

2018/19

Compliance Statement



STATEMENT OF COMPLIANCE

Welsh Government regulate Housing Associations in Wales to ensure that they provide good quality homes and high quality and improving services to tenants and other who use their services.

Welsh Government, in its document 'The Regulatory Framework for Housing Associations Registered in Wales' sets out a series of Performance Standards that focus on the key risks and strategic issues facing Housing Associations.


The Welsh Ministers expect Housing Associations to meet the Performance Standards, and this, our Annual Statement of Compliance, is a statement by the Board that it is satisfied and assured that we are meeting all of the Performance Standards.

The Statement of Compliance is based on compliance with our Annual Plan (which is reviewed and scrutinised by Democratic Body) and a supporting body of evidence.

Annual Statement of Compliance from Merthyr Valleys Homes

RSL Name: Merthyr Valleys Homes Ltd
Registration Number: L150
Registered Office: Ty Brychan, 22 Lansbury Road, Gellideg, Merthyr Tydfil CF48 1HA

This is the statement from Merthyr Valleys Homes that on the 12.09.2019, our mutual organisation has met the Performance Standards set out in the Regulatory Framework for Housing Associations Registered in Wales

Signed 

Chair: Nicola Evans

Date: 12th September 2019

Performance Standard

	Performance Standard	Do we comply	Explanation	Improvement Actions
1	Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord	Yes		
1.1	Sets a clear vision and values for the organisation which deliver and progress the core purpose of the business		<p>Our Corporate Strategy 'Yfory' was set by our Democratic Body in 2016. Our Annual Plan is the document by which the Democratic Body monitor performance against the progress made against our objectives, and we hold an away day each year to review this. Last reviewed in July 2019.</p> <p>Our values are evident in our recruitment processes, performance reviews and decision making. Our Board, Democratic Body and members were involved in the recruitment of our new Chief Executive this year, and we have made a commitment for trained representatives from the Democratic Body to also sit on interview panels for Directors and Heads of Service. We have a strong and diverse Board, and 75% of Board members have been appointed by our Democratic Body.</p> <p>Staff performance is appraised in accordance with our values at probationary reviews and at annual appraisals, and Board and Democratic Body reviews are undertaken in a similar fashion.</p> <p>Reports to Board and Democratic Body link back to our values and objectives and when seeking approval staff need to demonstrate how these will be met.</p>	We are currently developing our next Corporate Strategy 'Yfory 2' with Board, Democratic Body and our members

1.2	<p>Governance arrangements establish and maintain clear roles, responsibilities and accountabilities for the board, chair and chief executive and ensure appropriate probity arrangements are in place</p>		<p>In addition to our Rules, we have a set of Standing Orders in place which details responsibilities and accountabilities for Board, Democratic Body and Executive Management Team. Our Contract Standing Orders provides the framework for procurement of works, goods, supplies and services. We have a 'Decision Matrix' which outlines the responsibilities for decision-making for the Board, Democratic Body and other groups within our governance structure.</p> <p>Job descriptions (including person specifications), terms of reference and code of conduct are in place for Board and Democratic Body and job descriptions are in place for all employee roles. In line with the CHC Code of Governance, we have set terms of office for both Board and Democratic Body (9 years maximum).</p> <p>We have appropriate probity arrangements, with policies on Bribery & Corruption, Anti-Fraud and Money Laundering. Declarations of Interest are collected annually, declared at meetings and monitored by Line Managers. We hold Fraud and Gifts & Hospitality Registers and these are reviewed at each Audit Committee meeting. We record and report any permitted benefits awarded during the year in our Schedule 1 return.</p>	<p>Standing Orders are currently under review following our rule change in March 2019 and reflect changes to EMT structure.</p> <p>We have an internal audit on our governance structures and processes planned for 2019/20.</p> <p>We are looking to commission an independent review of our governance arrangement in Q2 2019/20.</p>
1.3	<p>Complies with governing documents including adopting, and complying with, an appropriate code of governance</p>		<p>We are compliant with our governing documents and the CHC Code of Governance, and have adopted the new Code.</p>	<p>We are examining the possibility of developing a code for mutual housing associations like us.</p> <p>We have an internal audit on our governance structures and processes planned for 2019/20.</p> <p>We are looking to commission an independent review of our</p>

				governance arrangements in Q2 2019/20.
1.4	Adheres to all relevant law		We adhere to all relevant law as outlined in our strategies and policies. We undertake Internal Audits and regular internal reviews of key business areas and keep abreast of legislative changes. We employ suitably qualified people and seek advice from external sources as appropriate. We hold membership to relevant professional bodies.	
2	Effective and appropriate tenant involvement and high quality and improving services	Yes		
2.1	Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation		<p>Our Democratic Body sets our corporate strategy – Yfory - and key objectives and work collaboratively with the Board and Executive Management Team in strategic decision making. We regularly consult with our tenant members and tenants through a variety of ways (including focus groups, surveys, and social media) and ensure that they are able to have a say and influence strategies and policies.</p> <p>We have a number of forums and panels where tenants are actively engaged and are able to shape and scrutinise services:</p> <ul style="list-style-type: none"> • Tenant Safety Forum • Residents Safety Forum (St Tydfil's Court) • Residents Participation Forum (Scrutiny) • Grants Panel <p>We carried out a stakeholder survey (STAR) in Feb/March 2019 – 738 tenants responded. In comparison to the last STAR survey in 2017 there has been an increase in satisfaction with how tenants felt they were listened to and their views being taken into account. Satisfaction has increased from 76% to 80%, putting us in the top quartile with the Housemark benchmark at 75%. 60% of respondents were satisfied with the current methods for involvement.</p>	

2.2	Meets all applicable statutory requirements providing for the health and safety of the occupants in the home		<p>Our Occupational H&S Policy is written in line with relevant legislation and details key responsibilities. The Policy and the supporting procedures detailing our H&S arrangements which form our Occupational Health and Safety Management System, is externally certified to OHSAS18001.</p> <p>We provide the Board with a bi-annual report on H&S management and the Board also monitor performance by reviewing a number of KPI's. This year we have undertaken a number of internal audits - Fire Safety, Gas Safety and Legionella as well as external audits of our activities as a health and safety training centre for the Construction Industry Training Board and Highfield Awarding Body for Compliance.</p> <p>The Board have appointed a H&S Champion who attends and has oversight of our H&S Committee and Tenant Safety Forum meetings.</p> <p>We have continued to deliver a range of accredited and in-house health and safety related training courses throughout the year and maintained our accreditations with CITB and HABC.</p> <p>Our Tenant Safety Forum is our tenant H&S scrutiny function, tenants members of which have this year upgraded their HABC Level 2 to Level 3 Awards in Health and Safety in the Workplace qualifications. Our Residents Fire Safety Forum continues to meet regularly and have participated in joint events with South Wales Fire and Rescue Service on Fire Safety in the Home and, along with representatives of the Tenant Safety Forum undertook factory tours of our new composite fire door supplier and attended some of the training sessions on the servicing of such doors that we have run for our Homes and Property Services teams..</p>	We are currently in the process of upgrading this system to comply with the new ISO45001 standard.
-----	--	--	---	--

3	Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements	Yes		
3.1	Safeguards taxpayers interests and the reputation of the sector and protects social housing assets		<p>The Board have overall responsibility for risk management. Our Risk Management Strategy was updated in March 2019 to include more guidance on assurance and our Assurance Framework. We have an effective Risk Management framework in place and provide the Board and Audit Committee with the necessary assurance that significant risks are identified and appropriately managed. A bi-annual report goes to Board giving an overview of the strategic risks that are being managed by the organisation.</p> <p>Our Strategic Risk Register (sector and local risks) is reviewed on a quarterly basis (as a minimum) by Audit Committee, and is used to ensure that the organisation focuses its risk management on those risks that may prevent us from meeting our strategic objectives. Audit Committee has seats for Democratic Body Representatives who feedback to Democratic Body following meetings. Our risks are aligned to our vision in Yfory or to our legal duty to comply with Welsh Government guidance or the law. The Strategic Risk Register is uploaded to VBR quarterly so that all Board Members have sight of the document.</p>	
3.2	Assessment of capacity to take on new business and development opportunities is robust		<p>Our Business Plan is produced on an annual basis. The 2019/20 plan has been approved by Board and has been agreed, in principle, with our Funders. The Business Plan has been stress tested in relation to material risks.</p> <p>We report on our accounts on a quarterly basis to Board, and annually to all stakeholders in our Financial Statements.</p> <p>We undertake an appraisal on new schemes and projects, and this</p>	

3.3	Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies		<p>year we have established a Development Group. The key aims of the groups are to influence and support MVH in the delivery of new homes, to ensure that we maximise development opportunities and to ensure that development activity complies with legislative requirements, good practice and MVH policy and procedures. The group report to the Executive Management Team, and have representation from the Democratic Body.</p> <p>The 2019/20 business plan has been tested against a number of scenarios, and our stress testing modelling is in relation to material risks (including sector risks such as rent setting and decarbonisation). The Business Plan was reported to and agreed by Board in June 2019, and has been agreed, in principle, by our Funders.</p>	
3.4	Before taking on any new liabilities, ensures obligations are fully understood and demonstrates consideration of how the likely impact on current and future business and regulatory compliance will be managed		<p>Our Development Group influences and support MVH in the delivery of new homes, to ensure that we maximise development opportunities and to ensure that development activity complies with legislative requirements, good practice and MVH policy and procedures. An appraisal model is used to assess the viability of new schemes.</p>	We plan to review our Asset Management Strategy in Q3 2019/20.
4	Clearly evidenced self evaluation and statement of compliance	Yes		
4.1	Compliance with Circular 02/15 – Core Principles of self evaluation for use by Housing Associations Registered in Wales, or any subsequent guidance which replaces his Circular		<p>Suite of documents capturing our annual performance for 2017/18 was approved by Board and Democratic Body in July 2018, and was presented at our Annual Members’ Meeting in September 2018. This included:</p> <ul style="list-style-type: none"> • Annual Report • Financial Statements • Value for Money Statement • Compliance Statement 	

			<ul style="list-style-type: none"> Report to Members <p>Prior to presentation, each document was reviewed, scrutinised and approved by Democratic Body and Board. This suite of documents forms our self evaluation and all are available on our website. We are in the process of developing the suite of documents for 2018/19, and these will be presented to Board in July 2019 and to members and stakeholders at our Annual Members' Meeting in September 2019.</p> <p>Regulatory Judgement received in December 2018 and is published on our website – Standard / Standard achieved.</p>	
5	A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues	Yes		
5.1	Demonstrates how the board assures itself of current performance and drives continuous improvement		<p>Our measures of success are contained in our Annual Plan - this links our corporate objectives to operational objectives and performance measures. A full review of the plan is undertaken on an annual basis by Democratic Body – last reviewed in June 2019.</p> <p>Board and Democratic Body review and monitor performance, Board receive thematic reports, which consider service improvements, and Board have access to monthly Key Performance Indicators reports. Our Scrutiny Group (RPF) receives exceptions reporting regarding KPIs and Heads of Service attend their meetings. RPF have the mechanism to highlight any performance issues to Democratic Body and Board.</p> <p>This year, as identified in the results of our STAR Survey, tenant satisfaction with our services has increased by a statistically significant 3% since 2017, with 88% of tenants now claiming to be</p>	<p>The Board are undertaking a review of our performance management system in Q2 2019/20, to include a review of measures, frequency and style of reporting.</p>

5.2	Demonstrates how lettings make the best use of available housing, compatible with the core purpose of the Registered Social Landlord	<p>satisfied, including 49% who were 'very satisfied'. This is the largest single increase in satisfaction since transfer in 2009. A similar pattern was observed elsewhere in the findings with satisfaction increasing for the majority of core measures and in some cases by a significant margin.</p> <p>Internal Audits are reviewed by Audit Committee and they monitor recommendations quarterly. Assurance can also be demonstrated through external accreditations. This year we have achieved the Tai Pawb QED (Quality in Equality and Diversity) award.</p> <p>We participate in the Common Housing Allocations Policy of MTCBC, as one of the four Registered Social Landlords with housing stock in the borough. This is a 'choice based' policy where applicants are 'banded' according to their housing need and based on the information disclosed by the applicant. This means that all applicants applying for housing are provided with a single route of access and assessed using a single policy.</p> <p>We provide 5 units to Calon Leasing, who (in partnership with the Local Authority) provide accommodation for homeless persons, 2 of which are adapted for people who are medically released for hospital discharge.</p> <p>We are considerate of local housing needs. Over the past year we have piloted a low cost solution for single young people with our modular homes project. We are meeting the needs of older people and are in the process of building three new bungalows to accommodate >50's. We are also taking the opportunity, where possible, to redevelop properties – in Treharris we developed an existing property to create a 4 bedroom fully adapted property and two single accommodation flats in line with actual need. We have designated temporary accommodation units on a dispersed basis.</p>	
-----	--	---	--

6	Delivering value for money in all areas of the business	Yes		
6.1	Demonstrates a strategic approach to and delivery of value for money across the business in operational costs and charges to tenants and service users		<p>Our Democratic Body lead on Value for Money, and developed our Value for Money Strategy (Yfory Cryf) in 2018. The Democratic Body monitors Value for Money on behalf of our members annually and they have accepted the 2018/19 Value for Money Statement, concluding that MVH has provided Value for Money during 2018/19. The Value for Money Statement is due to be approved by Board in July 2019.</p> <p>In 2018 the Board, Democratic Body and Members developed a 'Balanced Scorecard', an 'at a glance' document showing our performance in a number of key areas, and comparing against previous years. They also developed seven new Golden Rules for Value for Money in June 2018. Our Golden Rules enable us to evaluate our annual performance in terms of economy, efficiency, effectiveness and equity (the 4 "e"s).</p> <p>We have compared the housing sector Value for Money indicators (from 2017/18 global accounts) with our performance for 2017/18 and 2018/19, and we are performing well for the majority of the indicators.</p>	We have started a review of Social Value and this piece of work will be finished in 2019/20.
7	Compliance with regulatory and statutory requirements and guidance	Yes		
7.1	Communicates in a timely manner with the regulator on material issues that relate to non-compliance		<p>We work in a co-productive way and have established an open and transparent relationship with our Regulation Manager. We have regular meetings with our Regulation Manager and have submitted our Regulatory Assurance Plan. This plan is being reviewed on a quarterly basis by our Executive Management Team.</p> <p>We have flagged any compliance issues (for example, Fire Doors non-compliance) and changes in structure to our Regulation</p>	

7.2	Adheres to all regulatory requirements		<p>Manager in a timely manner.</p> <p>We are operating within the Regulatory Framework and regulatory returns are being made on time.</p>	
8	A financial plan which delivers and supports the business plan and effective monitoring of financial performance	Yes		
8.1	Ensures that the organisation is financially sound		<p>Our 30 Year Business Plan is reviewed annually, approved by Board and agreed with our Funders. We regularly stress test the plan to ensure that it is financially sound.</p> <p>Our Treasury Management Policy formalises a framework for Merthyr Valleys Homes' identification of, and approach to treasury related risks. This in turn allows strategic decisions to best reflect our perspective on risk. Our Treasury Management Strategy and Policy is reviewed annually – last reviewed and approved by the Board in June 2019 - and we sought independent advice for assurance as to our current treasury management position.</p> <p>We take our Management Accounts to Audit Committee and Board on a quarterly basis to qualify our financial position and share these with Welsh Government and our Funders. Our annual Financial Statements are independently audited, presented to our members and stakeholders at our Annual Members' Meeting, submitted to Welsh Government and the FCA and made available on our website.</p> <p>We have an inclusive budget setting process (Star Chamber) annually where Democratic Body and Board come together to review budget requests. The 2019/20 budget was set and approved by Board in March 2019.</p>	

8.2	Effective systems and controls are in place to monitor and accurately report delivery of the Registered Social Landlords plans		<p>Democratic Body undertake a comprehensive review of our performance against the objectives of our Corporate Strategy (Yfory) in the form of a review of our Annual Plan once a year.</p> <p>Board monitor our performance on a quarterly basis, review our Management Accounts quarterly and have access to monthly KPI's.</p> <p>The Democratic Body approves our Internal Audit programme each year, and the Audit Committee review internal audit findings and track progress made against recommendations.</p>	
8.3	Monitors, reports on and complies with all covenants		<p>Democratic Body undertake a comprehensive review of our performance against the objectives of our Corporate Strategy (Yfory) in the form of a review of our Annual Plan once a year.</p> <p>Board monitor our performance on a quarterly basis, review our Management Accounts quarterly and have access to monthly KPI's.</p> <p>The Democratic Body approves our Internal Audit programme each year, and the Audit Committee review internal audit findings and track progress made against recommendations.</p> <p>Board receive an annual report from the external Auditor that provides assurance on our compliance with covenants.</p>	
9	Effective management of treasury operations ensuring sufficient liquidity at all times	Yes		
9.1	Ensures sufficient funding is available to deliver the business plan		<p>We have regular engagement with our funders – the annual review meeting took place in May 2019.</p> <p>Our Treasury Management Policy is the overarching framework on how risk will be managed and shows governance over treasury management practices. The Treasury Management Strategy shows how the policy is implemented. Responsibility for treasury</p>	

9.2	Ensures financial forecasts are based on appropriate and reasonable assumptions		<p>management sits with Board, and Board approved the policy and strategy for 2019/20 in June 2019.</p> <p>The 2019/20 business plan has been tested against a number of scenarios. Although some scenarios have a far worse impact than others, we have assured the Board that we would manage all risks in a timely manner and use a mutual approach to achieve the savings necessary.</p> <p>We have used sensitivity and stress testing analysis to understand our exposure to changes to all key economic assumptions and our stress testing modelling is in relation to material risks. Link Assets Services Ltd have also concluded that:</p> <ul style="list-style-type: none"> • In the absence of any other guidance, CPI +1% is a reasonable assumption • The present value of the interest cost in the base business plan is £12.8 million (using a discount rate of 3.5%, which we think is a reasonable estimate of the interest rate on a new long-term loan). <p>The Business Plan was reported to and agreed by Board in June 2019 and has been agreed, in principle, by our Funders.</p> <p>Our Financial Risk Mitigation Strategy and Value for Money Strategy are designed to enable decisions to be made that we know are in line with our tenants' priorities. In the event of a strategic financial risk materialising, we have a history of achieving significant budget savings when required.</p>	
10	A clear understanding of liabilities and asset performance	Yes		
10.1	Maintains a thorough, accurate		We have a 'live' Asset and Liability Register in place, and Audit	

<p>10.2</p>	<p>and up to date record of assets and liabilities including all liabilities which have recourse to social housing assets</p> <p>Data on the financial and social performance of assets is accurate and used to inform investment decisions</p>		<p>Committee has responsibility for reviewing this.</p> <p>We have a 'live' Asset and Liability register.</p> <p>Our Audit Committee monitor Internal Audits, with robust tracking of all recommendations.</p> <p>We receive an independent annual valuation of our stock, which is included in and used to inform our Business Plan and included in our Financial Statements.</p> <p>We have established a Development Group which influences and supports MVH in the delivery of new homes, to ensure that we maximise development opportunities and to ensure activity complies with legislative requirements, good practice and our policies. A stock condition survey was last conducted by Savills in 2015.</p>	<p>Our Asset Management Strategy is due to be reviewed in Q3 2019/20, and our Democratic Body will help to shape this.</p>
<p>10.3</p>	<p>Ensures data on the condition of their assets is up to date and is able to demonstrate consideration of the short and long term costs of maintenance, repair and renewal</p>		<p>We use Keystone Asset Management software to maintain our asset records, and a data cleansing exercise is in progress, verifying that information held matches with definitions accurately, following an informative session delivered by Welsh Government in June 2019.</p> <p>Our new Customer Relationship Management (CRM) system allows for a full view of customer experience associated with repairs.</p> <p>Our 30 year Business Plan has successfully been produced out of our Asset Management System due to the renewed confidence in our component data.</p>	<p>It is our intention to conduct a 100% survey of our stock over the next 5 years. Our staff will deliver this programme, having undergone Housing Health and Safety Rating System (HHSRS) training and ongoing coaching.</p>
<p>10.4</p>	<p>Ensures that publicly funded homes meet the standards set out in the Welsh Housing Quality</p>		<p>We are proud of our WHQS position, as detailed in our WHQS annual Welsh Government submission (next due to be submitted in August 2019). All new build properties meet Development Quality</p>	

	Standard		Requirement (DQR) and are WHQS compliant. All stock from transfer meets WHQS. We also have within our stock adapted homes to allow people to live independently for as long as possible – these are also DDA compliant.	
--	----------	--	--	--

This statement of compliance was approved recommended to the Annual Members Meeting by the Board of Non Executive Directors on 05.09.2019

Resolution No: 1432/19

Signed



Nicola Evans,
Chair of Merthyr Valleys Homes