

WHEATLEY HOUSING GROUP LIMITED**SC426094****MEETING OF BOARD OF DIRECTORS****Held at Wheatley House, Glasgow****on Wednesday 22 February 2023 at 10:30am**

Directors Present: Jo Armstrong (Chair), Jo Boaden, Lindsey Cartwright, Maureen Dowden, Bryan Duncan, Caroline Gardner, Eric Gibson, Bernadette Hewitt, Manish Joshi, Alison McLaughlin and Alastair Murray.

In Attendance: Steven Henderson (Group Chief Executive), Anthony Allison (Group Director of Governance and Business Solutions), Pauline Turnock (Group Director of Finance), Helen Shaw and Shaun Keenan (Scottish Housing Regulator), Frank McCafferty (Group Director of Repairs and Assets – items 8 and 15 only), Hazel Young (Group Director of Housing and Property Management – item 8 only) Lewis McGregor, Director of IT – item 9 only).

It was explained that the Scottish Housing Regulator were attending in an observer capacity as part of the Group Regulatory Engagement Plan.

1. Apologies for absence

There were no apologies for absence.

2. Declarations of interest

The Board noted the standing declarations of interest.

3. a) Minutes of meeting held on 14 December 2022 and matters arising.

Decided: The Board approved the minute of the meeting on 14 December 2022.

b) Action List

Decided: The Board noted the action list.

4. Group CEO update

The Board were updated by the Group Chief Executive on a range of matters including: plans to mark the stock transfer 20th anniversaries in Glasgow and Dumfries and Galloway; progress with the Strategic Agreements with Glasgow and Dumfries and Galloway Councils; the status of the smoke and heat detector programme; senior appointments; the agreed staff pay award; and political engagements.

Decided: The Board noted the update.

5. Chair updates (Audit, RAAG and WDS)

The Board received feedback from each Chair on the work of the Committees/Board since the last meeting. It was confirmed no issues were identified for escalation. A further update was provided on the coordination group set up with Glasgow City Council in relation to City Building Glasgow.

6. 2023/24 rent and service charges – consultation outcome

The Board were updated on the results of the tenant consultations across the Group on the proposed 2023/24 rent, service and other charges increase, in particular the record level of responses from tenants.

The Board considered the results, which were reviewed in more detail by each individual RSL Board, and welcomed the significant increase in response rate from previous years. It was reiterated that we must continue to ensure that tenants are aware of the support we continue to offer.

Decided: The Board

- 1) Considered the feedback received through the consultation process with tenants on our 2023/24 RSL rent, service and other charges increase;**
- 2) Approved a 1% rent, service charges and other charges (including garages and lock ups) increase for former Cube homes that transferred to WH-Glasgow and LHA;**
- 3) Approved a 3.9% rent, service charges and other charges (including garages and lock ups) for 2023/24 for all other WH-Glasgow and LHA tenants;**
- 4) Agreed that no rental uplift is applied to WH-Glasgow Wyndford stock classified as for demolition;**
- 5) Approve a 2.5% rent, service charges and other charges (including garages and lock ups) for 2023/24 for all WH-East tenants;**
- 6) Approve a 4.4% rent, service charges and other charges (including garages and lock ups) for 2023/24 for all WH-South tenants; and**
- 7) Agreed that we formally write to tenants to confirm the increases.**

7. Business Plan Financial Projections

The Board received a report and detailed presentation setting out: the key issues impacting our business plan; our core assumptions over the life of the plan; the RSL borrower group projections and sensitivity analysis; financial projections for non RSL borrower group entities; and projected covenant compliance.

The Board discussed the projected increase in turnover relative to operating costs and the steps we have in place to control costs and levers to respond to any unexpected increase in costs. Our assumptions in relation to staffing costs and efficiencies and repairs costs were discussed in detail and it was agreed that cost controls should be added to the strategic risk register.

The Board discussed the planned investment in our repairs service and digital and technology and how we continue to focus on deriving maximum value for money and service improvements from such investment.

The Board discussed the potential impact of rent controls on Lowther Homes future gift aid and the consequential impact for the Wheatley Foundation. It was explained this would remain under review.

The Board were updated on a planned funding strategy update at the June Board and how this would consider the issues associated with realising net-zero. It was noted that borrowing to fund non income generating activity was not a viable option at scale.

Decided: The Board

- 1) Approved the updated projections for investment in assets and services in support of our strategy, *Your Home, Your Community, Your Future*;**
- 2) Approved the RSL Borrower Group and Lowther financial Golden Rules set out at paragraph 4.20 and paragraph 4.34 respectively;**
- 3) Approved the financial projections for each of the subsidiaries attached;**
- 4) Agreed that the projected 2023/24 figures form the basis of next year's annual budgets for each subsidiary and the Group overall.**

8. [redacted]

9. [redacted]

10. Performance report

The Board were updated on performance for the year to date and in particular current repairs and customer first centre performance within the context of very high demand and recent extreme weather. An update was provided on live damp and mould cases and it was reiterated this remains a key area of focus.

The Board discussed our approach to staff training for damp and mould and it was confirmed that any staff who may be in a customer's home would receive training. The Board discussed how we analyse and understand the instances of damp and mould in different archetypes such as increased levels. It was confirmed this analysis is ongoing as well as considering issues such as new build where the level of airtightness can impact ventilation. It was confirmed that we are also expanding the use of technology to undertake monitoring of issues such as humidity levels to allow more proactive intervention.

The Board discussed complaints performance, how the learning is being utilised and reaffirmed a desire to see a more detailed update on learning as part of the annual report.

The Board welcomed the progress in recruiting Customer Voices and agreed that the focus was now on the quality of engagement, insight this derives and how it impacts our decision making.

The Board discussed how we draw in the recent learning from extreme weather and incorporate this into our business continuity planning. It was confirmed that this was planned as part of a wider review of our business continuity testing for the year ahead.

Decided: The Board noted the contents of this report and approve the proposed milestone project changes.

11. Finance Report

The Board scrutinised financial performance for the year to date and the proposed appointment of KPMG as our external auditor, following a procurement process and review by the Group Audit Committee.

The Board discussed expenditure on repairs, the demand driving the level of spend and projected future demand. It was confirmed that the 2023/24 budget will reflect our recent demand profile.

Decided: The Board

- 1) Noted the Group management accounts for the period ended 31 December 2022 at Appendix 1; and**
- 2) Approved the RSL Borrower Group accounts at Appendix 2 for submission to the Group's lenders.**
- 3) Approved the appointment of KMPG as external auditors**

12. Risk Management Update

The Board reviewed our corporate risk register and considered the proposed changes. The Board also noted the planned approach to 2023 Board risk workshops following review by the Group Audit Committee. It was noted as agreed earlier cost controls would be added to the strategic risk register.

The Board noted the contents of the report approved:

- 1) the proposed changes to the Strategic Risk Register, including adding a new risk on cost controls; and**
- 2) the proposed approach to Board risk workshops for 2023.**

13. Treasury update

The Board were updated on: our liquidity position; the proposed amendments to the EIB finance contracts; the finalisation of terms for the Allia facility and the Bank of Scotland fixed rate loans.

The Board discussed the anticipated use of the Allia facility, potential future funding via Allia and our covenant compliance.

Decided: The Board

- 1) Noted the liquidity position and covenant compliance as at 31 December 2022;**
- 2) Noted to approve the amendments to our EIB finance contracts to reflect LIBOR transition;**
- 3) Noted the finalised interest rates for the new £[redacted] Allia facility;**
- 4) Noted the update on the restructure of the Bank of Scotland fixed rate loans; and**
- 5) Noted the review of IRR targets for new build appraisals, and that these will be maintained as agreed by this Board in October 2022.**

14. Governance update

The Board were updated on the rationale for proposing to replace the Group Vice-Chair role with a new Senior Independent Director role and the proposed process to appoint a Senior Independent Director. It was confirmed there were no restrictions on who could express an interest in the role.

The Board were updated on succession planning assumptions to maintain the tenant voice on the Board.

Decided: The Board

- 1) Agreed that we replace the Group Vice-Chair role with a new Senior Independent Director role;**
- 2) Agreed the Senior Independent Director role profile set out at Appendix 1; and**
- 3) Approved the proposed appointment process as set out in paragraph 4.13; and**
- 4) Agreed that our 3 year succession be updated to provide for two new co-opted directors and that the RAAG Committee develop proposals for Board consideration at the June residential.**

15. Generation 3 Construction Framework

The Board received and considered a report seeking to appoint eight contractors to a new Group Construction Framework for the delivery of the Group's new build programme and all other construction related projects.

The Board sought confirmation we will undertake ongoing monitoring of contractor's financial status. It was confirmed this was the case, including ahead of any contract award.

Decided: The Board approved the appointment of the 8 contractors outlined below to the New Generation 3 Construction Framework:

- **JR Construction (Scotland) Ltd**
- **Cruden Building (Scotland) Limited**
- **Clark Contracts Limited**
- **Ashleigh (Scotland) Limited**
- **McTaggart Construction Ltd**
- **Hadden Construction Limited**
- **Ogilvie Construction Limited**
- **CCG (Scotland) Ltd**

16. Contract award: Improvising Distributed Heat Network Performance

The Board received and considered a report seeking approval to award a contract to Minibems Limited for the installation and management of Smart Control systems to improve the efficiency of our distributed heating networks and customer service, subject to concluding necessary terms and conditions.

It was confirmed we would have termination rights and the ability to apply penalties in the event of any material non delivery.

Decided: The Board

- 1) Approved the contract award to Minibems Limited (Company Registration Number 10293229) for a period of five years with an option to extend for a further two years.**
- 2) Delegated authority to Group Director of Repairs and Assets to enter into this contract on behalf of Group.**

17. Contract award – Utilities Managed Service

The Board received and considered a report seeking approval to appoint Utility Aid. It was confirmed that we continue to have a strong focus on value for money and formally documenting all our energy usage across our property portfolio.

Decided: The Board

- 1) Approved the award of a contract for the provision of Utility Meter Services to Utility Aid Ltd for the contract duration of 5 years to the value of £1,080,000 (including VAT)**
- 2) Delegated authority to the Director of Procurement to enter into contract agreements with the providers proposed for appointment to the framework.**

18. Contract award – Security Services

The Board received and considered a report seeking approval to grant a contract for the provision of Security services to Allander Security Limited (“Allander”). It was confirmed we will undertake the necessary diligence checks and that local employment was a priority for the proposed contractor.

Decided: The Board noted to approve the award of a Group-wide contract for the supply of Security Services to Allander Security Limited for a contract period of four years based to a maximum contract value of £1.3m.

19. AOCB

[redacted]

Signed _____ (Chair)