



WHETALEY HOUSING GROUP LIMITED BOARD MEETING

8 APRIL 2020, 16.00

BY TELEPHONE

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Business Update
4. Group Governance Arrangements
5. Interim Gas Process
6. Update on Coronavirus (Scotland) Bill
7. AOCB

Report

To:- Wheatley Housing Group Board

By:- Steven Henderson, Group Director of Finance

Approved by:- Martin Armstrong, Group Chief Executive

Subject:- Our response to the Coronavirus crisis

Date:- 8 April 2020

1. Purpose

1.1 This report provides an update on our response to the impact of the current Coronavirus crisis on our partner organisations, their tenants and communities.

2. Authorising context

2.1 The activities addressed in this report are principally of an operational nature, and are therefore delegated to the Group CEO under the Group Standing Orders. The Board has been kept regularly apprised of our progress through email updates.

3. Risk appetite and assessment

3.1 The unprecedented nature of the current situation raises risks in a number of key areas. These include:

- i. *Customers* - risks that our customers may suffer hardship and distress, not just through the risk of catching or through having the virus itself, but through the current government measures causing other effects such as hunger, isolation and mental and physical health problems
- ii. *Staff* - risks that staff are exposed to the virus, especially those engaged in customer-facing activity; that we have a reduced workforce due to illness and/or self-isolating, and that those working from home may not be able to function effectively
- iii. *Financial viability* - risks to our financial position, such as increasing rent arrears and reduced cash flow

3.2 These areas and the steps we continue to take to mitigate the risks are addressed below.

4. Background

4.1 A significant number of staff across the Group, including housing officers and Wheatley Solutions staff, have now been working from home successfully for two weeks.

We do, however, retain a significant presence “in the field” in many areas of the organisation. The sections below provide a more detailed update on many of the areas introduced in recent update emails to all Board members.

5. Discussion

(i) *How we are supporting customers*

5.1 We have determined the services which are essential for our customers & continue to provide these. These include:

Keeping our customers safe in their homes:

- Life and limb repairs continue for all our 80,000 housing and factoring customers
- Maintenance of staffing in our multi-storey blocks with a particular emphasis on fire safety but also repositioned to ensure health and safety (additional cleaning processes) and minimise isolation (through proactive, safe customer contact)
- Our specially established critical rapid response environmental team are able to review sites for safety issues, removing bulk and other waste which could potentially be a fire hazard. They also maintain visual security checks on buildings such as our LivingWell (sheltered) properties.
- Carrying out gas safety servicing in line with our statutory obligations via a revised process to meet some of our customers’ concerns about visitors to their home and to take into account restricted functions due to offices being closed.
- High level overview of anti-social behaviour in our areas, in conjunction with Scottish Police

Maintaining regular contact with our customers:

- Creating a direct link between customers and their housing officers (200 customer patch) while local offices are closed. This is being done through proactive direct contact focused first on the vulnerable, elderly and those who normally make payments by face to face methods. We have made over 17,000 outbound calls to our tenants to check on welfare, make initial contact & provide general support
- We have developed a revised approach to ensure our customers get the welfare benefits and fuel advice they most urgently need – largely through new telephone based services. Staff have made more than 3,000 referrals to our welfare services (such as benefits advice, fuel advice, EatWell and tenancy support).
- We have accelerated the development of bulk SMS messaging to support contact with our social tenants, starting this week.

Supporting customers with financial difficulties and benefits:

- Provision of proactive support to our tenants to help them in relation to difficulties they may have with rent payment and/or applying for Universal Credit – this contact has also enabled us to provide support for a wider range of issues facing our customers
- Helped more than 200 customers through the Alternative Payment Arrangement process with more than 400 helped to make a UC claim.

Preserving employment and supporting the supply chain:

- Despite the emergency situation, Wheatley is continuing our TUPE transfer of staff from Morgan Sindall in Dumfries & Galloway, protecting that workforce
- New accelerated payment terms have been developed to ensure our suppliers & sub-contractors get paid quickly to provide income in this emergency period
- We have been supporting people in our communities, including our own tenants, to remain in employment as we have recruited 60 extra care and call centre staff, as well as extending modern apprentice contracts by 6 months

Continuing to provide care and support services:

- Provision of care services to 3,000 care customers through telephone and face to face services (500 still require face to face services) including a move to telephone support for some outreach services such as our Tenancy Support Service (which helps customers maintain their home) and Tenancy Support Service Plus (which helps customers to navigate the journey through applying for Universal Credit)
- Continuing to meet regulatory requirements for care and shared living environments
- Supporting self-isolation, shielding and social distancing in our shared living environments
- Redeployment of care staff from visiting support services which are not essential and recruitment of 60 additional care staff to support service delivery in our building-based care services

Working with local authorities to address homelessness:

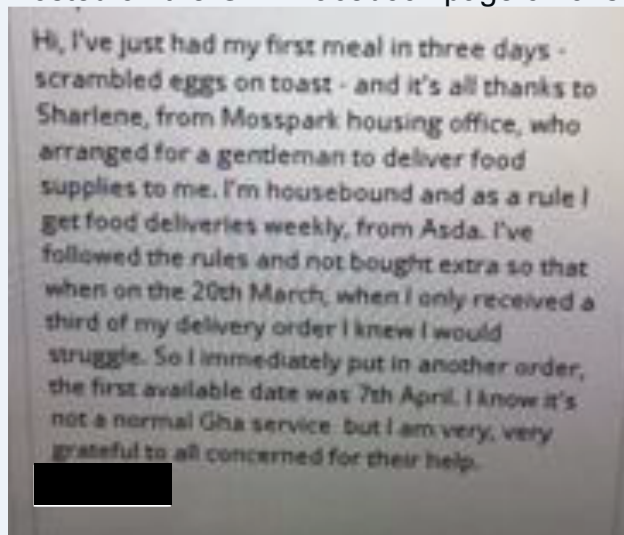
- Working with our partners to resolve immediate homelessness through the provision of a pipeline of void properties to local authorities (150 agreed so far for GCC and 30 for DGHP, discussions ongoing with Edinburgh and West Lothian Councils)

Addressing food shortages in our communities:

- Provision of £250,000 additional funding to our EatWell service to ensure none of our customers go without food. We anticipate that this will amount to 1,000 packages in the next fortnight. Already, we have increased the number of customers receiving packages from 48 packages in the week commencing 16/03/20 to 255 in the week commencing 23/03/20. These are distributed across Glasgow, Edinburgh, West Lothian, Dumfries & Galloway. They have been supplemented by ad hoc help from our housing officers and concierge staff to customers who are self-isolating or otherwise unable to get supplies.
- We are working in partnership with community groups across our business to support customers with food delivery, to mitigate isolation and to ensure the most efficient use of resources.
- Repairs and environmental staff are volunteering to deliver food packages where they are not carrying out other essential work.
- Our front funding of food for our customers has also maintained employment in some catering provision companies who were about to lay off staff prior to us placing medium term supply orders with them.
- We have supported our partners at Social Bite with £100,000 donation to help with their initial work in this emergency period.

Our provision of food is proving to be a lifeline to many customers. Here are some examples;

Posted on the GHA Facebook page on 31st March



Staff identified a customer in Edinburgh with underlying conditions which placed him in the shielding category. The customer had no fridge to store food in and had previously used a laundrette for washing. A new table top fridge and a washing machine have been installed using our Emergency Response Funding. Our Environmental staff worked two hours beyond their finishing time

to install both items and remove the old fridge. An EatWell food package has also been supplied.

While an environmental operative was carrying out an ad-hoc request in a vulnerable customer's house in Riddrie area, the customer informed him that she had no money and little food, Daniel went to the local shop and purchased bread, milk, sausage, bacon and eggs for the customer; he paid for this out of his own pocket and refused to be reimbursed from petty cash.

A number of staff had contact with the sister of a tenant in Dumfries & Galloway stating that they were both in isolation and there was no-one to help the tenant get essential shopping. The tenant was in a high risk category and was unable to get an online delivery slot with the result that she was running out of food. Staff used personal contacts to work with the local Tesco to get some food delivered swiftly. A further referral has been made to the Food Train to ensure she has the essentials she needs.

Wheatley Emergency Response Fund was used to buy a tenant a microwave – the household had had nothing to cook with for a month until staff stepped in. The customer got in touch to say: "This is going to help me a lot – a big thank you for your help"

Staff have provided support and advice to people who are worried about their livelihoods.: "I wouldn't have known where to start of it hadn't been for you" and "Even just having someone at the end of the phone has been really helpful".

3 customers have contacted me [Housing Officer] to say thank you for the food parcels delivered. One said there was so much fresh soup that he was able to share this with his neighbours and that he was pleased to do so because it meant that he could return their kindness which he would not have been able to do otherwise (not being able to get out)"

5.3 We are currently investigating a number of other avenues to support our customers and stakeholders:

- Examining the potential of extended use of Alertacall (intensive housing management) for some of our older and more vulnerable customers;
- Proactive delivery of food and other supplies to our LivingWell and MSF sites;
- Working in partnership with organisations specialising in support to those facing domestic abuse to ensure pathways to assistance and potential provision of accommodation; and
- Working with GWOSF to develop contingency planning for repairs for smaller housing associations whose contractors may no longer be working.
- Liaising closely with Scottish Government to seek additional funding to support further food delivery and support to our communities. The Scottish Government announced a package of £350m in March to support local efforts to tackle the impact of Coronavirus. We have made bids to the £70m Food Fund to support the work noted above, as well as to the Communities and Wellbeing Funds. We are liaising with senior Scottish

Government officials to push our case for support, based on our ability to deploy support rapidly and at scale.

- Lobbying government for potential changes to statutory requirements, benefit issues and fuel poverty issues which affect our tenants. In particular, the Chair has written to the Secretary of State for Work and Pensions to request changes in areas such as allowing backdating of benefit payments, deducting rent automatically from advances received by claimants and ending the five-week wait for the first payment under Universal Credit.

(ii) *How we are managing and protecting our staff*

5.4 We have supported the “Stay Home, Stay Safe” approach by ensuring all noncritical staff are working from home. This includes:

- All housing officers;
- All central support staff;
- Care staff who are providing support by telephone;
- Our 24-hour call centres in Glasgow and Dumfries – technology and equipment was sourced and deployed at very short notice to allow all functionality to take place with staff working from home. 5,200 calls were taken last week despite the transition to home working;
- Closing all common rooms in MSFs and LivingWell; and
- Ceasing new build development and investment works.

5.5 We are following the Scottish Government’s guidance in respect of care staff and those working with customers, for example in supported housing settings, our concierge and those doing cleaning (for example in lifts). Occupational Safety Manuals have been updated with the relevant guidance about when and where to use personal protective equipment and how to implement social distancing requirements. This has been supplemented by an additional message from the Chief Executive to reinforce the guidance. Staggered lunch breaks and altered work patterns have also been put in place where necessary to maintain social distancing.

5.6 Phone and video-conference meetings have replaced face to face contact for teams across the Group, with people adapting rapidly to different ways of working and showing great innovation to make sure they keep in touch. Inevitably, some activities are more difficult to do remotely, and after the initial period of change, staff are beginning to settle into a new routine.

5.7 Given the extent of activity we have suspended, we are proposing to make use of the new UK government scheme to put around 300 staff across the Group on a temporary leave of absence, known as “furlough”. These staff will continue to be paid in full, with no interruption to their benefits or pension service, but in areas such as new build and R&D, where little activity is currently possible, we will be able to claim back salary costs. Over 3 months, this is anticipated to be in the region of £2 million. The furlough period must be reviewed at 3 weekly intervals, and staff can come and go from the list at these break points.

5.8 We plan to track closely the mood of staff over the weeks ahead to try to identify common issues arising and maintain morale when face to face contact is impossible. This is especially important with those staff who are on the furlough leave period. We are already making sure that the positive stories of the difference we are making to people's lives are shared through our intranet and a daily email to all staff, as well as blogs and planned online events and competitions. We are keen, despite the difficult circumstances, to track the learning we take from this period about how a workforce functions remotely away from the office. This was clearly a theme in our 2025 strategy, and while this strategy will now need to be recast in part, we wish to understand which elements of this remote working service model work well and which do not.

(iii) Safeguarding our financial position

5.9 The risk to our rental income has significantly increased, as many tenants struggle to adapt to the current situation. Among our customer base, we had more than double the number of customers moving onto Universal Credit last week than we had been previously experiencing. In addition, the new Scottish Government legislation which extends the timescale before eviction proceedings can begin to six months in the both the social and private rented sector creates increased risk that tenants do not prioritise paying their rent.

5.10 We continue to give the message to customers that "we are here for you", and that payment of rent continues to be important to keep customers out of debt. Our housing staff continue to support customers to pay their rent from their new positions working from home. We are encouraging use of online and phone payments, particularly for those customers who previously paid using in-person methods such as Paypoint terminals in shops.

5.11 Nevertheless, we anticipate an increase in arrears. Predicting this is challenging at present, but we have modelled a number of scenarios. This is also information that Standard & Poor's have requested as part of their upcoming review meeting (over the phone) on 7th April. We have modelled a scenario that c9000 (15%) customers pay no rent at all for the next 6 months. This would equate to lost rent of around £20m.

5.12 Set against this risk, we have instigated a number of cost saving measures. The cessation of non life and limb repairs and investment work is the most significant; this reduces our cost base by an estimated annual equivalent of £27m (from £135m). This is a provisional figure and will be influenced by the outcome of City Building's own furloughing process, since significant staff numbers in the JV may be funded through that route, and how long the current movement restrictions persist. Our own furlough arrangements noted above should deliver at least £2m over the next 3 months.

5.13 We have prepared 12-month liquidity projections based on two scenarios as set out below:

1. Base case – i.e. against approved business plans for RSL Borrowing Group, DGHP and Lowther/YourPlace (consolidated)
2. Covid-19 scenario – for RSL Borrowing Group, DGHP and Lowther/YourPlace (consolidated) – note this is not our forecast of what *will* happen; rather a scenario analysis

	RSL Borrower Group	DGHP	Lowther/YourPlace
Rent collection / arrears	Approx 7,000 tenants affected, unable to pay rent for 6 months. Bad debt provision increased for full amount in year however 10% recovered following year	1,500 tenants affected, unable to pay rent for 6 months. Bad debt provision increased for full amount in year however 10% recovered following year	20% of tenants affected, unable to pay rent for 6 months. 50% of this (£0.8m) is recovered during 2021/22 and 50% (approx. £0.8m) written off as bad debt
Voids*	Tenant turnover and extended times to let increases voids by 3% in 20/21.	Tenant turnover and extended times to let increases voids by 3% in 20/21	Tenant turnover and extended times to let increases voids by 2% in 20/21
Investment and repairs	Investment spend reduced by £7.4m in 20/21 and repairs spend reduced by £5.8m. This is conservative depending on outcome of discussions with City Building on furlough position. No investment works for 6 months. Emergency repairs service only.	Reduction of investment spend of £11.2m in 20/21 (note that this was high due to SHQS catch up works), additional £5m & £4.5m in 21/22 & 22/23 respectively Cessation of non-essential repairs saving £1.5m in 20/21	Cessation of non-essential repairs saving £0.8m in 20/21 reduction of spend of £0.4m in 20/21
New Build	Completion of schemes on site delayed by 12-18 months and schemes due to start on site delayed by c.12 months. Future programme reduced by 180 units	Completion of schemes due on site delayed by 12-18 months and delay in some future schemes	Lowther does not undertake their own new build programmes

*note that the void scenario assumed here of 3% is highly conservative; we have frozen the letting process with a current level of voids of around 1%. All voids have been offered to our local authority partners for homeless cases, and we anticipate the majority of these will be filled in the coming weeks, generating rental income direct from the local authority through a lease provision (generally for 12 months)

5.14 In this scenario, we maintain compliance with loan covenants and financial Golden Rules – largely because the reduction in repairs and investment spend offsets the lost rent. Our Group’s rent roll is approximately £270m; the £27m modelled saving in costs – on the basis we do not resume a fully normalised service for the rest of the financial year - equates to approximately a 10% increase in rent arrears. This scenario assumes we in effect defer these non-urgent repair and investment costs by one year, and do not “catch up” by significantly increasing spend in 2021/22, other than in DGHP where this is required to address the backlog in achieving the Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing.

5.15 The table below shows the improvement in our liquidity position resulting from the above scenario. This provides assurance that we are well-protected in financial terms at present. We are also progressing a further loan drawdown from the EIB of £72m, which will ensure we retain strong cash levels to cope with any unexpected downturn in cash receipts.

S&P Global Ratings

Company Name
Date

Liquidity & Debt Analysis

	Base Case	Covid 19 Scenario	Comments
A: Sources of funding			
Forecasted cash generated from continuing operations if positive	138,064,784.00	114,553,533.00	Increase in bad debt provision and voids, offset by repairs saving
Cash and liquid investments (current values)	129,090,196.00	129,090,196.00	
Forecasted working capital inflows, if positive	0	0.00	
Proceeds from asset sale (when confidently predictable)	0	0.00	
Undrawn committed facilities which matures after 12 months and can be drawn	342,381,660.00	342,381,660.00	
Expected ongoing cash injection from a government or group member	63,415,411.00	3,053,031.00	Closure of new build sites results in reduction in government grant
Other receipts if applicable	0	0.00	
Total sources of liquidity	672,952,051.00	589,078,420.00	

	Base Case	Covid 19 Scenario	Comments
B: Uses of funding (enter as positives)			
Forecasted cash generated from continuing operations, if negative	0	0.00	
Forecasted working capital outflows, if negative	0	0.00	
Expected capital expenditure over the next 12 months	210,947,929.00	85,849,705.00	Reduction in capital spend on existing properties of £19m and new build programme reduced by £106m
Interest and principal payments due on debt over the next 12 months	79,859,530.00	77,026,143.00	Lower interest rates reflected and decrease in debt requirement as a result of reduced capital spend
Other payments, if applicable	0	0.00	
Total uses of liquidity	290,807,459.00	162,875,848.00	

Key quantitative measures:

Sources of funding / Uses of funding	A/B	231.41%	361.67%

6. Value for money implications

6.1 We continue to work to provide value for money to our customers; prioritising their needs within the constraints of the limitations on staff movement imposed on us.

7. Impact on financial projections

7.1 Set out above. These will continue to be updated as the situation persists over the coming weeks and months.

8. Legal, regulatory and charitable implications

8.1 We have maintained regular dialogue with the Scottish Housing Regulator and Care Inspectorate over recent weeks, and they have appreciated our role, for example, in the housing sector National Resilience Group along with Scottish Government and local authority representatives, and our offer of support to smaller RSLs who may be unable to effectively deliver services in the current conditions.

9. Partnership implications

- 9.1 A number of aspects of our partnership implementation plan with DGHP are now on hold. We have however progressed with the TUPE transfer of the repairs staff from Morgan Sindall. This represents welcome employment security for these staff.

10. Implementation and deployment

- 10.1 Co-ordination of all Group activity continues to be led by the Group CEO and Executive Team, who have a group call at least twice daily.

11. Equalities impact

- 11.1 None noted.

12. Recommendation

- 12.1 The Board is asked to note this update.



Report

To: Wheatley Housing Group Board

By: Steven Henderson, Group Director of Finance

Approved by: Martin Armstrong, Group Chief Executive

Subject: Group governance arrangements

Date of Meeting: 8 April 2020

1. Purpose

- 1.1 To seek Board approval for updates to our governance arrangements, including:
- interim arrangements for Board meetings for the next 3 months
 - our recruitment and succession planning assumptions

2. Authorising context

- 2.1 Under the Group Authorising Framework, the Group Board is responsible for our overall governance framework. Any changes which also require amendments to constitutions require the approval of members.

3. Risk Appetite and assessment

- 3.1 Our risk appetite in relation to governance is cautious, which is defined as *“Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward”*.
- 3.2 Our Group strategic risk register recognises the risk associated with our governance structure, that is, the risk of a service or financial failure if our governance *“is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively”*.
- 3.3 Our governance framework is designed to prevent any short term interruptions impacting decision making via delegations to the respective Chairs, under the Urgent Actions provision. The proposals within this report seek to set out how we mitigate the risk of the current interruption extending beyond one meeting cycle.

- 3.4 A further risk is that we will not have the sufficient depth of skills and knowledge as the current interruption will significantly impact the recruitment and succession planning arrangements we had for the planned 2020 Board member and office bearer retirements. The proposals within the report seek to allow us to retain skills and experience as a mitigation.

4. Background

- 4.1 The impact of Coronavirus and following the associated mandatory government guidance has required us to mobilise our Business Continuity Planning arrangements at rapid pace.
- 4.2 As part of this, non-essential business has been deferred as we have focused on reconfiguring our services to ensure that essential activities are maintained for tenants, factored homeowners and people we work for.
- 4.3 As part of this, we cancelled the March and April Board meeting cycles on the basis that the business could either be deferred and/or will be materially impacted and therefore need to be reworked as a consequence of Coronavirus.
- 4.4 Since then regulatory bodies are now increasingly formally recognising that matters requiring Board approval will not be able undertaken within the normal timescales. The Scottish Housing Regulator (“SHR”) is extending the return date for the Annual Return on the Charter, Five Year Financial Projections and the Loan Portfolio Return to at least the end of July. Companies House are also offering the ability to seek 3 month extensions for filing annual accounts.

5. Discussion

- 5.1 The timescales for the current UK government restrictions being lifted or relaxed remain uncertain. It is highly likely that some form of restrictions will remain in place into the May/June Board cycle. We therefore require to use this as a contingency planning assumption for our governance arrangements.
- 5.2 The two areas which will be most materially impacted are Board meetings and Board recruitment/succession planning. Proposals for how we adapt our governance arrangements in both areas are set out below.

Board meetings

- 5.3 We are conscious of the need to respect that a number of Board members across the Group are being both personally and professionally impacted by the disruption associated with Coronavirus such as unpredictable and/or additional working hours, childcare requirements, supporting family members or themselves self isolating.
- 5.4 To date we have maintained contact through regular e-mail updates to all Board members and one to one updates for Board Chairs by Lead Executives. This has allowed Board members to access updates at time of their choosing. The feedback from Board members across the Group on the updates has been positive.

- 5.5 Going forward, we will however require to have arrangements in place for Boards should, as anticipated, the current restrictions still be in place for some time to come.
- 5.6 In recognition of the personal and professional challenges Board members may be encountering it is proposed that we move to agreeing a smaller core of Board members (including the Chair) who would dial in to phone meetings of each Board over this period. This will be for essential business only. For the majority of the Group partner organisations the next scheduled meetings are May and August.
- 5.7 This smaller cohort would make it easier to find a suitable mutually convenient time for a meeting, and to practically conduct a phone discussion (which would be more difficult with a full Board, especially with Boards of 10 or more) whilst still being quorate.
- 5.8 The cohort would be formed on the basis of a new temporarily abridged skills matrix (drawn from the existing skills matrices) to ensure that it has relevant skills and experience for the anticipated immediate requirements of the Board. For example, finance and service related skills and experience are currently more relevant than development, where new build activity is suspended. The proposed abridged matrices and membership are attached at Appendix 1.
- 5.9 It is intended the reduced Wheatley Board will meet on the afternoon of Wednesday 8 April. Meetings would be held by conference call, where all participants can dial in to a single number. This prevents the need for members to download any additional App or have access to IT equipment and connectivity required for other options such as video conferencing.
- 5.10 We will still issue all papers in advance to the full Boards, and any members not dialling in will have the opportunity to give the Chair feedback if they wish to or are in a position to do so.

Recruitment and succession planning

- 5.11 A significant amount of recruitment and succession planning activity was planned over the coming months across the Group. The recruitment covered a combination of filling existing vacancies and successors for Board members due to retire at the 2020 AGMs. The majority of retiring members are doing so having reached a tenure limit. A number of office bearer and intra-group roles were also due to change due to the 2020 AGM retirements.
- 5.12 In total we were in the process of recruiting 10 roles across the Group for existing vacancies and planning for the recruitment of a further 9 to succeed Board members scheduled to retire at the 2020 AGMs. Combined this represents almost 25% of our overall number of Non-Executives across the Group.
- 5.14 Given the current uncertainty associated with Coronavirus we have paused the recruitment for existing vacancies and the planning for upcoming vacancies. We will recommence this when we return to a stable operating environment however it is now highly unlikely we will be able to fill existing vacancies by the 2020 AGMs.

- 5.15 For successors of Board members retiring at the 2020 AGMs this is likely to be even further delayed. For these roles we will require to agree with Boards the skills and experience we wish to recruit for, advertise, screen, interview and go through a formal appointment process at individual Board and RAAG Committee. It is likely to take until the 2021 Board cycle before the process could be completed and new Board members take up post.
- 5.16 In considering this we also have to take into account that all new appointments will require to be inducted and develop their understanding of the business. For existing vacancies our planning assumption was they would all be filled and the new Board members fully inducted by the 2020 AGM.
- 5.17 This raises a significant risk that as Boards consider how we work through the business implications of the Coronavirus pandemic, such as on our strategies and financial projections, we have Boards who have a high number of vacancies and have lost their members with the greatest knowledge and understanding of their respective organisations.
- 5.18 It is therefore proposed that to mitigate this risk we offer all members due to retire, either entirely or as office bearers, at the 2020 AGMs a 12-month extension. A full list of the individuals is attached at Appendix 2. This would allow us to have continuity and retain their knowledge and understanding of the business during what will be a critical period. Where those individuals are office bearers, they would retain the office bearer role during this extension.
- 5.19 Where a retiree who is also an office bearer accepts the extension, we would commit to their successor in 2021 being granted an exemption to our 9-year tenure limit if required to be eligible to serve a full 5-year tenure limit as Chair.
- 5.20 Additionally, one of the roles potentially being extended is assumed to have created the vacancy for the successor to the current Group Audit Committee Chair who is scheduled to retire in 2021. In the event this extension applies, it is further proposed Martin Kelso is also extended for a further 12 months to 2022. This will allow his potential successor time to bed in and build knowledge of the Group before taking such a key role or contingency arrangements to be made if not. This would take Martin beyond 9 years by one year.

6. Key issues and conclusions

- 6.1 The proposals seek to put in place interim governance arrangements for the next 3 months to continue to undertake essential Board business, whilst also mitigating the potential adverse impact on Board continuity, skills and experience when we return.
- 6.2 We have held high level engagement with the SHR on our proposals and while they no longer have approval rights, it is good practice to keep them informed. They have indicated they understand the rationale which underpins them. Their expectation is that we consider the implications in terms of our own governance framework and the Regulatory Framework. This is set out in more detail in section 9.

6.3 Subject to Board agreement, it is intended that we will advise all partner Boards of the new arrangements to be applied consistently and effective immediately.

7. Value for money implications

7.1 There are no value for money implications arising from this report.

8. Impact on financial projections

8.1 There is no impact on financial projections.

9. Legal, regulatory and charitable implications

9.1 The five-year maximum term for Chairs is a specific requirement of the SHR Regulatory Framework. Under the existing circumstances, whilst we would not be complying with this, the rationale is such that we do not consider this to be 'material' and fully justified in the circumstances.

9.2 The 9 year and 5-year tenure limits are embedded in the constitutions of some of the organisations. We already plan to review the constitutions at the 2020 AGM cycle to reflect changes to the Model Rules. To reflect the proposals, we would use this opportunity to seek to revise the constitutions to a) make serving beyond 9 years permissible by exception and subject to Parent approval, and b) amend the 5-year Chair tenure limit. We will seek external legal advice as part of this process.

10. Partnership implications

10.1 There are no partnership implications arising from this report.

11. Implementation and deployment

11.1 Subject to Board agreement we will advise all Boards of the interim arrangements and formally extend the offer of extension to all those due to retire at the 2020 AGM.

12. Equalities impact

12.1 There is no equalities impact associated with this report.

13. Recommendations

13.1 The Board is asked to:

- 1) Approve the interim governance arrangements of more streamlined Boards based on the revised skills matrix, and the proposed membership of each Board at appendix 1;
- 2) Approve the offer of an extension of 12 months to all Board members and office bearers due to retire at the 2020 AGM and the Chair of the Group Audit Committee; and
- 3) Agree that we make the necessary constitutional amendments to allow the extensions.

LIST OF APPENDICES:

Appendix 1 – skills matrices and membership [redacted]

Appendix 2 – 2020 retirees [redacted]

Report

To:- Wheatley Housing Group Board

By:- Tom Barclay, Group Director of Property & Development

Approved by:- Martin Armstrong, Group Chief Executive

Subject:- Interim Gas Process

Date of Meeting:- 8 April 2020

1. Purpose

1.1 The purpose of this report is to :

- Update the Board on the Interim Gas Service process, which will be utilised during the coronavirus pandemic.

2. Authorising Context

2.1 Under the Group Authorising Framework (GAF) and Intra-Group Agreement (IGA) the Wheatley Board is responsible for approving Group Policies. The Group CEO is responsible for the implementation of Group Policies.

3. Risk Appetite and Assessment

3.1 The Group's risk appetite relating to Gas Servicing is "Minimal" i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward. The risk tolerance of individual subsidiaries relating to Gas Servicing is "Minimal".

3.2 Risks relating to repairs and maintenance are set out the relevant Group subsidiary risk registers. In addition, for Group RSL member's statutory requirements for compliance e.g. gas servicing is embedded in the Scottish Housing Regulator reporting requirements.

4. Background

4.1 Landlords have a legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.

4.2 In the event that we were unable to gain access to the property, e.g. refusal of access due to tenants self-isolating, we will be expected to be able to demonstrate that we undertook reasonable steps to comply with the law. This will need to include records of communication with the tenant and details of our engineer's attempts to gain access.

- 4.3 Current guidance from both the Scottish and UK governments, due to the coronavirus pandemic, is that contact with others out with your household should be kept to a minimum to prevent the spread of the disease.
- 4.4 Housing Minister Kevin Stewart wrote back to Glasgow City Councillor and City Building board member Allan Casey on the subject of carrying out of Gas Servicing activity at this time. His letter is provided in the appendix. This acknowledged the challenges of the current crisis, clearly sets out that landlords retain a statutory responsibility to comply with UK legislation in this area.
- 4.5 Undertaking a gas service requires a qualified gas engineer to access a customer's property, for up to an hour, to undertake the service to the boiler and complete the necessary paperwork.

5. Discussion

- 5.1 To ensure that as an organisation we comply with the duties placed upon us by the Gas Safety (Installation and Use) Regulations 1998, we will continue to try to undertake Gas Servicing within our customers' homes, but the process will involve correspondence with the customer, whereby we will explicitly ask them for permission to enter their home to undertake the gas service.
- 5.2 City Building undertake the first appointment attempts on behalf of all our west central Scotland partner organisations. Their normal access rate is 81%. For the week commencing the 23rd March, their access rate varied from 50-60% a day, with customers refusing engineers into their homes citing the coronavirus pandemic. In the east of Scotland, Dunedin Canmore's in-house Property Services team carry out this process, while in Dumfries & Galloway an external contractor, Saltire, carry this out. Similar issues were found in these areas of operation.
- 5.3 If access is granted, it is proposed that the gas service will proceed as normal. If access is refused, the correspondence along with the customer's preference will be logged and retained as evidence that we have attempted access to undertake the gas service but in the current climate the customer is not going to facilitate access.
- 5.4 The Executive Team have been in daily contact with The Scottish Government, Scottish Housing Regulator, Scottish Federation of Housing Associations and other interested parties on the matter of Gas Servicing in the current climate.
- 5.5 Dialogue will continue with the Scottish Government and the Scottish Housing Regulator on a regular basis to ensure that Group remains fully engaged in any changes in guidance or legislation on this matter as they may arise.

Roles and Responsibilities

- 6.1 The Chief Executive has overall responsibility for Gas Servicing for the Group. The Group Director of Property and Development has operational responsibility for Gas Servicing and implementation of this interim process. We have clear roles and responsibilities below this, with specific nominated members of staff with specific day-to-day responsibility for Gas Servicing in each partner organisation and area of the group.

7. Key Issues and Conclusions

- 7.1 Providing a high quality Gas Servicing regime to our customers is a core part of the Group's Repairs and Maintenance function. In addition to our statutory obligations we are committed to customer excellence.
- 7.2 The proposed process would allow us to continue with our Gas Servicing regime, while giving our customers the option to defer this service to a time when they would be more comfortable having the works completed.

8. Value for Money Implications

- 8.1 There is no value for money implications.

9. Impact on Financial Projections

- 9.1 There are no financial implications from this report.

10. Legal Implications

- 10.1 In considering the current legal implications the Group has regard for the dialogue that is continuing with key parties outlined in this paper, including the Scottish Government and SHR.
- 10.2 From that engagement we acknowledge also the Scottish and UK Governments continue their dialogue with the Health & Safety Executive over any potential changes to the regulations that could take account for the current pandemic.
- 10.3 In doing so we continue to acknowledge our obligations as a Landlord under the relevant Gas Safety regulations and have created this interim arrangement in order to demonstrate our best endeavours in complying with them.
- 10.4 We will continue to maintain a detailed record of our actions in Gas Safety servicing where we are unable to gain access to the property under current pandemic circumstances and will remain ready to act in accordance with any further guidance as provided by the Scottish Housing Regulator and/or the Health & Safety Executive.

11. Equalities Impact

- 11.1 There is no equalities impact as a result of the implementation of this policy.

12. Recommendations

- 12.1 The Board is asked to:
- Note the Interim Gas Servicing Process and its adoption by all Group partner organisations

List of Appendices

Appendix1 : Letter from Minister for Local Government, Housing and Planning – Kevin Stewart MSP

Appendix1 : Letter from Minister for Local Government, Housing and Planning – Kevin Stewart MSP

Minister for Local Government, Housing and Planning
Kevin Stewart MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: scottish.ministers@gov.scot

Councillor Allan Casey
Scottish National Party
DENNISTOUN - WARD 22

By email:
allan.casey@glasgow.gov.uk

27 March 2020

Dear Allan

Thank you for your email today about gas safety checks in social housing.

The current Covid-19 epidemic means that no unnecessary visits to tenants homes should be taking place. Unless work is essential for the safety and security of occupiers, or for homes to be fit for human habitation, it should be postponed. At the present time, I believe that continuing to carry out annual gas safety checks could pose a major public health risk. Landlords may find, in any case, that tenants are unwilling to comply with their responsibility to allow access, and it may also be difficult to resource contractors able to carry out the checks.

Where tenants have any reason for concern about the condition of any gas fuelled appliances in their home, they can of course advise their landlord who can consider if there is a need for an engineer to attend their home to carry out emergency repairs or maintenance.

In the current health emergency, I recognise that landlords have to make difficult decisions on how best they can comply with their statutory duties whilst ensuring public health protection principles are maintained and the spread of covid-19 is contained. I am aware of concerns that have been raised about advice from the Health and Safety Executive on continuing gas safety inspections. The Scottish Government has been engaging with the UK Government on this issue, and we will be providing further guidance to the social rented sector as soon as possible.

As you will appreciate, this is a rapidly changing situation, but as of today the UK legislation on gas safety still requires landlords to carry out annual gas safety inspections. However, the legislation also provides that no person shall be guilty of an offence in relation to the duty to

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



arrange annual safety checks in any case in which they can show that they took all reasonable steps to prevent that contravention.

My expectation is that checks should resume immediately after the current situation passes and you can be assured that we will try and get revised guidance to you as soon as possible.

I hope that this is helpful.

Kind regards



KEVIN STEWART

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot





REPORT

To: Wheatley Housing Group Board
By: Steven Henderson, Group Director of Finance
Approved by: Martin Armstrong, Group Chief Executive
Subject: Update on Coronavirus (Scotland) Bill
Date: 8 April 2020

1. Purpose

1.1. To provide the Board with an outline of the potential business impact of the measures in the Coronavirus (Scotland) Bill, which was passed by the Scottish Parliament on the 1st April.

2. Overview of legislation

2.1 The Bill is likely to come into force next week. The majority of measures in the Bill will automatically expire six months after coming into force. They may be extended for two further periods of six months, giving a maximum duration of 18 months.

3. Measures in the Bill and potential impact

3.1. The Bill is set out in the following sections. The key provisions in each and their potential impact on the Group are noted below.

	Key Provisions	Business Impact
<u>Schedule 1 – Eviction from Dwelling Houses</u>	<p>The Bill:</p> <ul style="list-style-type: none">Will temporarily extend the notice period required before the court process for ending a tenancy can begin for up to 6 months, except where a landlord is looking to regain possession of a property where it has been abandoned by a tenant.	<p>We carry out around 150-200 evictions per year, of which around 75% are for rent arrears. For example, for 2018/19;</p> <p>DC – 16 of 23 were for rent arrears GHA – 109 of 136 were for rent arrears</p> <p>An inability to do this for six months could mean around 40-50 evictions and subsequent re-lets not carried out over this period. Six months' rent for 45 properties is approximately £100k in lost rental income directly (from</p>

	<ul style="list-style-type: none"> • The extended notice periods are either for 6 months (in most cases, including rent arrears) or 3 months for certain tenant conduct grounds relating to antisocial or criminal behaviour • This applies to both social and private tenancies 	<p>being unable to let the house to a paying tenant).</p> <p>There may be indirect effects from the removal of the consequence for tenants of losing their home and therefore rent payment behaviours may change in some cases.</p> <p>For example, if 5% of tenants decide they can miss two payments that would mean rent arrears increasing by £2m (0.8%).</p> <p>To recap, we provide for 1.8% debt write off (an irrecoverable increase in arrears) each year; this is around £4.3m. Currently this provides significant headroom even if all new UC arrears in the last 12 months of £1.6m, plus carried forward UC arrears (£0.5m) prove irrecoverable. However, an increase of the type noted above would put pressure on this assumption.</p>
<p><u>Schedule 2 – Temporary Extension of moratoriums on diligence</u></p>	<p>This gives more leeway to people facing personal bankruptcy proceedings. A money adviser or insolvency practitioner must notify the Accountant in Bankruptcy (the Scottish Government agency with responsibility for supervising bankruptcy) of the intention to apply for a formal debt solution. Creditors are then prevented from executing any new diligence (formal debt enforcement, like seizing money in a bank account) against the debtor. Normally, the moratorium lasts for six weeks. The provisions in Schedule 2 of the Bill would extend this to six months.</p>	<p>No material direct effect. Some tenants may have bankruptcy proceedings deferred.</p>
<p><u>Schedule 3 – Children and vulnerable adults</u></p>	<p>Measures to make it easier for Children’s Hearings and formal child protection decision making to take</p>	<p>May be impacts on some tenants and their families which housing officers should be made aware of.</p>

	<p>place and to relax prescribed timescales.</p> <p>Extension of the period during which a child can be placed in secure accommodation without an order from 72 to 96 hours in any 28-day period.</p> <p>Also allows local authorities greater powers so that a person could be moved from an acute hospital setting to a setting in the community or their home without delay and without consultation with family members or welfare guardians.</p>	
<u>Schedule 4 – Justice</u>	<p>Suspension of legal requirements for a person to physically attend court. Instead, the relevant court would instruct the person on appearing before it by live visual and/or audio link.</p> <p>The Bill provides that Scottish Ministers may, by regulations, require that a prisoner who falls within a specified description be released from prison early.</p>	<p>Minimal direct impacts from the points on court appearances given we are unable to raise eviction proceedings for 6 months.</p> <p>We may see a higher number of released prisoners seeking housing. These may require to be dealt with through the local authority homelessness route in some cases and therefore more than normal could be placed in our void properties via that route.</p>
<u>Schedule 5 – Alcohol licensing</u>	<p>Allows pubs to sell food and drink as take-away services.</p>	<p>No direct impact.</p>
<u>Schedule 6 – Functioning of public bodies</u>	<p>Extends FOI timescales from 20 to 60 working days.</p> <p>Allows a further 40 days in some limited circumstances.</p> <p>Also allows the Commissioner to take into account the impact of coronavirus (Covid-19) in making a decision on the failure of a public authority to</p>	<p>We have experienced a small increase in FOI and subject access requests in the last 2-3 weeks. This will significantly ease the pressure on responding to these.</p>

	<p>comply with a relevant period for response to a request.</p> <p>Other – gives additional grounds for local authorities to exclude public from meetings.</p>	
<p><u>Schedule 7 – Other measures in response to coronavirus (Covid-19)</u></p>	<p>If the landlord has served notice on the tenant requiring payment of monies, the period by which the monies must be paid has been increased from not less than 14 days to not less than 14 weeks.</p> <p>Planning permissions extended by a year where no work has started, from 3 to 4 years.</p> <p>New flexibilities to allow Registers of Scotland to accept documents by email/scan etc (previously everything had to be hand-delivered). Note Registers have not yet got systems up and running to do this yet however.</p>	<p>Likely increase in arrears and bad debt from our commercial property portfolio. This generates around £2m a year in rent. An additional 10% bad debt during this period would have, as an illustration, a c£200k impact on our surplus.</p> <p>A positive development which should support re-activation of new build sites.</p> <p>We concluded a major security charging exercise for over £80m of property to support the next stage of our EIB funding just before Registers of Scotland closed down. No conveyancing can currently take place but we do not have a high volume of anticipated transactions in the coming weeks anyway due to the suspension of our development programme.</p>

4. Conclusion

- 4.1 The Bill has implications which are likely to lead to higher irrecoverable arrears, in all areas of our activity. It is very difficult to estimate the extent of these arrears. We are likely to also see a higher proportion of ex-offenders placed in our homes via local authorities. Balanced against this are positive developments with respect to planning permissions, conveyancing and FOI timescales.

5. Recommendation

- 5.1 The Board is asked to note the update.