organisation is financially sound</p> <p>8.2 Effective systems and controls are in place to monitor and accurately report delivery of the Registered Social Landlords plans</p> <p>8.3 Monitors, reports on and complies with all covenants</p>		<p>8.1 Annual Budget – We aim to increase our Operating Margin to 15% by 2020/21. This requires increasing the operating surplus by a further £3m over two years, having increased it by £1m in 2018/19. The process of finding the savings has been incorporated into the One Bron Afon project, which will change the operating model of the business, increasing the focus on customer excellence.</p> <p>Areas of expenditure are continually being reviewed e.g. pension contributions, service areas such as grounds maintenance and maintenance delivery, to keep the organisation financially sound and ensure long term financial sustainability.</p> <p>8.2 Monthly budget holder reports are produced and quarterly management accounts including a forecast for the year. The Audit and Ethics Committee receives financial reports/ the management accounts at each of its meetings. The Board receives the</p>	

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			<p>management accounts, the budget and the business plan. Finance staff support budget holders where necessary and training is provided on an individual basis.</p> <p>Property expenditure is also monitored through a Tracker system and a monthly forecast is produced and monitored against, and then revised as appropriate.</p> <p>8.3 Loan covenant compliance is monitored through the management accounts and audited annually by the external auditors.</p>	
PS9.0	<p>Effective management of treasury operations ensuring sufficient liquidity at all times</p> <p>9.1 Ensures sufficient funding is available to deliver the business plan</p> <p>9.2 Ensures financial forecasts are based on appropriate and reasonable assumptions</p>		<p>9.1 We have a Treasury Strategy which is normally reviewed each year and is prepared in consultation with our Treasury Advisors. We have a Treasury Policy, reviewed annually, which sets out our liquidity, borrowings and investment policy. It follows the CIPFA guidance on Treasury Management. A Treasury activity report is presented to each Audit and Ethics Committee meeting and details are also included in the quarterly management accounts.</p> <p>Following a comprehensive tender exercise, including the involvement of Board members, we appointed new Treasury Advisors who will provide specialist advice and support in the deliver of the above.</p>	<p>Access to the current loan facility finishes in December 2020 therefore work has commenced to secure additional loan facilities to be in place after that date. Board members will be involved in this process through a Board working party.</p>

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PS10.0	<p>A clear understanding of liabilities and asset performance</p> <p>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</p> <p>10.2 Data on the financial and social performance of assets is accurate and used to inform investment decisions</p> <p>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</p> <p>10.4 Ensures that publicly funded homes meet the standards set out in the Welsh Housing Quality Standard</p>		<p>10.1 We have an Assets and Liabilities register in place which is updated as necessary and reviewed by the Audit and Ethics Committee on an annual basis.</p> <p>10.2 We have a 'Homes Sustainability Evaluation' model. This assesses the financial and non financial sustainability of each home and asset group. We have used this to identify three asset groups for option appraisal so far. The model forms the basis of our revised asset management strategy.</p> <p>10.3 Our Asset Performance appraisal system assesses the financial and social sustainability of each property. We are using this to carry out appraisals to assess the relative viability and financial return from our assets. We have installed an asset database which enables us to collate information from a range of</p>	

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			<p>sources and provide reports that enable enhanced business decision making. We have two stock condition surveyors and we are implementing a rolling 20% annual survey. This is supplemented by condition surveys on all voids.</p> <p>10.4 Our asset database will enable us to report on Welsh Housing Quality Standard compliance at any time using live data (this will be available in a few months). Our planned and major work planning prioritises on-going WHQS compliance.</p>	
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This statement of compliance was approved by the Board of Directors on 31st January 2019 Resolution No 12

Signed *Amlawrence* Chair, *Alan Bunt* Chief Executive