

Year Two

Strategic Plan Review



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Board Overview

We have completed the second year of our 3 year plan and enter the last year with a very different environment following the Coronavirus crisis, but we remain committed to creating better living solutions for the people and communities we serve.

Before the Coronavirus crisis at the end of the year, we had been working across all the priorities in our plan. The year saw a big investment in new systems and processes related to our compliance services to further improve the foundations we had put in place at the end of the previous financial year. This work has been a key focus for the Board over the last year and will shape future strategic plan and resource priorities going forward. This area also raises the need for an assurance framework that confidently demonstrates to the Board what assurance we can take that our Vision is being achieved. The Board agreed the new Assure template for development in parallel with its existing risk management processes through FY 20/21.

We measure corporate strength against a range of headings – resources, culture, governance and having the right purpose. Over the last year the team introduced a significant change in our working practices at ateb. The review led by our teams and supported by the Board has introduced a greater working flexibility and agility to meet the challenges of rising customer expectations. We now have a working relationship built on trust with teams focusing on customer outcomes and effective processes. Clearly culture is a constantly evolving component but the platform for our team to develop the DNA set out in our Vision will allow ateb to realise its potential.

We aspire to improving our service every day which is why we have invested time in understanding and sourcing the best approach to customer service software. The Board reviewed the implementation of a new system in December 2019 and approved detailed discussions with a preferred supplier for implementation in FY 20/21. This core system equips our teams with the best systems, data and performance knowledge to allow them to give our customers the best service we can.

Behind the scenes we have been further developing our service delivery plan with the board regularly receiving data and performance reports from all aspects of the business focusing on whether we achieving our customer outcomes, are we doing that efficiently and does the customer get a great experience from ateb. Of the 37 service areas, the customer facing service areas e.g. letting new homes, advice and support are further advanced than the supporting service areas. By the end of year 3 of the plan, we should be a strong position to articulate whether our 37 service areas are delivering Value for Money customer outcomes.



We want to help more people which is why we believe it is important to develop new business growth. Both ateb and MBH built a range of new homes to help meet the housing need with ateb securing substantially more Social Housing grant than its allocation. As last year, the Board believe there is more we can do around collaboration and product development, some positive developments have been around Community Land Trust support where Pembrokeshire County Council (PCC), Planed and ateb have been working together to develop a new approach to supporting local home development for local people. ateb has been fully supportive of the Welsh Governments 'rent to own' scheme and PCC's town regeneration initiative.

The Board have concluded that given the dramatic events caused by the Covid-19 pandemic, our immediate operating environment and outlook has changed significantly enough that we introduce a new 2 year interim strategic plan in replace of our current plan. This will allow us to concentrate on those objectives that provide the best stability of service without detracting from our desire to improve. The new interim plan will be in place for FYs 20/21 and 21/22 and will concentrate on recovering our services following the lockdown events of Q1 FY 20/21.

Given the above we hope that all our customers and partners remain safe in these difficult times.

David Birch, Chair
On behalf of the ateb Group Boards

we remain
committed
to creating better
living solutions for
the people and
communities
we serve



David Birch
Chair

In FY 19/20, the ateb group:

Completed	101 new social/affordable homes 41 homes for sale
Started to build	120 new social/affordable homes 60 homes for sale
Relet	268 existing homes



Meeting our Challenges

All our identified challenges remain but we have updated the following:

The impact of the Coronavirus pandemic

This one event has changed and will influence our strategic thinking for future years. The event placed ateb group into business continuity mode where all group businesses were impacted in the services they could provide. The likely economic consequences will be far reaching during a year of disruption (FY 20/21) and years of recovery. Beyond the economic consequences, customer, team and partner aspirations are likely to change, people have come together in new ways that have acted as a timely reminder of the importance of values and innovation. We will issue a statement on how the last year of the current strategic plan will change as a consequence of this event. Please see the last section of this report for more details.

The following sections review our progress against the strategic aims and priorities at the beginning of FY 19/20.

We have used the following key to measure our progress against the strategic priority timetable the impact the priorities are having on our aims:

Key:



Progress limited



Progress made but behind plan



Progress on plan



Progress ahead of plan



Progress significantly ahead of plan



Aim 1: Increase Corporate Strength

All our identified challenges remain but we have updated the following:

Priority	What did we want to achieve by the end of year 2?	What did we achieve?
SP1/A #5 Assure	To have introduced a new Assurance Framework delivering the principles set out for Board Assurance within our Vision document.	Framework was not introduced as planned towards the end of the FY 19/20 and is now going to be implemented in parallel to current risk management procedures through FY 20/21 PROGRESS: ★ ★ ★
SP1/B Agile group	To have a group structure with the right legal status to maximise group operations.	All company's legal status updated during 2017/18. We will continue to monitor and update our group structure and systems. PROGRESS: Complete
SP1/C Governance Improvement plan) GIP	To have a plan of improvements to deliver the best Board governance.	New constitutional framework, in year Board training events, we lost 2 board members due to their work commitments but gained a new Board member with Financial technical skills and Board member development position filled. Held the first video based Board meetings. In acted our Business Continuity planning with active Board engagement in key risk area planning and monitoring. PROGRESS: ★ ★ ★ ★
SP1/D Involve	New working practices and terms and benefits implemented following the i2i work groups.	The introduction of working @ ateb has been a big step forward in making sure that our team take ownership for their outcomes and ateb support our team to deliver those outcomes. The team conference in October 2019 was a great example of the strong team bond ateb has. PROGRESS: ★ ★ ★ ★
SP1/E Purpose	To have an aspirational purpose that pushes our boundaries.	New purpose agreed in FY 2017/18. We continue to monitor whether our purpose is being delivered. PROGRESS: Complete



Are we increasing our corporate strength?

The Board feel that we have maintained our strength this year, there have been some key developments around our involve initiative with the launch of working @ ateb that promotes our DNA, but we had planned to be operating the new Assure framework by the end of FY 19/20. A great deal of commitment was placed in updating our compliance and H&S in the year, which are the cornerstone to any Assurance Framework, but this delayed the roll out of Assure into FY 20/21. The financial strength of the ateb group remained consistent with small changes to our expected position at this point in the plan. Areas of development will centre around the assurance framework, business planning in a new operating environment, and the ongoing development of governance and DNA.

Against our strategic priorities in year 2 we have:

- > Launched the 'working @ ateb' flexible working practices
- > Updated our terms and benefits to reflect our DNA
- > Reinforced our governance systems with our constitutional framework
- > Continued to invest in our Governance Improvement Plan
- > Further developed our ideas on our assurance framework



Board opinion: We have maintained our corporate strength whilst providing a stronger platform for increasing corporate strength in future years. We have identified areas to improve and we will continue to support the delivery of these improvements over the next year.



Aim 2: Improve Service Delivery

The following has been achieved against the proposed activities in year 2.

Priority	What did we want to achieve by the end of year 2?	What did we achieve?
SP2/A Customer Insight	To have developed a framework of customer insight to allow us to understand the wider data and information we need to improve the services we offer	Progress was halted to focus more resource into the Housing Management Software review. High level strategy agreed in principle PROGRESS: ★
SP2/B Engage	Greater embedding of the engage initiative within our service design and delivery with tangible examples of customer led improvements.	Initiative has developed throughout the year with detailed examples of how customers can engage to improve. Initiative needs to evolve to reach its potential. Formal review during 2020/21 to understand how we can achieve this PROGRESS: ★★★★★
SP2/C Agile team	To have undertaken a review of our Property Services Directorate team to ensure our team resources align to our emerging processes and systems.	The project was outlined but not implemented. Housing directorate plan implementation was also extended to take into account changes resulting from new approaches to H&S and Compliance. PROGRESS: ★
SP2/D Strategic Asset Management	To have developed a new approach for maximising our long-term asset value.	As last year, other priorities meant that progress was not made in visioning a new approach. PROGRESS: ★
SP2/E Service Delivery Plan	To have an aspirational purpose that pushes our boundaries.	A number of process maps have been developed and implemented. Increased reporting during the year and better ownership of service outcomes emerging across the teams. PROGRESS: ★★★
SP2/F Our future workplace	To have implemented the proposals developed by the future workplace team.	'working @ ateb' launched with new terms and benefits issued and operating. PROGRESS: ★★★★★
SP2/G Digital transformation	To have identified and appointed a preferred supplier for the Housing Management Software (HMS) and moved to Microsoft 365 across the group	Windows 10 & Office 365 switch completed, preferred HMS supplier chosen but appointment delayed due to Coronavirus out-break. PROGRESS: ★★★



Are we improving services we deliver?

The Board placed the need for greater assurance in relation to H&S and Compliance work as a result of lessons from Grenfell and other industry improvement lessons. This investment will obviously further increase our capabilities in these areas but did mean other strategic plan service priorities (customer Insight, SAM and Property Services review) were slowed. Both engage and 'our future workplace' project have moved forward positively. Board have a greater connection to the issues of our customers and what we are doing to support them through improvements. The only outstanding piece of the workplace project to complete is the review of office accommodation, this will take place in FY 20/21. Steady work was made with the service delivery plan and digital transformation with plenty more to come.

Against our strategic targets in year 2 we have:

- > Appointed a preferred partner for a new Housing Management System
- > Moved the business to cloud working
- > Demonstrated significant improvements driven by customer engagement
- > Increased our service area reporting capabilities
- > Embedded the housing directorate review, engage initiative and service plan thinking within the teams
- > Made significant investments in our Compliance and H&S systems

In terms of service delivery measures, we achieved the following performance in our key services across FY 2019/20:



Average rent arrears **1.70%**



Average void days to re-let a property **5.9** Days



Average completion period for a reactive repair **6** days



Number of customer feedback interactions **1615**



Gas certification percentage **100%**



New homes completed (ateb and MBH) **152**



New homes started (ateb and MBH) **180**

Board opinion: We have demonstrated some areas of service improvement but have more work to do. Compliance will remain under close scrutiny at all times as will the need to ensure we continue to collect the right data to fix the right long-term issues. We know we can improve our systems generally and will continue to support the development of the service delivery plan as the basis for providing better outcomes, efficiently with great customer service.



Aim 3: New Business Growth

The following has been achieved against the proposed activities in year 2.

Priority	What did we want to achieve by the end of year 2?	What did we achieve?
SP3/A Aspirational new homes target	Aspirational new homes target to increase new homes output by at least 50% across the group.	We have agreed the aspiration of increasing our new homes supply in excess of 50% over this and the next two Strategic Plans. The group will now work on methods of how this will be achieved. PROGRESS: Complete
SP3/B Collaborate to grow	A number of tangible collaboration projects formed.	We have been developing a number of different collaborations in the year that have not progressed to delivery phase as yet, continue to develop next year. PROGRESS: ★ ★
SP3/C Broaden areas of operation	We would have developed a response to proposals arising from the Affordable Housing supply review.	We are awaiting proposals in relation to 3 year programming and zoning from the Welsh Government PROGRESS: ★
SP3/D New services for changing demographics	Created a good understanding of the housing and supporting needs of an aging population.	Limited work on this priority to date. This remains a priority and will be reprogrammed. PROGRESS: ★
SP3/E Review of private maintenance services	Removed from plan.	
SP3/D New services for changing demographics	Created a good understanding of the housing and supporting needs of an aging population.	Limited work on this priority to date. This remains a priority and will be reprogrammed. PROGRESS: ★



So are we developing new business growth?

This year we saw another ?? homes enter management or were sold by MBH however, without additional grant, consistently increasing our social homes output will be difficult due to increasing pressures of affordability. The likely start for 3 year programme delivery is FY 22/23 meaning we are not likely to see zoning for another 2 years, until then it will be difficult to broaden social homes operation meaning that cross subsidy mixed use development is a more likely vehicle to increase homes output and areas of operation. As last year, there have been some promising signs in terms of collaboration with our Local Authority partners and other agencies. One particular area of interest is the development of Community Land Trusts with the local communities and local authorities. ateb see this approach as a real opportunity to develop great rural housing with the community right at the heart of the decision making and running of the scheme.

The growing age demographics of our population will be a big issue in years to come. The solutions are complex due to the interdependencies between housing and care provision. We will need to develop collaborative housing/service solutions that are affordable and consistent to ensure future older populations receive tailored wellbeing support that flexes with customer needs. This priority will remain in year 3 of the plan.

Procurement of works in West Wales has geographical constraints. Distance to travel for outside contractors adds cost and complexity and the skills and experience base within locality is limited and fragmented when faced with the delivery of multiple million-pound developments. The working group will need to take a long term view with the potential options for making procurement more effective for ateb and MBH development programmes. The development of options will continue in year 3.

Against our strategic targets in year 2 we have:

- > Completed 152 homes
- > Developed positive platforms for more collaborative working
- > Explored MBH developments in wider geographical areas
- > Started to understand future interdependencies between housing and care for an aging population
- > Developed a shortlist of procurement options for our ateb and MBH development programmes

Board opinion: We have remained consistent with our new homes delivery but have not developed our areas of identified additional service in the timeline we had originally planned. This is not detrimental to the group given the in-plan changes presented by the Affordable Housing Supply Review, demand for housing contractors generally and the complexities of planning for future demographics and environmental standards etc. in an affordable operating framework.



Strategic Priorities due to start in later years

Year three – 2020/21

- > SP3/E – Extending our maintenance services –
This has been removed from the plan as no longer considered a priority.

Note: Given the impact of the Coronavirus pandemic, year 3 of this plan will undergo considerable change, please see 'Managing Our Risks' section.





Financial Update

The following shows our performance against the financial highlights detailed in the strategic plan at the end of year 2 using the strategic plan base plan assumptions set in FY 18/19.

Headline comparisons to base plan assumptions for year 2 FY 19/20

	Assumption made in strategic plan	What happened in Year 2?
1	£20m refinance arranged in July 2021	We started the tendering process for a new long term £18m lending facility
2	£15m new funding facility arranged by March 2020	We arranged a £10m facility with Principality Building Society
3	LIBOR does not exceed an average of 4.00% and peaks at 5.00%	Interest rates have stayed lower than expected through the year
4	CPI does not exceed an average of 2.30% and peaks at 2.50%	CPI has remained lower than expected in the year
5	Average operating margin is at least 35%	Achieved in FY 19/20 but likely to fall in future years due to changing operating environment
6	Net surplus margin is not less than 22%	We have exceeded this target in FY 19/20
7	Unit growth is 495 Units	We have completed 204 of the 495 units proposed over the 5 years (41% of 5 year target)
8	All covenants are complied with	Achieved



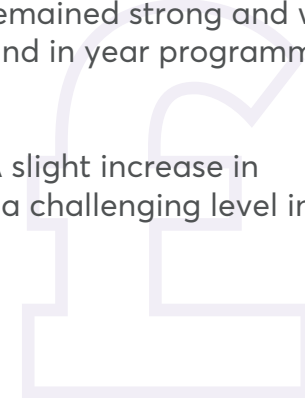
Comparison of actual to base plan forecasts for key metrics

Green shows we are ahead of our base plan assumptions and red shows we are behind

Indicator	Year 1 18/19	Year 2 19/20
New social rented homes	102	102
New shared ownership	3	2
New rent to own	6	0
Void rent loss	0.17%	0.23%
Planned Maintenance - Rev	£1,088k	£1,142k
Planned Maintenance - Cap	£1,409k	£1,052k
Ateb Turnover	£15.8m	£16.9m
Operating margin	34.05%	33.97%
Gearing ratio	55%	56%
Interest cover ratio	202%	241%

Although our year 2 social homes were down on target we have delivered 27 more social units across the two years. Shared ownership and rent to own are down by 15 and 12 over the two years due to over estimation of demand. Void management remained strong and we saw some adjustment to our capital and revenue planned maintenance expenditure due to stock survey updates and in year programme changes.

ateb turnover had another year of positive variance as did our gearing and interest ratio covenant performance. A slight increase in operating costs in the year did lower our operating margin lower than our objective of 35% which had been set at a challenging level in the base plan.





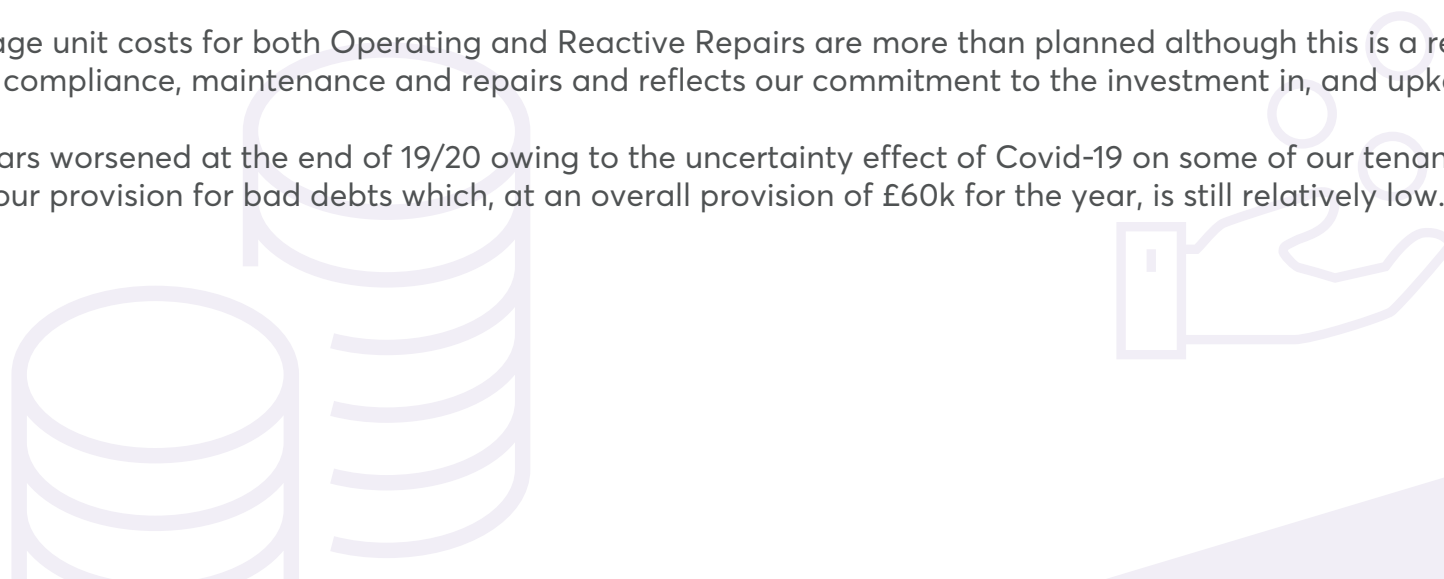
Global Account Unit comparison

The following shows how we compare to the Welsh Governments global account information. Green shows we are ahead of where we planned to be in comparison to our base plan, red shows we are behind.

Indicator	Year 1 18/19	Year 2 19/20
Operating Costs Per Units	£2,589	£2,711
Management Costs Per Units	£713	£655
Reactive Repairs Costs Per Unit	£855	£986
Capitalised Component Costs Per Unit	£505	£364
Bad Debts Per Unit	£16	£21
Weighted Average Cost of Capital	4.03%	3.74%
Free Cash Flow	£4.42m	£4.15m
Gross Rent Ar-rears/Lettings	3.92%	4.95%
Total Rent Charges Per Unit	£5,300	£5,443
Rent Void Loss Per Unit	£9	£12

The average unit costs for both Operating and Reactive Repairs are more than planned although this is a reflection of the accelerated spend on compliance, maintenance and repairs and reflects our commitment to the investment in, and upkeep of, our housing stock.

Rent arrears worsened at the end of 19/20 owing to the uncertainty effect of Covid-19 on some of our tenants and this had a knock on effect to our provision for bad debts which, at an overall provision of £60k for the year, is still relatively low.





Year Two financial review

Summary

The business has, overall, performed well against the second year of the 2018 business plan.

At 16.9m the Turnover was marginally better than the planned £16.8m driven in part by improved collections on service charges. This is a testament to both our tenants and the customer facing team at ateb.

The Operating Surplus of £5.7m was £0.5m behind the plan but this was a result of accelerated compliance and repair work where the team has once again worked tirelessly to ensure their operational targets are met. There have also been increased service costs relating to ateb's defined benefits pension scheme which has witnessed some volatility recently.

At £5.1m the Net Surplus is better than plan by £0.5m and this is driven by lower than planned finance interest costs as well as an accounting adjustment relating to our section-106 property purchases.



Managing Our Risks

This table updates on our progress against identified or emerging risks facing the group and their likely impact over the next year.

Given the impact of Coronavirus on our operating environment, our existing strategic risk assessment will be updated in next years plan.

	Strategic Risk Areas	Year 2 risk report	Issues to consider for year 3 of the strategy
A	Compliance	<ul style="list-style-type: none"> • Compliance works and H&S system changes continued through year 2. 	<ul style="list-style-type: none"> • Compliance works will remain a high priority
B	Financial	<ul style="list-style-type: none"> • Coronavirus pandemic • Brexit impact will become clearer through FY 20/21. • Affordable housing supply review changes proposed from FY 21/22. • General uncertain operating environment. 	<ul style="list-style-type: none"> • Coronavirus recovery plan • Monitor Brexit and economic issues generally • Ensure proposed funding is in place
C	Reputational	<ul style="list-style-type: none"> • No change 	
D	Performance	<ul style="list-style-type: none"> • No change 	



Do we still have the right Strategic Priorities?

– Coronavirus Pandemic

Given the impact of the Coronavirus pandemic at the end of March 2020; our strategic priorities have changed as result. Whereas we will use our current priorities as a guide to strengthen our business, improving our services and helping more people, Year 3 of the plan will be concerned with the changing operating environment falling out of the pandemic.

Accordingly, our ongoing priorities will concentrate on the following:

AIM 1 – Increase Corporate Strength

- > Maintain income through high levels of customer support and advice and monitoring.
- > Control expenditure and develop mitigation measures for use when trend warning triggers indicated action is required.
- > Ensure our customers, team and partners live and work in safe environments given likely social distancing measures throughout FY 20/21
- > Adoption of the Welsh Government 4 principles as follows:
 1. Keep you safe and secure in your home.
 2. Help you get the financial support you need.
 3. Support you and find solutions if you have difficulty paying your rent.
 4. Do everything we can to support your wellbeing





AIM 2 – Improve Service Delivery

- > Focus on recovering from Business Continuity service delivery to full service delivery by the end of the FY.



AIM 3 – New Business Growth

- > Focus on delivery of existing contract commitments before reviewing and starting new land acquisitions/site starts later in the year.

Specific management and Governance arrangements for Coronavirus Pandemic

Given the above, the board will use the following arrangements to navigate the group through the next years of disruption. The arrangements are flexible and will be able to be turned on or off depending on developments at the time. Our key objective will be to ensure our customer, team and partners safety at all times whilst protecting the groups ability to operate effectively long term.

ateb group have made the following assumptions for FY 20/21:

Periods (FY 20/21)	Status	Anticipated operating conditions
1 – Apr to Jun	Lockdown	Restricted movement and emergency services only; Generally, expenditure reprofiled for later in the year. Recruitment and development sites moved forward 3 months.
2 – Jul to Sep	Transition	Some movement possible but still disrupted operations; expenditure starts to rise but income remains disrupted to a greater amount.
3 – Oct to Mar	Recovery	Ability to deliver full services but with catch up and remobilisation issues causing issues; higher amounts of expenditure to catch up through use of contractors, continued income disruption to a lesser amount.





Business Continuity operations will apply in Q1 of the FY as follows:

- > Offices closed.
- > General home visits stopped.
- > New precautions when visiting any of our homes.
- > Emergency repairs only.
- > All community engagement activities and tenant association meetings to be suspended until further notice.
- > Welfare Team created to offer a range of support to those in need.
- > Communication generally through digital channels.
- > Government and HSE advice to undertake essential safety checks and external maintenance work.
- > All Internal improvement works have now been suspended.
- > We are concentrating our efforts on general emergency issues and essential services.
- > Limited grounds maintenance service in certain areas.

Transition planning will involve the following considerations:

- > Risk assessments for use of office facilities by customers, teams and partners including adaptations and new working arrangements
- > Welfare arrangements for prolonged working at home
- > Risk assessments for full use of communal areas in schemes
- > Risk assessments for working/visiting customers homes for non-emergency services





Recovery planning will be developed for each service area across the group led by the EMT.

Each service team will consider the following:

- > What actions are required to return the service area from Business Continuity operations to full service outcome?
- > What is the likely timeframe?
- > What risks will need to be considered?
- > What additional resources are required to recover the service outcome?
- > How are the service's customers impacted by the reduced service period?

Governance Arrangements

The Board have remained fully engaged in the decision to implement Business Continuity measures and its ongoing management of the pandemic response. The Board will:

- > Monitor the Business Continuity budgets issued as a result of the crisis
- > Ensure the delivery of the amended year 3 strategic priorities detailed above.
- > Keep our regulators, funders and key partners informed of ateb groups ability to deliver its core obligations
- > Receive and respond to regular performance updates from the EMT
- > Monitor the delivery of the Welsh Government's 4 principles
- > Continue to hold regular Board and special board meetings through MS Teams to ensure continuity of service and effective communications
- > Oversee the transition and recovery preparation with an overall aim of safely delivering full services as soon as is reasonably practicable given the prevailing operating and economic circumstances through the year.





Executive Summary

Do the Board consider we are delivering our strategic plan priorities?

AIM 1 - We have maintained our corporate strength whilst providing a stronger platform for increasing corporate strength in future years.

AIM 2 - We have demonstrated some areas of service improvement but have more work to do. Compliance will remain under close scrutiny at all times as will the need to ensure we continue to collect the right data to fix the right long term issues.

AIM 3 - We have remained consistent with our new homes delivery but have not developed our areas of identified additional service in the timeline we had originally planned. This is not detrimental to the group given the in-plan changes presented by the Affordable Housing Supply Review, demand for housing contractors generally and the complexities of planning for future demographics and environmental standards etc. in an affordable operating framework.

Financial – Our financial position has marginally changed through years 1 and 2, however, the Coronavirus pandemic will have a significant impact on the operating conditions we expected during Year 3 of this plan. However, Board remain confident ateb groups ability to manage an uncertain and difficult financial year ahead.

Risk Management - The Board are focused on ensuring our customers, teams and partners can live and operate safely whilst monitoring income and expenditure closely through the year due to Coronavirus and Brexit. We will aim to recover full service delivery once we consider it safe to do so. Compliance and H&S remain a priority.

Overall - the Board believe our strategic priorities are having the desired impact on our 3 aims however, the number, scale and timelines we set ourselves were probably ambitious. We remain committed to delivering as much of the existing priorities as we can in future years given the significant impact to the whole country in March 2020.



Next Steps

The Board will review the priorities for FY 20/21 given the impact of the coronavirus pandemic and once evaluate, issue a strategic plan update to allow for the recent events. The Board will review progress in FY 20/21 and publish its findings in Q3 of FY 21/22.



The background features a series of concentric circles in a light orange shade. In the center, there is a faint outline of a house with a rectangular base and a triangular roof.

*better living
solutions*

ateb *better living solutions*