

## Annual Statement of Compliance 2018

Pursuant to the Regulatory Framework for Housing Associations Registered in Wales 2017 this annual Statement of Compliance confirms the Association has met the Performance Standards as set by Welsh Ministers in accordance with Section 33A of the Housing Act 1996.

Where full compliance with any of the Performance Standards cannot be evidenced, the explanation is set out and a summary of actions (including timetable) to be taken to improve the compliance position is provided. The explanation and improvement actions are subject to discussion/agreement with the Regulator.

### Performance Standards

Ref No	Performance Standard	Full Compliant	Evidence to support full compliance with the standard	Explanation where compliance not evidenced	Improvement Actions	VFM initiatives
<b>PS1.0</b>	<b>Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord</b>					
1.1	Sets a clear vision and values for the organisation which deliver and progress the core purpose of the business	y	<p>Our vision and values are reviewed every year and were last reviewed in March 2018. These were approved by Board as part of the strategic development of the corporate plan for 2018/2023. The strategic corporate planning objectives are formulated to meet the vision.</p> <ul style="list-style-type: none"> <li>○ Values are visually displayed throughout our Head Office.</li> <li>○ All staff receive an annual booklet setting out MHA's values, latest vision and objectives. All are also available on the intranet and published in EBUZZ.</li> <li>○ Progress against delivering our strategic objectives are monitored regularly by the Board, through SMT meetings, Directorate/Team Plans, team meetings, 1-2-1's and annual appraisals.</li> </ul>		<p>Each year we must submit a range of indicators on VFM which will inform Board as to whether or not we are reaching our objectives whilst simultaneously delivering VFM.</p> <p>The Vision will be placed prominently in the Board Room and</p>	<p>The Vision places an emphasis on MHA being the top performing RSL in Wales by 2023, this will involve demonstrating VFM across a range of activities from ability to bid for and win work, reduced fuel usage per job – cost and environment, and benchmarking core activities. The Values will continue to place an emphasis on openness and demonstrate our ability to seek out and measure ourselves</p>

			<ul style="list-style-type: none"> <li>○ Staff behaviour in accordance with our Values is assessed and feedback provided during Probation Periods and in annual appraisals.</li> <li>○ All operational and strategic projects seeking approval will demonstrate its meets the values of the organisation.</li> <li>○ All reports to Board/SMT show how the content of the report meets the organisations Values.</li> </ul>		<p>the Mission in the Staff Forum.</p> <p>MHA also has its own suite of KPI's and have a Joint Sector Scorecard with KPI comparators.</p>	<p>against best performers in our field.</p>
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>	y	<p>Roles, responsibilities and accountabilities for Board and all members, including Chair and Vice Chair are clearly set out in a number of key documents including;</p> <ul style="list-style-type: none"> <li>▪ Board Member Information Pack</li> <li>▪ MHA Group website</li> <li>▪ Job Profile and Person Specification</li> <li>▪ Board Membership Policy?</li> <li>▪ Rules, Standing Orders &amp; Financial Regulations</li> <li>▪ Schedule of Delegated Authority</li> <li>▪ Board member appraisal, development and recruitment procedures and literature</li> <li>▪ Succession planning and pre-Board training for prospective members</li> <li>▪ Compliance statement signed by all Board members on commencement of role which sets out our Board member obligations.</li> <li>▪ Personal development plans</li> <li>▪ Skills matrix for Board members</li> <li>▪ Audit review of Governance structures (last carried out in January 2015)</li> </ul>		<p>Regular reviews of Governance arrangements to make sure they keep track of best practice and also our changing operating environment, particularly in relation to changing legislation and CAPSEL and its relationship to the main Board.</p>	<p>See 'live' Governance Review action plan</p>

			<ul style="list-style-type: none"> <li>▪ COG compliance features on Risk Dashboard monitored by the Board.</li> </ul>			
1.3	Complies with governing documents including adopting, and complying with, an appropriate code of governance	y	<p>We are compliant with CHC Code of Governance, and this was independently verified by the Regulatory Authority in 2016. Reviewed annually by the Finance &amp; Governance Committee, this document is also periodically reviewed by officers. All improvements feed into MHA's live governance review action plan. Other governing documentation includes:</p> <ul style="list-style-type: none"> <li>• Treasury Management Policy (Last updated July 2018)</li> <li>• Internal Controls Statement – Last produced for March 2018 Year End annual report, revised statement incorporated into Annual Report for 2017/18 Companies House &amp; FCA returns duly completed</li> <li>• Internal and External Audit Reports received showing only one material non-compliance issues</li> </ul>		<p>MHA reviewed and updated its rules at our AGM in September 2017</p> <p>This relates to Gas Servicing, the Regulator has been informed and our systems updated</p>	See 'live' Governance Review action plan
1.4	Adheres to all relevant law and all regulatory requirements	y	<p>We adhere to all requirements. This is outlined within our policies and procedural documents, and relevant membership of regulatory authorities including;</p> <ul style="list-style-type: none"> <li>○ Health and Safety</li> <li>○ Data Protection</li> <li>○ Equality and Diversity</li> <li>○ Employment</li> <li>○ Housing</li> <li>○ MHA Welsh Language Scheme</li> </ul>		<p>Ensure all policies and procedures are updated in line with legislation and regulation as they occur.</p> <p>Health and Safety Compliance statement agreed by Board in July</p>	

			<ul style="list-style-type: none"> <li>○ Performance against Regulatory Compliance statement</li> <li>○ Welsh Housing Quality Standards (WHQS)</li> <li>○ Development standards – Building Regulations &amp; Design Quality Standards (DQR).</li> </ul>		2018 and forwarded to Regulator.	
<b>PS2.0</b>	<b>Effective and appropriate tenant involvement and high quality and improving services</b>					
2.1	Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation	y	<p>We encourage tenants to engage in strategic and operational decisions in a number of ways, including;</p> <ul style="list-style-type: none"> <li>○ 4 tenant members on our Board, which is set out in our Rules and Tenant Board Members are involved in strategic planning which takes place at Board Development Days.</li> <li>○ Robust prospective tenant Board recruitment programme.</li> <li>○ MHA operate a Tenant Scrutiny Panel and Service Testing Team which is managed within Corporate Services who conduct wider consultation and carry out regular service reviews, formulating recommendations for improvement.</li> <li>○ Tenant members attend our AGM where they have their say on key decisions.</li> <li>○ Focus groups, surveys etc used as integral part of service reviews and facilitated by external “critical friends”.</li> <li>○ TI Review now complete and approved by Board. An action plan</li> </ul>		Recs from the Tenant Engagement review have been implemented and a new engagement model is in place.	MHA has a new Tenant Engagement Structure which is being implemented to involve tenants at a strategic level. This will be accomplished through the Forward Together Group. Tenants will review existing policies/strategies and help implement new ones. Tenants and leaseholders on this group will also be the Sounding Board for the 6 pillars of self assessment.

			is in place and is being implemented.			
2.2	Demonstrates how the Board assures itself of current service performance, including tenant satisfaction and drives continuous improvement	y	<p>Board is furnished with a suite of performance information from across key areas of the business. A pyramid of performance indicators are monitored by the Board quarterly (i.e. business critical at Board and key operational issues at sub-committee level). Continuous improvement from customer consultation can also be evidenced through:</p> <ul style="list-style-type: none"> <li>○ Wider consultation captured during service reviews and themed focus groups, service testing team, scrutiny panel and surveys</li> <li>○ 6 Pillars of Self-Assessment reported to the Board bi-monthly</li> <li>○ New tenant surveys, repairs satisfaction surveys, tenant satisfaction surveys (results are acted upon by individual departments and considered during Corporate Planning sessions etc.)</li> <li>○ IIP accreditation</li> <li>○ Customer Excellence Accreditation</li> <li>○ Periodic review of Complaints Service and continuous improvement recommendations implemented.</li> <li>○ Annual target setting</li> <li>○ Scrutiny of internal restructures to ensure VFM considered and services fit for purpose e.g. H&amp;C restructure 2016.</li> </ul>			<p>The new VFM policy has a range of indicators which will satisfy both the Board and Regulators as regards Effectiveness, Efficiency, Economy and Equity within MHA. This policy will be reviewed in two years.</p> <p>The above indicators are in addition to the performance indicators MHA has in its performance pyramid.</p>

2.3 & 2.4	Ensures that all homes meet required standards of design and quality and;  Meets all applicable statutory requirements providing for the health and safety of the occupants in the home	y	Our WHQS programme was completed and signed off by Monmouthshire County Council in 2013. The planned maintenance programme continues to ensure that standards remain high.  Policies in place. Cyclical servicing / testing carried out for:  <ul style="list-style-type: none"> <li>○ Gas Safety</li> <li>○ Asbestos</li> <li>○ Legionella</li> <li>○ Stock condition surveys</li> <li>○ Fire Risk Assessments</li> <li>○ Electrical servicing</li> </ul>		Due to issues in June 2018 with Gas Servicing, picked up by Internal Audit, MHA will proceed with making the servicing module “live” on Keystone over the coming months.	The Asset Management Policy is currently being reviewed, the emphasis will be on effective forward planning and anticipation of problems leading to cost effective solutions.
<b>PS3.0 Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements</b>						
3.1	Safeguards taxpayers interests and the reputation of the sector and protects social housing assets	y	Risk management policy and procedures are in place together with a comprehensive corporate risk register....  <ul style="list-style-type: none"> <li>○ Risk Dashboard &amp; regularity of review</li> <li>○ Sector risks covered within this risk register</li> <li>○ Due diligence – new ventures</li> <li>○ Development Policy</li> <li>○ Asset Management Strategy including obsolete property register</li> <li>○ Housing Programme Board – internal officer group jointly chaired by Director of Property Services and Director of Housing &amp; Communities.</li> <li>○ Agreed Internal and External Audit programmes to give assurance</li> </ul>		Further development of Project Management IT system and processes to enhance joint working, project transparency and access to information.	

			<ul style="list-style-type: none"> <li>○ Risk appetite agreed and reviewed annually.</li> </ul>			
3.2	Assessment of capacity to take on new business and innovation funding for start-up and slim down development opportunities is robust	y	<ul style="list-style-type: none"> <li>● Feasibility Studies/Due Diligence</li> <li>● Appraisal Model used to assess viability of schemes</li> <li>● Business Plan annual production and agreement with funders</li> <li>● Business Plan stress tested in relation to material risks</li> <li>● Asset management Strategy &amp; Development Policy</li> <li>● Capsel – new projects agreed with viability testing</li> <li>● Source alternative funding streams – e.g. Innovation Housing programme</li> </ul>		Merger policy was agreed by Board in 2017. MHA Board has also agreed to MHA, Melin and Edenstone researching the viability of setting up and off-site manufacturing facility using Structurally Insulated Panel system.	
3.3	Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies	y	<ul style="list-style-type: none"> <li>● Appraisal Model used to assess viability of schemes</li> <li>● Business Plan annual production and agreement with funders</li> <li>● Business Plan stress tested in relation to material risks</li> <li>● Internal Audit to review approach to stress testing in Audit Programme for 2018/18</li> <li>● Purchased UC real which will give us a more robust approach to forecasting the impact of Universal Credit</li> </ul>			

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	y	<ul style="list-style-type: none"> <li>• Feasibility Studies/Due Diligence</li> <li>• Appraisal Model used to assess viability of schemes</li> <li>• Black Swan testing/Perfect Storm Model</li> <li>• Business Plan annual production and agreement with funders</li> <li>• Business Plan stress tested in relation to material risks</li> <li>• Asset management Strategy &amp; Development Policy</li> <li>• Capsel – new projects agreed with viability testing</li> <li>• Asset and Liability Register agreed</li> </ul>		See merger comment above. Also lessons learned document produced following unsuccessful purchase of Estate Agents in Cardiff. MHA Board, having learned from previous experience in Waste and Development taking a more pragmatic approach to opportunities such as the one mentioned above with ~Edenstone and Melin.	
<b>PS4.0</b>	<b>Clearly evidenced self-evaluation and statement of compliance</b>					
PS4.0	Clearly evidenced self-evaluation and statement of compliance	y	<ul style="list-style-type: none"> <li>▪ Code of Governance Reviewed annually</li> <li>▪ Compliance statement completed and signed off in May annually</li> <li>▪ Bi-monthly Board consideration of 6 Pillars of Self-Assessment</li> </ul>		Governance Review rolling programme	



PS5.0	A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues					
5.1	Demonstrates how the Board assures itself of current performance and drives continuous improvement	y	<p>Using MHA's performance management system we are able to monitor, evaluate and link corporate planning objectives with day to day activity (see PS1 above). The Board monitor this through a pyramid of performance management (see Appendix 1).</p> <p>Board regularly consider service improvements and monitor successes (i.e. Void management) through review reporting etc.</p>			Annual review of target setting at May Board
5.2	Demonstrates how lettings make the best use of available housing, compatible with the core purpose of the Registered Social Landlord	y	<ul style="list-style-type: none"> <li>▪ Maintain Common Housing Register on behalf of LA</li> <li>▪ Common Allocations Policy that prioritises applicants in housing need</li> <li>▪ Intermediate properties offered to applicants in housing need first</li> <li>▪ Redevelopment of three sheltered housing schemes not fit for purpose.</li> <li>▪ Re-designation of OAP flats.</li> <li>▪ Use of Local Lettings Plans to create sustainable communities</li> <li>▪ Bedsit bungalows converted to one beds.</li> <li>▪ Lease properties to LA to use as homeless temporary accommodation and specific projects for Social Services and MIND</li> <li>▪ In One Place supported housing scheme with Health to enable hospital discharges</li> <li>▪ Assisting the LA with the Syrian Refugee Resettlement Programme</li> <li>▪ Developed new supported housing scheme for clients with learning</li> </ul>		<p>Currently working through innovation funding on the Cardiff University Start Up Slim Down project.</p> <p>We are redeveloping all garage sites where feasible.</p> <p>All new Developments are linked to demand.</p> <p>MHA has leased a house to Mind</p> <p>MHA has developed several purpose</p>	

			disabilities in conjunction with Social Services		built accommodation for particular vulnerable client groups.	
<b>PS6.0</b>	<b>Delivering value for money in all areas of the business</b>					
6.1	Demonstrates a strategic approach to and delivery of value for money across the business	y	<ul style="list-style-type: none"> <li>▪ VFM Policy</li> <li>▪ Housemark Benchmarking</li> <li>▪ Procurement Policy</li> <li>▪ Audits</li> <li>▪ Development appraisals</li> <li>▪ Ground Maintenance procurement</li> <li>▪ Service review of communal cleaning</li> </ul>			Updated VFM policy and Strategy agreed by Board May 2017
<b>PS7.0</b>	<b>Compliance with regulatory and statutory requirements and guidance</b>					
7.1	Communicates in a timely manner with the regulator on material issues that relate to non-compliance	y	<p>We have an open and transparent relationship with our Regulator.</p> <ul style="list-style-type: none"> <li>▪ Issues arising are communicated by the CEO to the Regulator verbally, via email and where necessary in writing.</li> <li>▪ Initial meeting with the new regulator has resulted in a series of sessions diarised leading up to and including our Assessment in September (this includes attendance of sub-group and board meetings)</li> </ul>			Good example of this with Gas Safety and Servicing. See 3.1
<b>PS8.0</b>	<b>A financial plan which delivers and supports the business plan and effective monitoring of financial performance</b>					
8.1	Ensures that the organisation is financially sound	y	<ul style="list-style-type: none"> <li>• Appraisal Model used to assess viability of schemes</li> <li>• Business Plan annual production and agreement with funders</li> <li>• Business Plan stress tested in relation to material risks</li> </ul>			

			<ul style="list-style-type: none"> <li>• Asset management Strategy &amp; Development Policy</li> <li>• Capsel – new projects agreed with viability testing</li> <li>• Asset and Liability Register agreed</li> </ul>			
8.2	Effective systems and controls are in place to monitor and accurately report delivery of the Registered Social Landlords plans	y	<ul style="list-style-type: none"> <li>▪ Internal audit programme</li> <li>▪ Corporate Plan</li> <li>▪ Directorate, team and individual plans (PDR's)</li> <li>▪ Business plan stress tested in relation to material risks</li> <li>▪ Monthly management accounts are prepared and reviewed by SMT and distributed for comment and challenge to Board Committees.</li> </ul>			
8.3	Monitors, reports on and complies with all covenants	y	<ul style="list-style-type: none"> <li>• KPI for loan covenant</li> <li>• Treasury Management Policy and independent treasury management advice. This is monitored monthly and certified by External Audit Annually.</li> </ul>			
<b>PS9.0</b>	<b>Effective management of treasury operations ensuring sufficient liquidity at all times</b>					
9.1	Ensures sufficient funding is available to deliver the business plan	y	<ul style="list-style-type: none"> <li>• Business Plan annual production and agreement with funders</li> <li>• Treasury Management Strategy agreed by Board Annually, last updated July 2018</li> <li>• Business Plan stress tested in relation to material risks</li> </ul>			VFM Policy and Strategy will put an emphasis on Economy and effectiveness which will ensure resources are being used effectively, thus freeing up other resources to fund business plan.

9.2	Ensures financial forecasts are based on appropriate and reasonable assumptions	y	<ul style="list-style-type: none"> <li>• Business Plan annual production and agreement with funders</li> <li>• Business Plan stress tested in relation to material risks</li> <li>• Welsh Government recommended assumptions used where appropriate – sensitivity testing done in addition to stress testing</li> <li>• Business Plan assumptions reported to and agreed by Board and reviewed by Treasury Management Advisors.</li> <li>• Use of UC Real</li> </ul>			
<b>PS10.0</b>	<b>A clear understanding of liabilities and asset performance</b>					
10.1	Maintains a thorough, accurate and up to date record of assets and liabilities including all liabilities which have recourse to social housing assets	y	<ul style="list-style-type: none"> <li>• Asset and Liability Register maintained</li> <li>• Obsolete property register</li> <li>• Agreed by Board...</li> </ul>			
10.2	Data on the financial and social performance of assets is accurate and used to inform investment decisions	y	<ul style="list-style-type: none"> <li>• Asset and Liability Register maintained</li> <li>• Asset Management Strategy including obsolete property register</li> <li>• Housing Programme Board</li> </ul>			

10.3	Ensures data on the condition of their assets is up to date and is able to demonstrate consideration of the short and long term costs of maintenance, repair and renewal	y	<ul style="list-style-type: none"> <li>▪ Combined Stock Condition, asbestos and WHQS compliance surveys.</li> <li>▪ Use of Keystone Asset Management software to maintain asset records</li> </ul>		In discussion with Supplier with a view to enabling servicing module	VFM Policy and Strategy will ensure that MHA takes a proactive view on the use of assets, their retention and disposal and will do so dispassionately.
10.4	Ensures that publicly funded homes meet the standards set out in the Welsh Housing Quality Standard	y	<ul style="list-style-type: none"> <li>• WHQS compliance surveys</li> <li>• Stock condition surveys</li> <li>• Trend analysis on repairs.</li> <li>• New homes are designed to DQR and built in accordance with Building Regulations.</li> </ul>			