



**ClwydAlyn**

## **Corporate Plan 2020-2025**



## Foreword

Welcome to the third year (2022/23), of the 2020-25 Medium Term Plan for ClwydAlyn.

The first two years of delivering our ambitious Plan could have understandably been lost or forgotten whilst we were focussing on dealing with the impacts of the Covid pandemic and prioritising protecting the safety and wellbeing of our Residents and staff; however, that has not been the case and we are able to report positive progress against our key objectives. The pandemic did change the way we needed to deliver services safely and we have taken the best of that in terms of hybrid/mobile and flexible working to shape how we work and what we prioritise for the future. This will be assisted greatly by the implementation of our new Housing Management System which is planned to go live at the end of May 2022.

ClwydAlyn continues to be a financially strong, growing business, known positively for its dynamic vision and values-based approach to employment and service delivery. There is much we have achieved in the last 12 months which we are delighted about. We maintained our credit ratings with Moody's and S & P at a time of turbulence in the funding markets; we drew down a deferred £10m on our Bond in February and just before year end agreed a further deferred drawdown of £40m at an advantageous average interest rate of just over 3.3%; and a new Bond tap for £150m which will secure our Development Programme for the next few years.

We have seen growth across our Care & Support division. Conwy Borough Council have commissioned ClwydAlyn to deliver a new Supported Living service that houses young homeless individuals. Additionally, we have received longer term funding from BCU to develop our ICAN centre in Rhyl that supports individuals suffering with their mental health. In partnership with Gwynedd County Council and BCU, we have also established a hospital discharge service at our Penrhos site in Pwllheli. Housing up to twelve individuals, the service provides intermediate care for people who don't need to be in hospital but aren't quite ready to go home. We have reached agreement with Wrexham Borough Council to establish a new Mother and Baby service (Kingsland) that will open in Q4 2022. Good progress continues to be made on site at Neuadd Maldwyn the Group's newest Extra Care scheme in Welshpool. Two of our three Care Homes also received unannounced inspections from CIW, with both services being classed as compliant with no areas for improvement.

Despite delays and challenges in the planning system we now have 536 new homes on site; including a new scheme to replace a night shelter for street homeless people with apartment accommodation in Wrexham using 'off site' modern methods of construction to achieve 19 low carbon homes. There is a total of 202 new homes currently being built as low carbon housing using off site manufactured systems and most new homes are also to the new standard of EPC A and 'off gas' by using different types of heating and hot water systems. We are progressing well with our plans to redevelop the whole of the Penrhos site, following the merger, and are developing strong partnerships with Gwynedd Council and the Health Board in this regard.

We have developed a robust approach to asset management; prioritising our spend on properties with a sustainable future and those which are hardest to heat and keep warm. We dispose of a small number of assets each year where we believe that we cannot meet the high standards of accommodation and services we aspire to. We took a very difficult decision during the year to close a Residential Home for older people in the Wrexham area. The Home could not be modernised to meet the standards of care we wish to provide in a cost-effective way, and at the time we had sufficient vacancies (due to Covid) in Chirk Court; a modern high-quality Home nearby which meant we could offer all Residents and 95% of staff a move there. The closure was implemented with care and consideration and in keeping with our values. Residents and staff have settled well at Chirk.

Our simplified Governance arrangements continue to serve us well; and we now have Resident representation on each of our committees with the Chair of the Resident Committee joining the Assurance Committee and the Vice-Chair joining the Property Committee. We were in the first tranche of the new Regulatory Assessment process introduced by Welsh Government and were

delighted to receive the top rating for Financial Viability and Governance (including service delivery). The Lead Regulator remarked on the positive influence that Residents have at ClwydAlyn after observing a Board meeting. Our Residents' Portal was launched during the year, and we now have 1,700 Residents who have registered to use the system. 47% of registered users access the system at least once per month.

We continue with our business mission to address poverty. Our partnership with Well-fed continues to grow. During the last year it delivered over 100,000 meals to those in need as well as launching two new mobile shops and began a pilot project with the South Denbighshire Partnership to distribute food across local communities more effectively. It also attracted over £300k of grant funding to allow it to develop new projects.

We have partnered with Warm Wales to support Residents experiencing fuel poverty and have been successful in receiving a grant for the Energy Saving trust Redress Fund of £476K alongside TGP Cymru Team around the tenancy (Supported Living Specialists) to deliver energy advice and support to our communities (3,000 visits, 5,000 People) for the next 2 years.

The implementation of our new compliance structure to prepare for the delivery of the new Safer Building regimen is underway with a new Head of Building Safety and Compliance being employed to oversee see this important business function.

The restructure of our housing service is providing more person-centred services and building trust between Tenants and their Housing Officer. We are introducing a new approach to tenancy conduct issues which does not involve threats of punitive action but instead offers support and actions to enable people to manage their tenancies well.

Over the past year we offered Employability Programmes in partnership with Project Search, We Mind the Gap, and Creating Enterprise. We also supported people through the Government Kick Start programme and partnered with our Developers and Trades partners to offer employment opportunities to Residents. Overall, we supported 33 people through these different programmes. We took our learnings from this and consultation with staff and Residents has shaped our Employability Strategy for the next two years.

Through our culture change journey, we continue to embed how we live and lead our values of Trust, Kindness, and Hope. We have replaced a number of our policies with guidance and continue to take an informal approach to resolving staff concerns; this approach continues to have a positive impact on our culture. We have progressed with our work to become a Trauma Informed organisation, understanding that everyone has different life experiences that could impact their behaviour, how they respond to things and the opportunities they have access to. We have a programme of training for all staff over the next three years and are establishing a working party to ensure that this is embedded throughout the business.

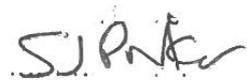
Our approach to business resilience has been strengthened and with a stronger and more embedded approach to Value for Money, Procurement and Programme & Project Management we have delivered strong financial performance achieving an Operating Surplus of 21%.

We are developing our approach to become a more sustainable business and were delighted to approve our Environmental Strategy. The recent employment of Head of Innovation Technical and Climate will help coordinate and manage the challenges associated with becoming a greener business. So, over time, this will ensure that we reduce our carbon footprint both in providing homes which minimise carbon production and are affordable in use; and in the way that we operate as a business; over the last year we have introduced a small number of electric vehicles for trades/ changed our environmental management in a number of locations to protect and develop natural habitats; undertaken reviews in a number of areas such as cleaning materials/digital services and changed what we buy and how we dispose of waste to minimise our carbon footprint.

We are excited about the possibilities of creating a Joint venture with a similar local social housing provider to deliver the decarbonisation of our homes.

Following collaborative work with staff, Board, and Residents our Social Value Strategy and priorities have been developed. We have worked with meaning and purpose to agree our approach to measurement and outcomes. This plan will support much clearer engagement with suppliers and construction partners and will support our drive to end poverty.

Our Resident satisfaction has dipped over the last 12 months and our focus for 2022 is going to be on making sure we get the basics right; catching up on the backlog of routine repairs which developed during the pandemic; and on improving communication with Residents. As 2022 started we were horrified, like everyone to see the invasion of Ukraine; we are pleased that we can play a small part to support refugees by running a Welcome Centre on behalf of Welsh Government. We are equally concerned about the cost-of-living crisis and the impact it is having and going to have on our Residents and many of our staff. We will prioritise our time and resources in both influencing Government to address the causes of poverty and in supporting residents and staff wherever we can on managing the impacts.

A handwritten signature in black ink, appearing to read 'S.J. Porter', with a stylized flourish at the end.

Stephen Porter  
Group Chair

## Chapter 1

### Introduction- Why Our Mission is to Address Poverty

NO POVERTY. Imagine how different Wales would be if we had no poverty. Everyone having access to high quality, affordable housing; able to afford to heat it properly and afford the food they need to stay healthy.

It might sound far-fetched, but at ClwydAlyn we don't think so. We believe that we can and should aim to make this a reality for as many people as possible.

Across Wales and the whole of the UK the impacts of Covid 19, BREXIT and the war in Ukraine have been far reaching; with more people in our communities suffering income, food, and fuel poverty. The pandemic has disproportionately affected the poorest communities and BAME people, with significantly more people losing their lives to the virus and suffering severe illness. Whilst the middle classes who have been able to work from home have been able to save more of their income than pre pandemic, those on the lowest incomes had to continue working as normal in higher risk roles, were furloughed, or lost their job roles suffering reductions in their incomes. Inequalities and poverty have been increasing. In addition, those who are not digitally connected have struggled to home school children and take advantage of the cheaper costs with online shopping and for older people a lack of access to the internet has undoubtedly resulted in loneliness and isolation for many people.

The UK cost of living crisis is seeing inflation increasing at rates not seen for decades; interest rate rises aiming to help control inflation; household national insurance tax increases; huge increases in petrol and diesel costs, 400% increases in household energy costs; regular shortages of staple food items such as sunflower oil and wheat and of building materials; in addition to inflationary price increases across many items. Not only do these pressures affect our residents and will need our ongoing support but they also have a negative impact on ClwydAlyn; our viability models for new build are being reassessed as we see build costs increased by around 20% to 25% since before the Covid 19 Lockdown; increased revenue expenditure on running the business means less funding available to meet our poverty priorities and our decarbonisation plans; the need for savings in operating costs and the need to plan for and manage a rental income stream under significant pressure.

There continues to be a significant shortfall of social and affordable housing, leading to pressures on council partners to find homes for those at risk of or experiencing homelessness; the inability of younger people to live independently and a private rental sector increasingly unwilling to house those on lower incomes. Our objective to beat poverty is more important than ever in a post Covid 19 Wales. Our people and our residents also still face ongoing challenges that were impacting their lives before 2020. These include Health services under immense pressure; both primary care (GP services) and secondary care (hospitals); unable to meet demand and performance targets. The recognised national crisis in social care; both in terms of meeting the cost of providing care for an ageing population and the challenges of recruiting and retaining staff to work in the social care sector. Whilst the move to increase standards in Social Care is welcome, the mandatory registration of all care staff is likely to be a further barrier in an underfunded and fragmented sector.

Mental ill health is an increasing concern in our communities and for employers and health services; with significant workdays lost each year to stress and mental health conditions. Landlords like us, see the impacts of poor mental health on customer behaviour such as neighbour issues. Mental health issues and the impact of social media on the mental health of young people is an area of growing concern. Domestic violence has been increasing during Covid 19; and can be more enduring in social housing; and poverty and stress can exacerbate this.

The old challenges are becoming increasingly complex to address; drug dealing has become a more dangerous problem in our communities with County Lines targeting vulnerable social housing tenants, knife crime and violence becoming more regular occurrences. There are increased safeguarding issues in our neighbourhoods and concerns about targeted manipulation and harm for both younger and older people.

We now are aware of and alert to the negative impact that adverse childhood experiences can have on people throughout their lives. Recent data from Public Health Wales identifies that life expectancy in the poorest areas is still on average, 7 years fewer than in the wealthier neighbourhoods, and that there is also a 14-year difference in healthy life expectancy.

This all paints a very challenging picture of life in Twenty First Century Wales. There are however a range of measures and actions to provide some optimism. Welsh Government recognises the importance and value of social housing and is providing increased capital grants in 2022 to support its development. The Housing Support Grant which funds services for people who have experienced homelessness has been increased. Capital funding continues to be made available to deliver demonstrator projects for social housing decarbonisation; and to fund Housing with Care. The Future Generations Act provides the framework and powers to plan and shape public services for a better Wales. The document "A Healthier Wales" published in July 2018 and the Social Care White Paper, presents plans for more joined up and integrated working between Health and Social Care with funding provided to promote health and wellbeing and to prevent ill health.

It is generally understood that a good quality home is vital for health and wellbeing (Maslow hierarchy of needs). Just a short pause for thought, on the challenges referred to above, demonstrates that it will not be and has not been enough on its own, to enable Tenants and Residents to live healthy fulfilling lives. We believe that there are 4 priority areas where ClwydAlyn should focus its efforts. These are food poverty, fuel poverty, income poverty and digital exclusion.

Homes are the start but not the end to the influences we can exert and the active role we can play as a significant stakeholder in many communities across North Wales. Therefore, there is more we can do, if we choose to make a positive impact in the communities where we work, and for the people we serve.

## Chapter 2

### Mission and Values

Much of the housing we provide is clustered within and around the poorest neighbourhoods across North Wales, where the inequalities described above are greatest.

All our homes are of good standard so we know that the reasons for the big difference in life expectancy are complex; but we believe that as a major stakeholder in communities, with significant investment and valuable assets; and with a long-term commitment to those areas, we must do more.

Given our desire to improve the life chances of those people we work with, the group has developed a new mission statement. This is informing all our work and our business priorities. It is an active statement and expresses our desire to work collaboratively, to prioritise our resources and:

### Together, to beat Poverty

We are investing in services to address the impact of poverty. We believe that if tenants and residents can live well in our homes, they will be better able to deal positively with the challenges they face. Due to our person-centred approach no one faces **eviction from our homes into homelessness**. Our no eviction plan is being achieved by addressing the causes of tenancy failure. In our first year of change we reduced evictions by 85%, and in year 2 we have evicted nobody. We have invested in additional roles, staff training and software to improve our ability to provide early interventions, targeting support as soon as a resident experiences financial difficulty.

Reducing poverty is not only the right thing to do, but it also makes good business sense, with lower tenancy turnover, lower arrears, and lower bad debts.

We are taking positive steps to ensure that our business is as efficient as possible and spends its money only where it must to achieve its strategic goals. We have a new approach to procurement and Value for Money and have built strong programme and project management capacity. Our business model provides for ClwydAlyn to invest directly in poverty programmes such as our partnership with Well Fed to address food poverty and our partnership with Warm Wales to help support those suffering fuel poverty. A crucial part of our approach is to use our resources with others; and their expertise and skills where this can help us achieve more together.

We are developing a strong and active voice politically in Wales, championing change to address the causes and outcomes of poverty. We have senior level representation on several Government led strategic policy groups; are developing our thought leadership role with increasing opportunities to comment on and influence thinking in Wales and at UK level too.

**There are 3 priority areas to our work:**

### Our Business and our Homes

### Our Residents

### Our People

#### Our Business and our Homes

Our business will be financially strong and will continue to grow. We will be resilient in the face of financial challenge, and we will make decisions to manage change and risk without detriment to the company and its goals and mission. The homes we build and maintain will be to excellent quality standards and digitally enabled; they are increasingly utilising technology to ensure that our residents running costs are affordable. We are increasing investment in our older stock so that it is affordable in use; accessible; and provides a high-quality living environment for our tenants. No resident of ours should have to choose between heating and eating.

## **Our Residents**

Our residents will know that we care. We will make sure that our residents can live securely in their homes knowing that we will provide a home for as long as they need it. We will do more so that everyone can live successfully in the homes we own. We have enhanced our wellbeing services during the Corona Virus pandemic, and we know how important this has been to support well-being. This will become a core part of our service offer. We will make sure that our tenants have access to good quality affordable food, and we will support them if/when they are in crisis. We will help our residents to access volunteering/training and work when they need our help to increase life opportunities, confidence, and self-esteem. We will continue to work with residents to address loneliness and isolation, and digital exclusion.

## **Our People**

We are creating an exciting, innovative, inspiring, and fun company for our employees who will all share our values. Our employees will continue to have opportunities to grow and develop with us. We are rewarding and recognising staff appropriately for their work and we encourage and support their health and well-being. We are developing an inclusive, diverse workforce; with role models and Leaders at all levels to encourage growth and ambition.

## **Our Values**

**Trust**

**Kindness**

**Hope**

Values reflect our culture and “the way we do things”. They are embodied by the leadership and the way that we work and interact with each other every day.

## **What our Values Mean to us?**

### **Trust**

We trust our people to make good decisions and to do what’s right in each situation. We will treat our staff and residents as adults, and with respect. We will not be rule bound and we will free people to work flexibly and creatively in the best interests of our residents and business in a way, which meets their personal/family life commitments.

### **Kindness**

We are kind. We respect each other and care for each other, as colleagues and residents. We have an open culture which values difference. We all voluntarily go the extra mile for each other; our people and residents will recognise kindness in the way we deliver our services.

### **Hope**

We provide hope to the people we house or deliver services to; so that as well as living in a great home, we will also help with access to volunteering, training, work, activities, fun. Our staff know that they can expect good career planning, training, and development with us to achieve their dreams and goals.

## Chapter 3

### Corporate Objectives and Success Measures

This chapter provides a high-level summary of the key outcomes we are working for at ClwydAlyn for the benefit of our business and our homes, our residents, and our people by 2025. The more detailed actions year on year to achieve each outcome are described in Appendix 2.

#### ClwydAlyn - Our Business and our homes

- A growing organisation in a strong position to address our mission and provide better services.
- We will own and manage at least 7,500 homes including
  -  Social and affordable rented homes
  -  Affordable home ownership
  -  Other housing tenures where it benefits the business; meets our values and risks can be managed effectively.
- Is financially strong and resilient
- Our homes have a positive impact on the environment; are of excellent quality, economical to live in and build pride in our neighbourhoods.
- Our homes are safe and secure and flexible in design to meet changing needs over the course of a lifetime
- Our rents are affordable, and we deliver value for money

#### ClwydAlyn - Our Residents

- Exert a strong influence on what we do and how we deliver services
- We collaborate to beat poverty
- We are viewed as sector leaders
- Can self-serve all services 24/7
- Can provide instant feedback at every interaction and know this is used to influence and improve services.
- Know we know them - (We use customers insight and foresight effectively to drive our service models and to provide person-centred delivery)

#### ClwydAlyn - Our People (staff and board)

- Champion ClwydAlyn as an employer of choice
- Fully reflect the communities we serve
- Treasure the environment and work hard to protect it
- Are less likely to suffer from poverty through our actions

#### Meeting Regulatory Standards and Financial Covenants

As a registered social landlord, we continue to place high priority on maintaining the highest regulatory standards from both The Housing Regulator and Care Inspectorate Wales; and will always give a high priority to implementing any areas identified for improvement.

In addition, we have an 'A Stable' credit rating from Standard and Poor's and maintaining (or improving) our rating is a key priority for securing future tranches of our bond at favourable interest rates, and for meeting the financial covenants for our Standard Life funding. We were delighted that in early 2021 we were able to present sufficient evidence to Moody's for them to upgrade our unsolicited credit rating from Baa1 to A3. This has been maintained in 2022 alongside our rating from Standard and Poor's. This has already had a positive impact on interest in our bond. Board reviews performance against each financial covenant at every meeting.

## Chapter 4

### Who We Are?

ClwydAlyn was formed in 1978 as a non-charitable Registered Social Landlord. The Group now manages over 6,200 homes and employs around 750 staff, to deliver a range of housing management related services, which includes care, nursing care and supported housing, development, repair, and maintenance services across North and mid Wales. The Group's range of housing is attached as Appendix 1.

The Group's homes and services include affordable family housing and single person accommodation, supported living accommodation and specialist care services, low-cost home ownership, leasehold management services and intermediate rented housing.

The Group is comprised of 4 legal entities; ClwydAlyn, a Housing Association with charitable aims, a commercial company Tai Elwy for delivery of non-charitable activities of scale (which is currently dormant); a development arm called Tir Tai Limited, and a funding vehicle called PenArian Housing Finance Limited (the latter two are not customer facing).

The Group is much more than a social housing provider. We make a significant contribution to the North Wales economy both as an employer and as an investor with a significant capital spend of £300m within a five-year Development Strategy on new housing construction projects. In addition, the procurement of local goods, trades, and services results in at least 80% being sourced locally, benefiting business and suppliers. For every £1 spent on developing new homes, £1.60 is reinvested into the local economy.

The uncertainty and pace of change within the housing sector presents both significant opportunities and challenges. The Group seeks to anticipate change and continually adapt proactively in response. To deliver our mission, we will be creative and imaginative; we will continue to find and seek new opportunities, and this will be underpinned by financial leadership and management which delivers agreed annual surpluses to invest in homes and services; meets all financial covenants and delivers value for money.

There continues to be numerous pressures and risks on the Group's income and costs e.g. the impact of Covid 19, leaving the European Union, welfare reforms, contracts for supported living services, earnings inflation, new Welsh Government rent regime, new model for providing social housing grant for new development is likely to provide lower grant rates on many developments, future legislation to enhance health and safety in tenanted properties and new builds following the Grenfell fire; Past service pension deficits These are managed through regular strategic risk reviews and stress testing of the business plan.

## Chapter 5

### Investment in New Affordable Housing

The Group's development plan for completing new homes is as follows:

	20/21	21/22	22/23	23/24	24/25	Total
General Needs Houses/Apartments for Rent and Low-Cost Home Ownership & Rent to Own	158	73	182	493	562	1468
Supported & Extra Care	4		4	66	75	149
Total	162	73	186	559	637	1617

Since the Bond was agreed we have handed over 703 new homes to March 2022.

## Development Programme

The Development Programme in terms of starting work on new homes was severely affected by the Covid-19 outbreak where the ability to obtain planning permissions was disrupted. Further delays with the planning system continued to affect progress on some key larger projects during 2021/22 but most were eventually granted in the year, albeit later into Quarter 4. The delays have meant that starting some projects later results in completions being pushed forward into future years although our aim of growing our stock to over 7,500 by 2025 is still on target. New opportunities grew at pace during the year and the land banking of sites was successfully achieved to increase our forward programme.

Over the next 5 years, we expect to complete a further 1,782 homes giving a total of 2,073 homes since the development programme was expanded by utilising our Bond.

Of the 1,617 in the table above, 536 are on site and 485 are approved and/or have land acquired to deliver them and are progressing through the planning, procurement, and design processes. The remaining 596 are being worked upon by the Development Team to bring them to fruition.

We will listen to and engage our residents to ensure we future proof in terms of design for new developments, along with lessons learnt from previously completed schemes. The project appraisal, and procurement process and criterion for new schemes is robust, ensuring new developments enhance the Group's financial position. All new projects will be evaluated using the viability criterion set out in the Development Investment Strategy and will also be evaluated by considering the cumulative impact of the proposed development on the Group Business plan as a whole

## Chapter 6

### Medium Term Financial Plan (MTFP)

ClwydAlyn is a financially strong, growing company. It is the only housing association in Wales with a credit rating and publicly issued corporate bond. Good financial management underpins everything that the company does and as such is taken very seriously.

As we grow, we need to ensure that the gap between our income and expenditure (our operating margin) also grows. As we get bigger, a bigger operating margin gives us greater resilience and flexibility to adapt. Previously we had assumed a significant growth in our operating margin over a relatively short period of time. However, given the impact of Covid and the cost-of-living crisis impacting our residents we will see our operating margin reduce to 21% in 21/22 and we will maintain it at about that level for 22/23.

### Income

Our income is dominated by rents, which are subject to the Welsh Government Social Rents Policy. The revised policy published in 2019, set out a five-year vision. Housing Associations will be permitted to increase rents by up to CPI+1% each year, subject to certain conditions. In September 2021 inflation exceeded 3% which triggered ministerial intervention in the rent policy. The minister decided that rents could only rise by CPI for the coming year. Our MTFP only ever assumes that rent will rise by CPI which gives us the flexibility to adapt to this change.

Over the past 12 months we have worked with residents to review the rent affordability across our general needs and sheltered properties. We looked at the rent charges in all our properties and compared this to the lowest income levels across the county areas of North Wales. Our findings demonstrated that some of our smaller properties are less affordable than our larger properties, and that some tenants were paying more than 28% of their gross income on their rent costs. Based on this we implemented a two-stage approach to rent increases for 2021/22. 498 properties that were identified as having a less affordable rent charge, were subject to a rent freeze and received no rent increase. Rent for the remaining properties was increased by CPI only.

We run several care and nursing homes and the income from these schemes is significant. We have a mix of local authority funded and privately funded residents. Local Authority pay rates have failed to keep up with the additional costs of running homes and this is putting strain on their finances. We have begun a fundamental review of the sustainability of the homes and have introduced top up fees to local authority clients and increased the fees to privately funded residents above inflation. This is likely to increase over the coming years.

The other significant income stream is for our supported living service, which is commissioned by local authorities and paid via the Welsh Government's Supporting People grant fund. This fund has not increased over time and cost increases have had to be absorbed by the company. However, we have agreed additional funding (including annual uplifts) with Councils to make these more robust.

## Expenditure

During 21/22 the ongoing impact of the pandemic meant that we were still not able to carry out as many repairs to people's houses as we would have liked. We are having to re-programme much of this to be delivered across the next twelve months. During the year we went live with a new tenant's portal that allows on-line enquiries booking of repairs and payment of rent. This has quickly become a popular way of contacting us.

During the year we invested in improved efficiency, beginning implementation of a new housing management system, new HR and payroll system and a new creditor payment system. These should all speed up processes improve accuracy and reduce the cost of doing business.

The tables attached as appendix 3 show our five-year Medium-Term Financial Plan based on the development plan proceeding as shown in Section 5 and reasonable assumptions on inflation, interest rates and efficiencies. It assumes rents grow by CPI only.

In February 2022 we drew down £10m from our retained bond and agreed a forward deal to draw down a further £40m in two tranches in 2023. In addition, we have begun the process to carry out a 'tap' on our existing bond, increasing the amount available to us and removing the time constraints for drawing on it.

As part of our financial governance, we must comply with the requirements of Welsh Government and any covenants or restrictions placed on us by lenders or investors. We also have credit ratings with Moody's and Standard and Poors rating agencies. As part of our treasury management, we have 'golden rules' which are more stringent than the covenants and are aimed at preventing us from getting near our covenants. The key measures are shown in the table below along with the forecast rates. In the short term, several which measure our debt relative to our income are higher than we would like. This is mainly due to delays in our new developments caused by Covid. As the development plan catches up over the next 12 months, then the measures return to normal.

Description	Internal Target	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Margin		21.2%	23.2%	25.3%	26.0%	25.9%
Social Letting Interest Cover	>1.5	2.0	2.1	2.2	2.3	2.4
Interest Cover (EBITDA MRI)	>1.2	1.3	1.3	1.6	1.7	1.8
Debt / EBITDAMRI	<17	22.4	21.7	18.3	17.2	17.2
Debt (less cash) / EBITDAMRI	<17	20.0	20.1	17.5	16.3	16.1
Debt to Revenues	<5x	4.7	5.1	4.9	4.8	4.9
Debt to Assets (Gearing) (RCF basis)	<55%	37%	38%	36%	36%	36%
Gearing (Debt / Assets)	<50%	43%	42%	41%	41%	41%
Average cost of borrowing	<5%	3.45%	3.44%	3.43%	3.41%	3.29%
Total debt (£'000's)	-	234,855	274,319	286,665	300,520	316,921
Debt per unit (£'s)	-	38,877	41,932	41,152	41,382	42,712

## Stress Testing

We must consider what may happen to our financial plans if there are significant disruptions to normal activity. The board meets annually to review the business plan and examine different scenarios. It then produces a resilience report that determines what actions it would take along with the likely outcomes. The current war in Ukraine is an example of the extraordinary events we must consider. As part of our response, we considered the resilience plan recommendations and implemented some of them – reduction in staffing costs (through vacancy freezes and furloughing staff), stopping repairs and maintenance services, reducing activity on our development plan. Further stress tests were undertaken to examine the possible impacts on the company through increased cost, increased void rates and increased arrears and bad debts. The results of these are contained in our revised business plan.

## Chapter 7

### Governance Arrangements

The ClwydAlyn Board determines the Group strategy and strategic policies, which are then implemented through the Executive Management Team. There are four Committees (Assurance, People, Property and Resident) to support the ClwydAlyn Board to discharge its responsibilities and provide assurance.

Following a successful Transfer of Engagement of the Polish Housing Society to ClwydAlyn a transition Committee was established for an 18-month period and has now concluded its activities. The plans for the redevelopment of the site are currently being finalised.

### Board Members

All Board Members are subject to an annual appraisal, designed to develop Board Members, and ultimately improve the performance of each Board. Boards also collectively review their performance and agree a Governance Improvement Plan. New Board Members undergo a formal induction programme and are allocated a mentor as appropriate, whilst the Board collectively regularly reviews its training needs and undertakes training to improve effectiveness.

### Management

The Group is organised on a functional basis. Appendix 4 sets out the Corporate Management Structure and highlights the main service areas.

### Assurance

Assurance of a satisfactory control environment is fundamental and is overseen by the Group Assurance Committee. An outsourced Internal Auditor undertakes 'audits' prioritised by risk, providing the Boards with independent objective advice and assurance, on the effectiveness of risk management, internal control, performance management, governance, and policies / procedures within the Group. In addition, all the active Group entities are subject to audit by the External Auditors (Beever & Struthers). ClwydAlyn is regulated by the Welsh Government and subject to an annual Regulatory Judgement. ClwydAlyn is also regulated by the Care Inspectorate Wales (CIW) for the delivery of the Services to the care and nursing home portfolio.

Our arrangements for assuring health and safety compliance for assets changed during the year and we employed external specialists to review fire, water, gas, electricity, and asbestos management. This gave us a much more in-depth view of performance.

**Resident and Other Stakeholder Participation-** Over the past 12 months we have continued to develop our Resident Involvement Programme #InfluenceUs. We now have 120 residents who participate in a range of ways to support and develop work across the business.

We are committed to co-production with our residents and this year have reviewed a number of procedures and policies by working in collaboration. Residents have developed 'Our Promise' in

collaboration with officers across the business. Our Promise is our commitment to residents about the level of customer service and support that they can expect from us and that we will measure ourselves against.

Our work within communities is starting to build pace again following lifting of restrictions. During the summer we were able to provide funding to teach 43 children to learn how to swim. We ran this programme in partnership with Denbighshire and Flintshire Leisure services. We supported over 60 families with food vouchers at Christmas and also provided Christmas gifts to over 70 residents.

We have held a number of events at specific schemes including competitions and fun days. Working in partnership with Well Fed we have piloted a mobile food store in the Deeside area providing residents with the opportunity to purchase affordable, healthy food and meals in their local area. This project is now being rolled out more widely across Flintshire and Denbighshire.

Residents were involved in the self-evaluation submitted to Welsh Government as part of the Regulatory Review. Residents supported the development of the Continuous Improvement Plan in relation to all aspects directly linking in with service delivery and service improvement. The Resident Committee will receive regular reports on progress against this plan.

## Addressing Inequality and Building Diversity

The world is changing; from this, we recognise that behaviours that may have been acceptable in the past may not be acceptable now. We also recognise our staff and residents are dealing with greater inequalities in their lives and this, in turn, drives behaviour.

We are continuing to embed our framework 'Living and Leading our Values' across the business ensuring Trust Hope and Kindness are recognised as the way we do things by the end of this corporate plan period. In addition to embedding the leadership development tool 'Fierce Conversations', we are working with managers to provide bespoke and tailored support within each service or business area ensuring the way we deliver our service to residents or staff fully reflects our values.

We continue to see significant reductions in evictions in addition to disciplinary matters. During the last year, a number of issues have been resolved informally, in line with our values, this is further demonstration that our values led approach is becoming embedded.

As Covid and the cost-of-living crisis has shone the spotlight on inequalities we are increasing our understanding of the impact it has on different groups of staff and residents including ethnic minorities, LGBTQ, people with health conditions or disabilities. We recognise there is far more we need to do to truly understand the barriers different groups face.

Having consulted with our staff and residents we sought input from our Board on the development of a two-year Inclusion Strategy. Priority areas are the creation of a culture that reflects our communities where our people and residents feel that they belong; collecting and analysing data to influence service change and ensuring recruitment is inclusive, enabling us to attract employees from a diverse talent pool, where lived experience will be respected and valued.

In line with our values, we believe that everyone has the right to access employment, training and development based solely on merit. We understand this brings tangible business benefits when we are looking to attract and retain talent. It makes us an attractive organisation to work for and therefore enhances our reputation with our people and other partners.

Having partnered with We Mind the Gap, Project Search and Creating Enterprise this year we supported 33 people into employment. We have developed a two-year plan which focusses on creating opportunities for our residents through our Employability strategy whilst building our future workforce. The initial priority will be to raise awareness with our residents of the opportunities that are available within ClwydAlyn and our supplier partners. We plan to

increase the number of apprenticeships we can offer and to support up to 20 people into employment through our partner programmes during 2022/23.

Following a comprehensive review of Pay arrangements for all roles within the company, we have implemented a single pay framework. We have created a single set of Terms and Conditions with 54% of our workforce moving on to the new arrangements during the first year. This work will be completed by January 2023.

In April 2021, our Gender Pay Gap reduced slightly from 18.93% to 17.10%. During the year, we implemented pay increases which saw higher levels of increases to those in lower-paid job roles which are traditionally undertaken by women such as care and catering roles. We maintained our commitment to being a Living Wage employer.

We are members of Working Families, the work-life balance charity. In completing their annual survey, we were delighted to achieve Top 30 status which reflects the work we have done to embed flexibility and our plans to improve our maternity and paternity arrangements.

Poor mental health continues to be a national issue, and we see the impact through our people and our residents. During the year we recruited two Workplace Wellbeing Specialists. We are one of a few organisations in Wales who are working to become a Trauma Informed Organisation. This along with positive mental health support and financial wellbeing are a clear focus for next year.

## Chapter 8

### Key Business Risks

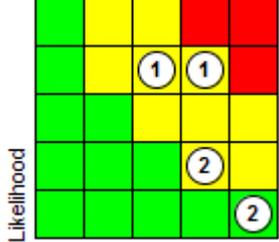
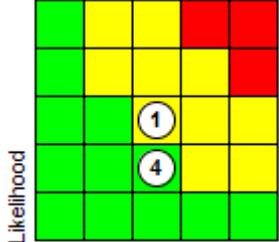
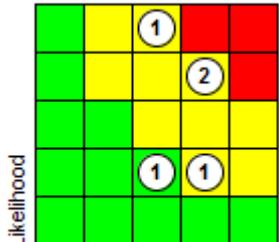
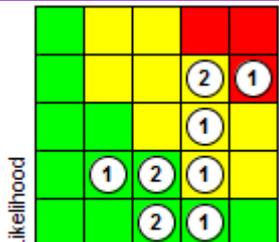
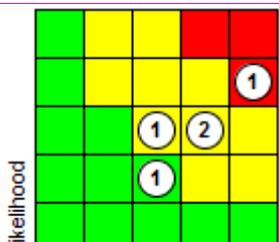
The current business environment for housing providers is unprecedented in the challenges ahead; the continuing impact of Covid 19, the cost-of-living crisis and the war in Ukraine continues to test the robustness of financial plans. Pressures on income and expenditure if not managed well, could ultimately challenge the Group's viability, without adequate steps to mitigate the risks.

ClwydAlyn has a comprehensive and robust risk management process and the Board ensure that the framework is appropriate and regularly reviewed. Some risks faced by the Group are not fully controllable, such as the Russia/Ukraine war which carries huge risks for the economy, still to recover from the pandemic with high inflation and soaring energy costs, households and businesses are spending more and more and having to make decisions on how they budget in the short to medium term. The Exec team and Board ensure that they are represented and active in all areas of influence and use trade bodies such as CHC to build input and thinking to all relevant aspects of policy, regulation, and legislation.

Risks are categorised as 'Strategic' or 'Operational' and are monitored and reviewed quarterly by the Board and Assurance Committee.

The Strategic risks affecting the Group are summarised below. Risks are categorised based on the likelihood of them occurring and the potential impact should they do so.

**Strategic Risks RAG Summary**

Strategic Risk	Assessment of Risk	Risk Score	Number and Status of Operational Risks under each Strategic Risk
Treasury	Medium		
Failure to Deliver the Corporate Plan	Low		
Material Fall in Income or rise in Expenditure	Medium		
Governance Failure	Medium		
Failure to Decarbonise and Respond to Climate Change	Medium		

There are detailed risk maps supporting each of the above strategic risks with specific interventions to mitigate the risk. The underlying key issues to managing the above risks are ensuring that agreed mitigating actions are implemented, early warnings and trends are monitored to facilitate early corrective action and regular reviewing of the environment to ensure that any emerging issues affecting the Group’s strategy is considered.

## Stock Profile

Category	CCC	DCC	FCC	PCC	YMCC	WCC	GCC	Total
Care & Nursing	54	10	0	0	0	95	0	159
Hostels & Foyers	49	42	82	0	0	59	0	232
Care & Support Group Homes	40	126	40	0	34	93	0	333
D.I.Y.S.O	27	29	14	0	1	7	0	78
D.I.Y.H.O	11	23	18	0	0	7	0	59
Leasehold	76	99	90	0	0	43	0	308
Leasehold Scheme for the Elderly	36	0	44	0	0	0	0	80
Management Agreement	0	20	23	0	32	0	0	75
Homebuy	24	32	44	0	13	19	0	132
Garages	4	0	4	0	0	0	8	16
General Needs	357	835	1558	219	214	669		3852
Warden Control	61	36	28	0	40	43	0	208
Extra Care	90	59	123	0	63	114	95	544
Rent to Own	0	45	28	0	13	0	0	86
Affordable Homes - Intermediate	12	54	32	0	27	9	0	134
<b>Total</b>	<b>841</b>	<b>1410</b>	<b>2128</b>	<b>219</b>	<b>437</b>	<b>1158</b>	<b>103</b>	<b>6296</b>

Key	
Conwy County Council	CCC
Denbighshire County Council	DCC
Flintshire County Council	FCC
Powys County Council	PCC
Wrexham County Council	WCC
Ynys Mon County Council	YMCC
Gwynedd County Council	GCC
Do it yourself Homebuy	DIYHO
Do it yourself Shared Ownership	DIYSO

## 2022 ORGANISATIONAL STRUCTURE

