

3 Year Strategic Plan

18/19 to 20/21





If you don't know where
you are going, you'll end
up someplace else.





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Background

The ateb group continues to deliver a strong performance to the people and communities of West Wales.

Our evolution from Pembrokeshire Housing to ateb in early 2018 was a response to the changing customer expectations and operating environment. ateb, meaning answer or solution in Welsh, captures the essence of our heritage but challenges us to find new ways to improve and grow in the future.

ateb has the purpose of 'creating better living solutions' for the people and communities of West Wales, meaning we need to be more than just a housing provider. Our new ateb DNA, built on trust and inclusiveness and a desire to get things done, will help us to support more people and communities to make a difference.

Our on-going financial strength will be important in an uncertain post Brexit environment with the added pressures of Universal Credit over the next 3 years.

This strategy aims to balance the risk of uncertainty against the need to improve, innovate and take opportunities that present themselves. We will actively seek to develop collaborative arrangements with like-minded organisations across West Wales who can help us achieve our purpose.

This strategy sets out our 3 year priorities that will support the achievement of our 3 strategic aims of increasing corporate strength; improving service delivery and developing new business growth. The priorities will set a challenging agenda for our Board, delivery teams, tenant groups and partners but, by working together, we should all be able to shape our future success. This will only be achieved through an organised, innovative blend of effort from our customers, Board, senior team, colleagues and partners, who together will all shape our future success.

With a new more aspirational purpose and a greater emphasis on organisational agility, ateb looks forward to continuing to deliver great services and performance for years to come, these are our Next Steps.

ateb *better living solutions*

Facts

To state the facts frankly is not to despair the future nor indict the past. The prudent heir takes careful inventory of his legacies and gives a faithful accounting to those whom he owes an obligation of trust.



ateb group consists of 4 companies:
(Figures current to end of FY 17/18)

ateb
group limited

The parent and registered social landlord. 2,690+ rented social/affordable homes, circa 100 colleagues and turnover of £15m+.



West Wales Care and Repair
Gofal a Thrsio Gorllewin Cymru

Advice and adaptations for vulnerable and older persons in privately owned or rented homes. Circa 3,000 enquiries per year, over 1,000 repairs or adaptations per year, 19 colleagues and a £830k turnover.

millbay
Welcome Home

Subsidiary developing and selling homes to recycle profits to provide new social and affordable homes, 9 colleagues, 40+ properties developed per year, turnover of circa £9m and recycle profits to end of FY 2017/18 of £1m.

EBS

Currently dormant. A property and development services company that will undertake work on behalf of the group and other partners.



ateb group provides services across West Wales:

ateb

KEY CUSTOMER SERVICES:

- Social rented homes
- Affordable/intermediate rented homes
- Shared ownership homes
- Benefit and financial planning advice
- Tenancy support services
- Employment and training opportunities
- Tenancy and community engagement



KEY CUSTOMER SERVICES:

- New homes for sale (recycled profits to create more social and affordable homes)



West Wales Care and Repair
Gofal a Thrwsio Gorllewin Cymru

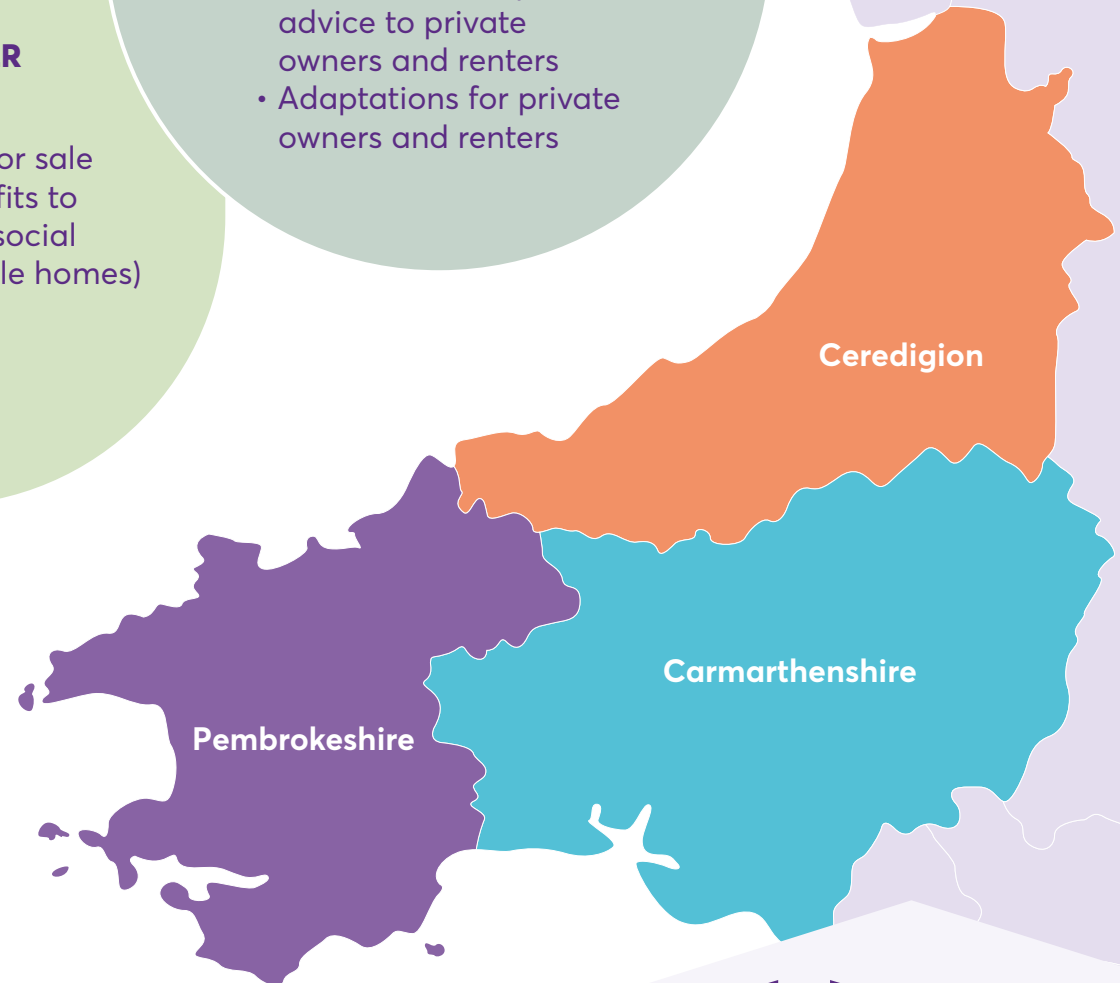
KEY CUSTOMER SERVICES:

- Benefit and adaptations advice to private owners and renters
- Adaptations for private owners and renters

EBS

KEY CUSTOMER SERVICES:

- Under development



Achievements



Happiness does not come from doing easy work but from the afterglow of satisfaction that comes after the achievement of a difficult task that demanded our best.



Achieve



Achievements

Over the last 3 years we have:



Built **325** new social rented homes.



Let over **1,200** homes.



Rebranded the group to ateb.



Held community events attended by **1,117** people.



Responded to **9,000** maintenance requests.



Maintained our financial covenants and borrowed **£18m** more funding for future development.



Completed our repairs in an average of **5** days.



Given advice and support to circa **1,000's** of people.



Had an average rent arrears of **less than 1/2%** which is a very low percentage.



Achieved an average group operating margin of **28%**.



Raised circa **£3m** from Mill Bay Homes to help build more affordable homes.



1,456 minor works adaptation referrals raised by Caseworkers (WWCR).



Completed our **150th** home for sale through Mill Bay Homes.



New finance from BAE Systems of **£20m**.



Introduced a Barclays Revolving Credit Facility of **£20m**.



2,757 casework/technical home visit assessments (WWCR).



3,088 prevention of admission to hospital adaptations completed (WWCR).



924 Hospital Discharge adaptations completed (WWCR).



896 minor adaptations completed (WWCR).

Strategic Aims



You may not be interested in strategy, but strategy is interested in you.





Strategic Aims

We have established 3 strategic aims and a range of questions our Board will use to make sure we are setting the right priorities.



Aim 1:
Increase Corporate Strength



Aim 2:
Improve Service Delivery



Aim 3:
New Business Growth

Aim 1: Increase Corporate Strength

Purpose	We must ensure we have the right ambitious purpose.
Governance	We must have the right skills, competencies and systems to govern effectively.
Culture	We must have the right DNA and working arrangements running throughout the Association.
Resources	We must have the right finances, people, partnerships and infrastructure.

Aim 2: Improve Service Delivery

Customers	We must always deliver the right outcomes, efficiently with great customer experience.
Property	We should always maximise our property assets and property investment.
People	We must attract and retain the right skills, experience and enthusiasm.
Systems	We need to have the right process and infrastructure to be high performing.

Aim 3: New Business Growth

Service Growth	We should identify how we can grow our existing services.
Market Growth	We should explore whether we can add value to our purpose by branching into complementary market sectors.
Diversification	We should evaluate whether there is merit in diversification that adds value to our purpose.
Collaboration, Merger & Acquisition	We should explore all opportunities that add value to our purpose through working with others.

Challenges



My interest in life comes from setting myself huge, apparently unachievable challenges and trying to rise above them.







Challenges


We have established the following issues that may impact our strategic aims:


 **Universal Credit,**
supporting people
funding and Brexit.


 **Housing Horizons**
challenges of
doubling output over
the next 20 years;
aligning housing
with health and
making a good
home a right for all.


 Brexit – uncertainty in the financial and housing markets generally making our operating environment very changeable.


 New WG regulation – such as the new performance framework and the Sector Risk and Regulatory Expectations paper.


 Changing colleague expectations of work/life balance.


 Communication demands increasing with modern technology developments.


 Costs increasing faster than income, we need to protect our operating efficiency.


 Insufficient measures, data or insight to understand our full operational performance.


 Building homes is becoming more difficult due to more competition for land and SHG and changing housing needs.


 The need to embrace modern methods of construction whilst reducing costs.

 An over reliance on a small contractor pool.

 Changes to operating environment due to mergers and new forms of housing providers.

 Adoption of emerging cloud based technologies for our operations.

 Changing customer expectations of service and homes.

 Uncertain funding streams (e.g. WWCR).

 Regulation changes – H&S and GDPR.

Strategic Priorities



The key is not to prioritise what's on your schedule, but to schedule your priorities.





AIM 1: Increase Corporate Strength

SP1/ These are the priorities that will increase our corporate strength over the next 3 years:

Governance We must have the right skills, competencies and systems to govern effectively.	A/ Rest Assured	We will create and embed an Assurance Framework across our systems that allows ateb to confidently test whether the aspirations and obligations of The Manual are being met with a particular emphasis on our collective Health and Safety responsibilities.
	B/ Agile Group Structure	The group has 4 companies, we want to make sure they are all on the right legal status, have up to date rules and offer us the ability to fully utilise our group structure to its maximum potential.
	C/ Governance Improvement Plan	Our Board must have the right resources, skills and competencies. We must establish a form of reporting and challenge that recognises the role of the Board and its relationship to our customers and delivery teams.
Culture We must have the right DNA and working arrangements running throughout the Association.	D/ Involve	We need to establish our ateb culture or DNA and collectively make that culture real. We need to develop communication channels and learning loops to make sure everyone feels part of the whole.
Purpose We must ensure we have the right ambitious purpose.	E/ Aspirational Purpose	ateb needs to set, understand and challenge itself to achieve more for the people and communities of West Wales. We need to be inspired!
Resources We must have the right finances, people, partnerships and infrastructure.	F/ Maximise Return	ateb has had an excellent performance record, we need to continue to maximise our operating margin and return on investment. We aim to have an operating margin of at least 35% for the social housing business and greater than 28% for the group as a whole, over the next 3 years. We will look to develop a standardised approach to monitoring return on investment.



AIM 2: Improve Service Delivery

SP2/ These are the priorities that will improve our service delivery over the next 3 years:

Customers We must always deliver the right outcomes, efficiently with great customer experience.	A/ Customer Insight We need the best customer data we can source and have excellent data analysis, to make sure the services we supply are the services our customers want.
	B/ Engage We want all our tenants and customers to be able to interact with the ateb group in ways that suit them, and on the subjects that they want developed. We want this knowledge to be hardwired into the strategic and operational delivery of the group. We want to create a fluid Tenant Network that shapes our service delivery.
People We must attract and retain the right skills, experience and enthusiasm.	C/ Agile Team Structure Our team structures should support our service delivery plan, we will evolve the use of our resources and leadership hierarchies to make sure that we have the agility to tailor our services for changing customer expectations.
Property We should always maximise our property assets and property investment.	D/ Strategic Asset Management (SAM) We will look to introduce a SAM system that allows us to maximise our return on investment so that our property assets are always working for us over the long-term.
Systems We need to have the right process and infrastructure to be high performing.	E/ Service Delivery Plan (SDP) We will develop and implement a new Service Delivery Plan with the objective of delivering the right service outcomes, efficiently with great customer experience. The SDP will show whether we achieving this objective and why, how and where we intend to improve. The SDP will clearly show our collective responsibilities to ensure Health and Safety for all, at all times, across all services.
	F/ Our Future Workplace Technology and customer/colleague expectations are challenging traditional conventions on how and where we deliver our services. At the same time, ateb group wants to develop a team DNA across our colleagues and partners. We will initiate a project to review our future workplace options and propose how our offices' use technology, working patterns, role profiles and other related workplace issues can be aligned to our purpose, DNA and delivery of our 3 strategic aims.
	G/ Digital Transformation Technology will constantly evolve therefore so must we. ateb group needs to strike a balance between managing customer and colleague expectations regarding use of technology with cost and surety of operations. We will undertake a review of emerging ICT opportunities, our current ICT capabilities and propose options for a significant investment in digital transformation across the group.



AIM 3: New Business Growth

SP3/ These are the priorities that will develop new business growth over the next 3 years:

<p>Service Growth We should identify how we can grow our existing services.</p>	<p>A/ Aspirational New Homes Target</p>	<p>Our group will seek to increase its new homes provision by 50% over the course of the next 3 strategic plans (by 2027) to support the CHC Housing Horizons 2036 initiative.</p>
<p>Collaboration, Merger & Acquisition We should explore all opportunities that add value to our purpose through working with others.</p>	<p>B/ Collaborate to Grow</p>	<p>Our group believes that the best way to deliver more of our purpose is through collaboration and partnership. We will seek new collaborative or partnering arrangements to grow our business.</p>
<p>Market Growth We should explore whether we can add value to our purpose by branching into complementary market sectors.</p>	<p>C/ Broaden Operating Area</p>	<p>The ateb group offers part of its services across Carmarthenshire, Ceredigion and Pembrokeshire. We will explore the option of developing more of our service offers to more areas of West Wales.</p>
	<p>D/ New Services for Changing Demographics</p>	<p>Demographic changes are creating the potential for new types of service provision for our aging population. ateb group will explore and propose new services that could be considered for this changing demographic.</p>
	<p>E/ Review the Possibilities of Raising Revenue Through Complementary Services</p>	<p>As with Mill Bay Homes, the ability for our group to raise additional revenue to support the delivery of more of our purpose should be explored. We will review the proposals to offer revenue generating services with a view of recycling funds back into core group services.</p>
<p>Diversification We should evaluate whether there is merit in diversification that adds value to our purpose.</p>	<p>F/ Review Methods of Procurement</p>	<p>Mill Bay Homes and ateb currently act as developers i.e. they buy land and commission design and build contracts. This places great reliance on the availability of the right contractor, with the right tender at the right time. We will review our methods of procurement to see if the option of developing and contracting on behalf of the group can be accommodated within the risk appetite of ateb.</p>



Our 3 Year Timeline

We will seek to deliver these priorities as follows:

Ref	Priority	2018/19				2019/20				2020/21			
SP1/A	Rest Assured												
SP1/B	Agile Group Structure												
SP1/C	Governance Improvement Plan												
SP1/D	Involve												
SP1/E	Aspirational Purpose												
SP1/F	Maximise Return												
SP2/A	Customer Insight												
SP2/B	Engage												
SP2/C	Agile Team Structure												
SP2/D	Strategic Asset Management (SAM)												
SP2/E	Service Delivery Plan (SDP)												
SP2/F	Our Future Workplace												
SP2/G	Digital Transformation												
SP3/A	Aspirational New Homes Target												
SP3/B	Collaborate To Grow												
SP3/C	Broaden Operating Area												
SP3/D	New Services For Changing Demographics												
SP3/E	Review Private Maintenance Services												
SP3/F	Review Forms Of Procurement												
		Year 1 Review				Year 2 Review				Year 3 Review			

Financial



A good financial plan is a road map that shows us exactly how the choices we make today will affect our future.





Financial Highlights – Social Housing Business Only

Our Strategic Plan is supported by detailed 5 and 30 year financial/business plans. The Board will report on financial planning performance through their annual strategic statement detailing any reasons for changes and their implications. The following tables show our 5 and 30 year financial assumptions for the social housing business:

5 Year Assumptions:

- 1/ £20m refinance arranged in July 2021
- 2/ £15m new funding facility arranged by March 2020
- 3/ LIBOR does not exceed an average of 4.00% and peaks at 5.00%
- 4/ CPI does not exceed an average of 2.30% and peaks at 2.50%
- 5/ Average operating margin is at least 35%
- 6/ Net surplus margin is not less than 22%
- 7/ Unit Growth = 495no of which:
Social Rented = 421no
Shared Ownership = 50no
Rent to Own = 24no
- 8/ All covenants are complied with

30 Year Assumptions:

- 1/ Social rents increase by CPI
- 2/ Intermediate rents increase by CPI -1%
- 3/ Current pension past service deficit will be repaid by 2027 with no further payment plans or cost increases
- 4/ LIBOR rates average 5.0%
- 5/ Unit Growth = 1,756no of which:
Social Rented = 1,482no
Shared Ownership = 250no
Rent to Own = 24no
- 6/ All covenants are complied with

Note: Unit growth assumptions do not include our priority to increase our new homes delivery by 50% over the next 9 years (including MBH).

421 Social Rented homes over the next 5 years

Social rents to increase with consumer price index over the 30 year plan



Proposed Financial Projections

Our 5 and 30 year business/financial plan projections for the social housing business show continued new home development and investment in our property.

Indicators (After Inflation £k)	5 Year Plan	30 Year Plan
Asset Investment (Planned, Voids & Reactive)	£13,107	£142,063
New Home Investment – SHG	£15,306	£57,205
New Home Investment – Development Shared Ownership (SO) & Rent To Own (R2O)	£67,307	£344,758
Operating Margin Average	36%	36%
Total Rental Income (inc. Service Charges)	£83,789	£787,875
Total Bad Debt & Void Loss	£870	£12,952
Income From MBH (10 Years)	£5,366	£10,742
Total Operating Surplus	£32,173	£298,205

Operating margin shows an average of 35%+ over the next 5 and 30 year periods

For more, please see our 5 and 30 year business/financial plans and corporate reviews.



Global Account Unit Comparisons – Actual & Forecasted

The following information describes our previous and projected financial performance using the Welsh Government's global accounts analysis methodology for the Social Housing Business.



ACCOUNTS EXPRESSED AS UNIT COSTS & PERCENTAGES	PHA 2016/17	2017/18	2018/19	2019/20	2020/21
OPERATING COSTS PER UNIT	£2,538	£2,208	£2,563	£2,493	£2,493
MANAGEMENT COST PER UNIT	£843	£860	£746	£786	£790
REACTIVE REPAIRS COSTS PER UNIT	£803	£904	£854	£850	£862
CAPATALISED MAJOR REPAIRS & COMPONENT COSTS PER UNIT	£530	£562	£542	£400	£305
BAD DEBTS PER UNIT	£16	£14	£11	£16	£28
WEIGHED AVERAGE COST OF CAPITAL	4.10%	4.05%	4.07%	4.03%	4.10%
FREE CASH FLOW (before repayment of loans)	£1,568	£1,890	£1,586	£3,695	£4,082
GROSS RENT ARREARS/LETTINGS (includes SHG Amort.)	3.00%	3.2%	4.17%	4.05%	3.81%
TOTAL RENT CHARGES PER UNIT (includes SHG Amort.)	£5,438	£5,574	£5,669	£5,796	£5,837
RENT VOID LOSS PER UNIT	£11	£11	£12	£21	£32

Note: FY 2016/17 taken from Welsh Government global account data.
FY 2017/18, 2018/19, 2019/20 and 2020/21 taken from analysis of 5 year business plan.

Risks



There are risks and costs to action. But they are far less than the long range risks of comfortable inaction.



Risks



Risks

ateb has identified the following strategic risks i.e. those risks that will impact our ability to deliver our long-term aims: (These risks will be monitored by Board).



	CONTROL Steps can be taken to stop the risk occurring	INFLUENCE Steps can be taken to influence the risk from occurring	NO CONTROL or INFLUENCE Steps must be put into place to react to the risk occurring
A. COMPLIANCE	<ul style="list-style-type: none"> 1/ Corporate H&S requirements not met: > Exposure to asbestos > Accidents at work > Major fire in occupied premises > Lone working 2/ Failure to comply with GDPR and PCI legislation 3/ Failure to comply with legislation and standards 4/ Failure to meet WHQS 	<ul style="list-style-type: none"> 5/ Failure to recruit skilled Board Members 6/ Regulatory concerns 	
B. FINANCIAL	<ul style="list-style-type: none"> 1/ Ineffective collaborative/partnership working 2/ Bad investment decisions 3/ Missed business opportunity 	<ul style="list-style-type: none"> 4/ Refinancing risks in 2021 & 2023 5/ Inability to repay debts/ meet covenants 6/ Interest rate increases 7/ Falling demand and increased voids 8/ Inability to secure funding 9/ Material fraud 10/ Scheme completion delays 	<ul style="list-style-type: none"> 11/ Welfare benefit change 12/ WWCR funding reduces 13/ Failure to raise alternative funding for WWCR 14/ Property market collapses 15/ SHG reduces 16/ Rent increases reduce 17/ Pension costs increase (some influence) 18/ Property values fall/insufficient security for borrowing
C. REPUTATIONAL	<ul style="list-style-type: none"> 1/ Failure to listen to customers 2/ Failure to deal with customer complaints effectively 3/ Failure to tackle ASB effectively 	<ul style="list-style-type: none"> 4/ Public opposition to proposed developments 5/ Poor stakeholder relationships 6/ Disengaged Board 	
D. PERFORMANCE	<ul style="list-style-type: none"> 1/ Property standards fall 2/ Housing stock condition deteriorates 3/ Failure to meet performance targets 4/ Lack of direction and forward planning 5/ IT systems failure 	<ul style="list-style-type: none"> 6/ Competition from WWHA and BMHA 7/ LA undertakes development activity 8/ Failure to recruit skilled and suitably qualified staff 	<ul style="list-style-type: none"> 9/ Unforeseen loss of key staff

Reporting Our Outcomes

This Plan aims to promote improvement and growth in a well governed, agile, customer driven framework over the next 3 years. We will review progress of the plan annually by addressing the following:



Reporting Our Outcomes

Our Success Criteria

We will judge the success of this strategy by assessing the amount we have:

1/ Increased Our Corporate Strength

2/ Improved Our Service Delivery

3/ Developed New Business Growth

Reporting Our Success

We will report annually on:

1/ What priorities have been implemented

2/ What priorities are outstanding

3/ Are the priorities having the desired impact on our aims

Reporting Changes

We will report annually on:

1/ Any reasons for movement in our 5 and 30 year plans as compared to our approved 2018/19 base plans

2/ Any reasons for new or amended priorities

Improvement

If we are to continue to improve we must build an agile, learning, customer focused system that maximises resources and people’s capabilities in an innovative, empowered, governance aware culture.

Growth

If we are to continue to grow we must build new homes, review areas of operation, explore new tenures and alternative income streams to lower dependency on grants. Grow through long-term collaborations.

This plan will finish at the end of FY 2020/21.
A new 3 year plan will be issued in Q2 2020/21.



Our commitment to you...

We will always aim to deliver...

the right **service outcomes, efficiently**
with **great customer experience...**

for the people and communities
of West Wales.

The background is a solid orange color. It features a large, faint graphic consisting of several concentric circles and a geometric shape resembling a stylized leaf or a diamond with a vertical line through it, positioned in the upper right quadrant.

*better living
solutions*

ateb *better living solutions*