



**WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING**

**Wednesday 25 February 2026 at 10.30am
Wheatley House, Glasgow**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting held on 17 December 2025 and matters arising
4. Group CEO update
5. Chair updates

Main Business

6. Awaab's Law in Scotland
7. 2026-2031 Wheatley strategy, Making homes and lives better
8. 2026/27 rent and service charges
9. Financial projections 2026/27
10. Wheatley Care strategic partnership update
11. Group Chair succession

Other Business

12. Performance report
13. Finance report
14. Treasury and funding update
15. Group assurance update
16. AOCB

Group Audit Committee Chair update
Covering the meeting held on 4 February 2026

Activity	Update
Decisions	▪ The Committee reviewed and approved the rolling Internal Audit Plan. It will mainly focus on: fleet management; fuel voucher distribution; gas safety checks. ▪ The Committee reviewed the strategic risk register, in particular the ongoing risk associated with cybersecurity, and a new risk associated with the Wheatley care transition. The Committee agreed to recommend the changes to the Strategic Risk Register to the Board. ▪ The Committee undertook its annual review of key accounting estimates and judgements and approved them for the 2025/26 financial statements. The Committee also considered and approved KPMG's outline audit plan for the 2025/26 financial statements. ▪ The Committee considered and approved arrangements for the retender of external audit services, and the external quality assessment of the internal audit function.
Scrutiny	▪ The Committee reviewed progress with the CBG Internal Audit Plan, in particular the rationale for delays in delivering planned reviews and completing overdue recommendations. The Committee considered proposals for the future focus of CBG Internal Audit activity and agreed that an audit of culture would not add specific value and suggested that audit capacity be used elsewhere ▪ The Committee reviewed progress with the Group Internal Audit Plan and the implementation of recommendations raised. It noted that, as with the previous quarter, no material internal control recommendations were raised. ▪ The Committee was updated on whistleblowing reports and was assured that the investigations had identified no cause for concern or recurring themes. ▪ The Committee reviewed our ongoing range of activity in relation to cyber security. The Committee received an update on how we are refining our approach to managing cyber risks with our suppliers.
Future activity	▪ The Committee will continue to undertake more in-depth scrutiny on behalf of the Board on how we are managing our risks in relation to cybersecurity. ▪ The Committee asked for a specific update on how we manage governance related risks to be provided to its August meeting. ▪ The Committee asked for a specific update at its May meeting on the longer term plan for alignment with City Building (Glasgow) in relation to systems and performance reporting be provide a single source of organisational performance data.
Escalation	▪ Neither the Committee nor the Committee Chair has identified any issues requiring escalation to the Board.

Wheatley Developments Scotland Chair update

Covering the meeting held on 12 February 2026

Activity	Update
Decisions	▪ The Board considered and approved its five-year financial projections to 31 March 2031 and projected 26/27 annual budget figures. ▪ The Board considered and approved the five-year development programme for onward consideration by this Board alongside the updated development strategy. ▪ The Board considered and approved the acquisition of land and development with McTaggart Construction Limited of 60 properties at Wallyford Area 6, Wallyford. ▪ The Board considered and approved the acquisition of land and development with Cala Management Limited of 36 properties at Builyeon Road Phase 3b, South Queensferry. ▪ The Board considered and approved the pre-planned acquisition of 4.31 hectares of the land, including the Maryhill Hub at Wynford, from Glasgow City Council at a cost of £987,400. It is anticipated that we will receive grant for the cost of this acquisition. ▪ The Board considered and approved borrowing of up to £130m of new term loan funding, subject to final approval by this Board.
Scrutiny	▪ The Board reviewed the delivery performance of our development programme for the year to date. ▪ The Board reviewed the financial performance of the Group's development programme and project level financial performance. ▪ The Board noted the Group Assurance update as part of the standing bi-annual update.
Future activity	▪ The Board will continue to closely monitor our new build housing development programme.
Escalation	▪ There were no points that were escalated.

Report

To: Wheatley Housing Group Board

By: Alan Glasgow, Group Director of Housing

Approved by: Steven Henderson, Group Chief Executive

Subject: Awaab's Law in Scotland

Date of meeting: 25 February 2026

1. Purpose

- 1.1 This report updates the Board on the Scottish Government's introduction of the Scottish equivalent of Awaab's Law through The Investigation and Commencement of Repair (Scotland) Regulations 2026, and on our preparedness for the new statutory requirements.
- 1.2 It also sets out the proposed next steps for updating the Group's Managing Dampness, Mould and Condensation Policy.

2. Authorising and strategic context

- 2.1 Under the Board's reserved matters it, along with our individual subsidiary Boards under their Terms of Reference, has a number of responsibilities which directly relate to managing damp and mould, including:
 - Approval of the 5-year investment programme, including how this is targeted at specific stock condition issues and meeting all compliance obligations;
 - Oversight of the performance of our repairs service, including performance indicators relating to damp, mould and condensation required under the Scottish Housing Regulator Annual Return on the Charter;
 - Approval of our corporate risk register and monitoring the effectiveness of risk mitigations; and
 - Oversight of Group policies in relation to repairs and Dampness, Mould and Condensation.
- 2.2 In considering our 2026-2031 strategy, we identified damp and mould as a top priority within the wider strategic theme of Homes and neighbourhoods to be proud of.

- 2.3 As part of this, we make a number of commitments that we will deliver as part of our strategy under 'Homes where our customers can feel safe', including to:
- Proactively address damp and mould as a top priority, including through integrating smart monitoring devices and workforce training to support early identification, effective treatment and sustainable, lasting solutions;
 - Update our policy approach to damp and mould to reflect requirements from Awaab's Law and enshrine specific Tenants' Rights within the policy, including the right to request further investigation; and
 - Enhance our assurance checks and customer follow-up to ensure customers are satisfied with how we handled damp, mould or leaks in their home and that no issues remain.

3. Background

- 3.1 Managing damp and mould has been a key priority for us for a number of years. We recognise the risk it poses to the health of our customers if not treated timeously and effectively. It is formally recognised as a key risk in our corporate risk register.
- 3.2 We established a Dampness, Mould and Condensation Policy in late 2021, and we have continuously evolved our approach since then, including through:
- Introducing severity categorisations for every damp and mould inspection;
 - Developing and refining performance measures, which were in place prior to this being a regulatory requirement under the ARC;
 - Increasing the level of resource dedicated to damp and mould, bringing in additional expertise and enhancing training for our staff;
 - Utilising technology such as sensors to better understand the circumstances within homes and 'TIC' machines, which kill both visible mould and the airborne spores which are not visible in under an hour; and
 - Leaving a report with customers after every inspection.
- 3.3 In March 2025, the Scottish Government announced its intention to introduce amendments to the Housing (Scotland) Bill to give powers to require social landlords to investigate and begin repairs within set timeframes - effectively their mechanism to bring Awaab's Law into Scottish legislation.
- 3.4 The Board was provided with an update on the development of the Scottish Government's plans as part of the Housing (Scotland) Bill 2025 update at its November 2025 meeting. At that stage, our expectation was that the new requirements would come into effect from March 2026.
- 3.5 At that time, the Board was advised that we were undertaking a detailed review of our damp and mould processes, supported by a recent review by Internal Audit, alongside preparing for the expected requirements of Awaab's Law. This preparation included engaging with a number of large English Housing Associations to identify any lessons or good practices for their preparation for the English equivalent.

- 3.6 During the February Board cycle, our RSL Boards and the Lowther Homes Board considered the content of this report in detail. In doing so they considered issues specific to their own operating context, such as how the repairs service is delivered in their geographic footprint and stock types. They also considered the applicability of the regulations to Mid-Market and Private Rented Sector properties and how investment programmes and repairs priorities are fully aligned to damp and mould being a key organisational priority.

4. Discussion

Awaab's Law in Scotland

- 4.1 The Scottish Government has laid draft regulations, *The Investigation and Commencement of Repair (Scotland) Regulations 2026* ("**the Regulations**"), the instrument for introducing Awaab's Law in Scotland, before the Scottish Parliament on 21 January.
- 4.2 The introduction of the Regulations represents a significant shift, elevating damp and mould from a regulatory and guidance-based issue to an explicit statutory requirement. This increases legal, regulatory and reputational risk for us and the wider sector and places greater emphasis on robust processes, clear decision-making and demonstrable compliance.
- 4.3 For RSLs the Regulations amend the 'Right to Repair', a legal scheme under the Housing (Scotland) Act 2001. The treatment of damp and mould will become a qualifying repair under the Right to Repair. For private landlords, including Lowther Homes Mid-Market Rent ("**MMR**") and Private Rental Sector ("**PRS**") properties, the Regulations amend the 'Landlord's duty to repair and maintain' in the Housing (Scotland) Act 2006.
- 4.4 The Regulations will introduce new requirements in relation to damp and mould in four key areas:
- **Timescales** - The timescale within which all landlords must respond to reports of damp and mould;
 - **Property condition** - The condition a property must be in and what constitutes 'safe';
 - **Competence** – a minimum expected set of skills and experience to treat damp and mould; and
 - **Compensation** - Payment of specified compensation levels for RSL tenants.

Timescales

- 4.5 The timescales and requirements of the Regulation will broadly replicate the UK Government's version of Awaab's Law and require:
- Investigations to be commenced within 10 working days of an issue being reported or identified;
 - A written summary to be provided within 3 working days of the investigation;
 - Work to be commenced within 5 working days; and
 - A maximum period of 20 days to complete damp and mould repairs (subject to some exemptions).

- 4.6 The maximum of 20 days has the potential to be challenging in more complex cases, where specialist work is required. However, in such cases, we would still anticipate being able to complete repairs which leave the home 'substantially free from damp and mould' and anything exceeding 20 days is likely not to be 'reasonably practical'.

Property condition

- 4.7 Under the draft Regulations, a home will be required to be:
- a)'substantially free from damp and mould' following a qualifying repair; and
 - b)'so far as is reasonably practicable, continue to be substantially free of damp and mould'.
- 4.8 Under the Regulations, "*relevant safety work*" is defined as work required to ensure that the house meets both a) and b). A key issue we expect the guidance to consider is how there is consistency in assessing what constitutes 'substantially free' and "so far as reasonably practicable" across the sector.
- 4.9 We currently assess the property condition using a range of measures, including the coverage of any mould and/or damp and depending on the nature of the property and case, we may use air quality testing, mould spore testing and the deployment of sensors to monitor conditions likely to cause a recurrence such as humidity.
- 4.10 We also encounter circumstances where it may not be reasonably practical to ensure a home will remain substantially free. Examples of this include where a home is occupied at a higher rate than expected, where the tenant has a history of no access/non-engagement, or where the causation is not attributable to a property-related factor.

Competence

- 4.11 The draft Regulations specify that works must be completed by a '*competent person*' and define this as "*a person who, in the reasonable opinion of the landlord, has the skills and experience necessary to determine*" whether the aforementioned property condition requirements are met. In practical terms, this translates to assessing whether any '*relevant safety work*' is required.
- 4.12 Further clarification will, however, be required about how other implications of this will work in practice, given the complexity of identifying the root cause of some cases of damp and mould.

Compensation

- 4.13 If an RSL fails to carry out a qualifying repair within the specified time, tenants may appoint an alternative contractor (from an approved list) and may be entitled to compensation. The compensation is set at £15 for not completing the repair within the specified deadline and £3 per day for any delay thereafter up to a maximum of £100.

- 4.14 For Lowther tenants, there is no statutory equivalent to these compensation provisions or the right to appoint an alternative contractor. The Regulations however allow for MMR and PRS tenants to refer the matter to the First-tier Tribunal who will make an assessment on whether a landlord has complied with its duties.
- 4.15 In this context, we propose using the RSL Right to Repair compensation levels as an indicative benchmark when considering goodwill payments for MMR and PRS tenants. This will help ensure our approach is fair and consistent.

Other – circumstances beyond a landlord's control

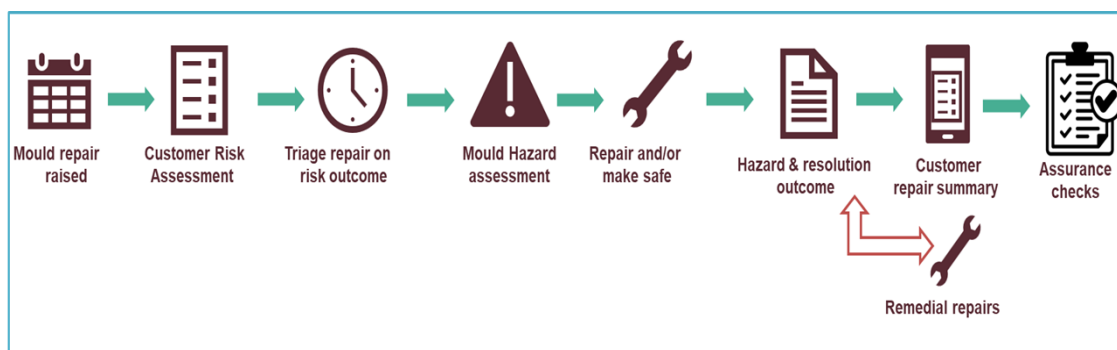
- 4.16 The Regulations do, however, recognise that there will be circumstances outwith a landlord's control and under such circumstances the requirements to investigate within 10 days and commence work within 5 working days can be suspended. The scope of such circumstances is currently undetermined. We expect this would include issues such as no access, but clarity will be required in circumstances where there is no property defect, such as whether a tenant's inability to ventilate or adequately heat their home will be considered outwith the landlord's control.
- 4.17 For any such suspensions, landlords will be required to give notice to the tenants, stating why they are unable to comply with the specified period and why; the period within which they consider they will be able to comply; and 'take reasonable steps' throughout to minimise damp and mould.

Next steps

- 4.18 The Regulations are scheduled to come into effect from **6th October 2026** rather than March 2026 as initially indicated by the Scottish Government. This is in recognition of the need to allow a lead-in time for the sector.
- 4.19 The Scottish Government has indicated that guidance will be issued on the implementation of the Regulations. Given the need for further clarity in a number of areas as set out above, this will be important in understanding how we fully comply with the Regulations and reflect them in our own policy. We will be engaging with the Scottish Government alongside other stakeholders on the development of the guidance.

Preparation for Awaab's Law

- 4.20 We consistently review and refine our approach to damp and mould and the introduction of the Regulations in October will trigger a need to further evolve our approach. A comprehensive review of our end-to-end process for handling damp and mould cases is underway, being overseen directly by the Group Executive team.
- 4.21 Our review takes into account heightened regulatory and public scrutiny, the draft Regulations, lessons from complaints and case reviews, and the need for robust data. We anticipate the future process containing the following key elements:



Customer risk assessment

- 4.22 Our current approach treats all reports of cases of damp and mould uniformly based on our targets of an initial inspection within two working days and completing any associated remedial repairs within 15 working days where feasible. However, we are planning to transition from a blanket “urgent” response model to a risk-based, customer-centred approach.
- 4.23 For any cases reported or identified, we will undertake a Customer Risk Assessment which takes into account individual and/or household circumstances such as tenant vulnerabilities, health conditions, and other key risk factors e.g. a repeat report of damp and/ or mould. This will allow us to prioritise and triage cases and:
- Provide faster and more targeted interventions for households most at risk;
 - Allocate resources more effectively; and
 - Deliver a personalised service to our customers.
- 4.24 It is intended that our response time will be based on the outcome of the customer risk assessment, for example, high risk cases remaining at four hours as an emergency; moderate risk being two working days and low risk being 5 working days. All of these would comfortably be within the 10-day requirement proposed under the Regulations.

Mould hazard assessment

- 4.25 Within the context of the Regulations and the system currently in operation in England, assessing the damp and/or mould, as well as the causes or consequences thereof, is on the basis that it is a ‘hazard’ to the safety of the home.
- 4.26 Whilst we currently undertake this via the tradesperson attending and a summary report, we are developing a more refined approach. This will include a consistent, structured hazard assessment process undertaken, commencing at the first point of contact and being completed in the property. As part of the assessment there will be a supporting process which clearly sets out what action/escalation should be taken based on the assessment outcome.

Written summary

- 4.27 The existing written summary we provide will require to be updated to reflect the requirement of the Regulations, in particular to assess the test of a home being made 'substantially free' of damp and mould. Work is underway to redesign this, with the hazard assessment information providing the key elements of our findings.
- 4.28 The written summary will also require to set out clearly what steps we intend to take next to resolve the issue where further action is required. This will also need to take into account our assessment of the likelihood the repair can be completed with the overall 20-day time limit.

Quality assurance

- 4.29 Following the completion of mould related works a Housing Officer or Lowther Agent will arrange a house visit within 1 week of the work completing. This will also be an opportunity to update the annual tenant visit and ensure any wrap around support is progressed, i.e., financial wellbeing support.
- 4.30 All customers will be sent a survey following completion of the work seeking their feedback on their experience. The customer experience team will manage this feedback, contacting customers and collating customer insights performance packs for operational team meetings to inform improvements.
- 4.31 We will also carry out 8-week customer care calls, to check the mould has not returned and if it has, escalate the case to the most appropriate team for action. We will also issue a survey 4 months after the work has completed, asking customers for their feedback on their experience and to confirm if the mould has returned, if it has, we will escalate accordingly.

Staff development

- 4.32 The introduction of the 'competent person' will require us to clearly define, or, if guidance specifies, adopt, what qualifies as 'competent'. We are refining our training programme to ensure we can evidence that all tradespeople involved are 'competent'.

Damp, mould and condensation policy

- 4.33 Given the extended timescale, the Regulations have only just been issued and await parliamentary approval and the clarity required from the associated guidance, we propose to formally update our policy once the Regulations are approved and the guidance is issued, so it can fully reflect them.
- 4.34 It should, however, be noted that under our current policy, we state we seek to visit a customer's home within two working days of reported or identified cases of damp and mould, or within three hours if it is likely to be a category 1 severity. We also aim to complete repairs within a maximum of 15 working days. Although not currently required under our policy, we also provide a summary report on the day of the inspection to the tenant.
- 4.35 It is intended that upon the guidance being finalised, we will update our policy and present it to the next Board meeting thereafter for review alongside how we plan to implement the revised policy.

5. Customer Engagement

- 5.1 It is proposed that we consult tenants on our Managing Damp, Mould and Condensation Policy when it is updated. This will be particularly important in areas such as how we propose to apply the expected Scottish Government guidance on what is outwith the Landlord's control and their rights under the policy.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications associated with this report.

7. Digital transformation alignment

- 7.1 A key focus in how we are evolving our approach to managing damp and mould, as well as how we comply with our obligations under the Regulations, will be well-defined processes that allow us to have robust data, which in turn provides us with actionable insight.
- 7.2 We have a project team, drawing from our repairs, data, IT and performance teams, including City Building (Glasgow), working on our preparation for the Regulations and delivering refinements to our current approach as set out earlier in the report.

8. Financial and value for money implications

- 8.1 There are no financial or value for money implications associated with this report.

9. Legal, regulatory and charitable implications

- 9.1 The Regulations will apply a legal duty on landlords in how they manage damp and mould as set out in the report. This will be in addition to the existing obligations we have to report specific damp and mould-related performance information under the ARC to the Scottish Housing Regulator for RSLs.
- 9.2 There have been instances of legal firms canvassing in our communities for potential clients to lodge legal claims for damp and mould compensation. We anticipate that the introduction of the Regulations will give rise to a further increase in legal claims being lodged, through legal firms operating on no win no fee basis.
- 9.3 Evidence from England has shown a rise in cases as a result of the Housing Ombudsman's work and this is expected to continue with Awaab's Law now live. This has manifested in law firms now using Google Ads to seek clients and actively competing for clients.

10. Risk Appetite and assessment

- 10.1 Our corporate risk register includes a risk specifically relating to damp and mould, where our risk appetite is minimal. This risk was updated by the Board at its last meeting, alongside the introduction of an additional risk 'Responsibilities under Awaab's Law'.

- 10.2 We seek to mitigate the risks via a combination of controls, including a clearly defined policy, having relevant staff appropriately trained and informed on what actions to take, being sufficiently resourced to respond to reports of damp and mould quickly and ongoing performance monitoring. The report also sets out planned enhancements to our approach, which will serve as further controls.
- 10.3 The Regulations introduce heightened litigation risk. Our strongest mitigation is a demonstrably compliant end-to-end process: risk-based triage; documented investigations by competent persons; time-stamped tenant communications; tracking 10/3/5/20-day milestones; and an auditable trail including suspension notices where invoked.

11. Equalities implications

- 11.1 We recognise that how we respond to reports of damp and mould requires an approach which can take into account specific customer circumstances, such as language barriers, flexible appointments which fit with their personal commitments, or mobility issues.

12. Key issues and conclusions

- 12.1 Effectively managing damp and mould is a key organisational priority. This is reflected in our corporate strategy, our risk register, how we prioritise our resources across the organisation, including through Wheatley Solutions, and our day-to-day engagement and communication with staff.
- 12.2 Under our existing approach, we are well placed to meet the core requirements of the Regulation, such as responding quickly to reports and commencing work quickly after the initial investigation. There does, however, remain a number of areas where greater clarity is necessary from future guidance to allow us to ensure our policy reflects the requirements of the Regulations.

13. Recommendations

- 13.1 The Board is asked to:
- 1) Note the contents of the report and the implications of the Regulations; and
 - 2) Provide feedback on the proposed approach to preparing for implementation and updating the Group Managing Dampness, Mould and Condensation Policy.

LIST OF APPENDICES:

None.

Report

To: Wheatley Housing Group Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: 2026-2031 Wheatley strategy, *Making homes and lives better*

Date of meeting: 25 February 2026

1. Purpose

- 1.1 The Board is asked to approve the 2026–2031 strategy, *Making homes and lives better*, and note the planned approach to launch, implementation and ongoing oversight.

2. Authorising and strategic context

- 2.1 Under our Group Standing Orders, our subsidiaries are responsible for approving their individual five-year strategies, within the strategic context of the overarching Group strategy which is reserved to this Board.

3. Background

- 3.1 The key focus in developing our 2026-2031 Group strategy has been ensuring that the priorities of our customers, our subsidiaries and input from our staff shape it. On this basis, our strategy development approach has been bottom-up, with our subsidiary Boards developing their own strategies based on customer and staff feedback.
- 3.2 This formed the foundation of the draft Group strategy considered by the Board at its December meeting. The Board agreed that the strategy reflected the priorities of our customers and subsidiaries and no material updates were requested.
- 3.3 It was noted that a final version would be presented for consideration upon the final phase of staff and customer engagement, which would be overseen at the subsidiary level and inform the final subsidiary level strategies.

4. Discussion

- 4.1 At their Board meetings in February, our RSL Boards considered and agreed on their final 2026-31 strategies. The Lowther Homes Board is considering its final draft strategy at its meeting on 19 February. The Wheatley Foundation and Wheatley Solutions have agreed in principle on strategies pending the finalisation of the Group strategy.

- 4.2 The partner Board strategies agreed did not result in proposals to change or include anything new in the Group strategy. One area of feedback related to how we will replace the current Peaceful Communities measure. Our strategy includes a specific measure “90%+ of our customers that feel safe and secure in their home” which will be based on direct feedback from our tenants and provide us with actionable insight for example drivers of feeling safe and secure, reasons for any dissatisfaction.

2026-2031 Strategy

- 4.2 The final draft Wheatley strategy is attached at Appendix 1. Our strategy follows the key themes, objectives and priorities that the Board previously agreed:

Strategic theme		Strategic Objectives			
Homes and neighbourhoods to be proud of	Maintain and enhance homes to meet the Wheatley standard	Create thriving neighbourhoods, collaborating with customers and partners	Lead the way in expanding supply of affordable, quality homes		
Personalised services	Connect with customers through proactive, tailored communication	Enhance and apply what we learn to drive customer focused services	Deliver seamless services to meet customer needs		
Better Lives	Make the largest landlord contribution to ending homelessness of any Scottish landlord	Shape powerful partnerships to alleviate poverty and open doors to new opportunities			
Delivering sustainable value	Nurture and invest in our people, recognising their contribution	Drive effective solutions, harnessing digital capabilities and data assets	Ensure financial efficiency today, prepared for tomorrow	Grow our reputation as an ethical, trusted business	

- 4.3 The strongest themes and headline areas of focus throughout the strategy remain driving us towards a position in 2031 where:
- Every home will meet or be on the way to meeting the “Wheatley Standard”;
 - Customers will live in safer, more attractive neighbourhoods and satisfaction levels with all areas of service are high;
 - Repairs and customer contact will be faster, more personal, more transparent and seamless;
 - Affordability and poverty reduction will be deeply embedded in services;
 - Regeneration at scale will have transformed local communities;
 - Technology, Data and AI will have improved how services are delivered; and
 - Our workforce is more skilled, empowered, and driven by a “Think Yes” culture.

Launch and implementation

- 4.4 Subject to any final feedback from the Board, following approval of the strategy, we will move into launch and implementation. Our leaders have been engaged to shape the plans for launch and implementation, with the key objectives being:
- Ensuring visibility of our strategic direction, objectives and outcomes;
 - Understanding of key priorities, as informed by customers;
 - Ensuring alignment between the strategy launch and key people and organisational development activities;
 - Making themes and commitments real for staff, discussing their role in delivery; and
 - Understanding the support staff need from the business to effectively deliver.
- 4.5 Our launch will focus on engaging staff about what this strategy means for them and the important role each staff member will play in delivering it. This supplements the engagement undertaken to date and will include the use of our Chief Executive's Friday message, interactive content via the Shaping our Future WE Connect (staff intranet) strategy site, local team-based workshops and engagement with our staff Communities of Excellence ("**COEs**").
- 4.6 Our launch and implementation plan will progress over the coming months as follows:

February – 'Launching our future'

Leaders Connect in February will launch and provide an opportunity for our extended leadership to discuss the new strategy, in advance of wider staff launch

March – 'Launching our future'

Counting down to launch. Staff communication campaign using Steven's Friday messages, including video and blog content around each theme (Group level)

Late March to May – 'Launching our future'

Internal – Local / team-based staff sessions using strategy launch packs, calling out alignment to ThinkYes and Right Conversation, Right Time

External – Web content utilising videos and proactive key stakeholder engagement

May to July – Embedding 'Making homes and lives better 26-31'

Spotlight on year one projects and first quarterly performance round up
New themes lived through refreshed structures e.g. CoEs, CV panels.

- 4.7 As we move into the implementation phase, our Boards across the Group will be heavily engaged in the key themes, in particular:
- Agreeing on a new performance framework across the April/May Board cycle, which will be the mechanism for ongoing oversight of the delivery of our strategy;
 - Strategy workshops in May/June on the Wheatley Standard - considering how we should define this standard, measure ourselves against it and, for Solutions, how we have a data/technology strategy that supports it;
 - The refresh of our Strategic Agreements with key local authority partners; and
 - Our preparation for Awaab's law, damp and mould policy and oversight of our performance on an ongoing basis.

5. Customer engagement

- 5.1 Customer engagement has been at the heart of the development of our 2026-2031 strategy. The level of engagement has exceeded our expectations and provided us with important insight as we review our customer engagement framework. Engaging customers through the launch of our strategy is a key focus for us.

6. Environmental and sustainability implications

- 6.1 We understand that investment, particularly to ensure energy-efficient homes, is a priority for customers, reaffirmed by the phase 2 engagement. Our 2026-31 strategy prioritises this with a focus on improving the energy efficiency of our homes.
- 6.2 The Wheatley Solutions Board considered in detail how sustainability is reflected within both the Group Strategy and the Wheatley Solutions Strategy. The Board agreed that our primary focus should continue to be delivered through a fabric-first approach within the wider Asset Strategy.
- 6.3 The Board also agreed that we should retain a Sustainability Framework, and that the forthcoming refresh should strengthen areas such as circularity, the assessment of whole-life costs when considering options, and how sustainability considerations are embedded across business operations, including procurement.
- 6.4 The Board's feedback will be incorporated into the refreshed Sustainability Framework. This work will be overseen by the Wheatley Solutions Board, with input from subsidiary Boards, before being presented to this Board for approval.

7. Digital transformation alignment

- 7.1 Our 2026-31 draft strategy aligns with our digital transformation plans. We understand that there are opportunities to reshape Wheatley for the future with better use of data, artificial intelligence and digital technology. Increased digital and data maturity will therefore support us in making decisions and improving services through to 2031 as detailed under theme 4 of our strategy.

8. Financial and value for money implications

- 8.1 We understand that keeping rents fair and transparent is a priority for customers, so our 2026-31 strategy details how we will maintain financial security and deliver value for money for customers, particularly in delivering investment. This is specifically detailed in theme 4 of the strategy.

9. Legal, regulatory, and charitable implications

- 9.1 The Scottish Housing Regulator (“**SHR**”) Regulatory Standards of Governance sets out a number of requirements which are relevant for the development of our strategy, including that:
- *“[the] governing body sets the RSL’s strategic direction”;*
 - *“The RSL gives tenants, service users and other stakeholders information that meets their needs about the RSL, its services, its performance and its future plans”; and*
 - *“The RSL actively seeks out the needs, priorities, views, concerns and aspirations of tenants”*
- 9.2 Our approach to engagement in developing our 2026-2031 strategy will provide us with strong evidence of how we are meeting these requirements.

10. Risk appetite and assessment

- 10.1 As part of the strategy development process, we are considering how the strategy both reflects our existing risks and our future risk appetite in relation to how it is delivered.

11. Equalities implications

- 11.1 As part of our engagement, including with staff, customers and wider stakeholders, and the development of our strategy, we have taken account of the key principles in our Equity, Diversity and Inclusion (“**EDI**”) and Human Rights policy and associated action plan. In particular, our extensive engagement helps ensure a diverse range of customer voices and perspectives have been considered.
- 11.2 Our strategy is also being informed by key partners and stakeholders. In terms of EDI, this includes best practice guidance from Business in the Community to ensure our strategic plans align with EDI sector expectations.
- 11.3 Our strategy will be subject to an Equality Impact Assessment to inform its implementation; we have strengthened our EDI messaging in this strategy, especially supporting our aims around creating pride in neighbourhoods, delivering a personalised service and being a responsible business.

12. Key issues and conclusions

- 12.1 Our 2026-2031 Wheatley strategy, Making homes and lives better, is the product of extensive customer, staff and Board engagement. This provides us with a high level of confidence that our vision, values and priorities reflect those of our customers and staff and will enable us to maintain high customer satisfaction levels, as expectations and needs change.

13. Recommendations

- 13.1 The Board is asked to approve the 2026–2031 strategy, *Making homes and lives better*, and provide feedback on the proposed approach to launch and implementation.

LIST OF APPENDICES:

Appendix 1: Wheatley 2026-31 strategy, Making homes and lives better

Making homes and lives better

Our five-year strategy 2026-2031

April 2026





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Building on strong foundations – Highlights from our 2021-2026 strategy

New vehicles for investment

Creation of Wheatley Homes Glasgow, Wheatley Homes East and Wheatley Homes South to unlock greater investment capacity

A workforce that feels valued

Retained Investor in People (IiP) Platinum, the highest level of accreditation for people management

High tenant satisfaction

90%+

tenant satisfaction for our four Registered Social Landlords

Delivering much-needed new homes

Nearly 3000

new affordable built

Reducing homelessness

11,000+

homes to homeless households

Financially resilient

A+ Credit

rating retained

A customer-focused culture

Retained Customer Service Excellence

Enhancing our stock

98% meeting Scottish Housing Quality Standard

A strong customer voice

A redefined, reshaped approach to customer engagement

Supporting communities

44,000+

people accessing services which help alleviate poverty in our communities

Foreword

Steven Henderson, Group Chief Executive

We know our customers want more – and the future demands it.

As we launch this new strategy, our focus is clear: doing even more to deliver excellent services, making lives better for our customers and supporting our staff, the people who make that possible.

Our commitment is to provide homes that are safe, warm, and affordable – places where customers feel safe, secure and proud to live in. We know that the decisions we make and actions we take can have a lasting impact on the lives of our customers and the communities they live in. We value the dedication of our staff, whose efforts ensure customers receive the best possible experience every day.

This strategy is about turning commitment into proactivity and action. It sets out how we will invest in existing homes, build new ones where they are needed most, and work with partners to bring new energy into communities through ambitious regeneration plans.

It promises to listen more, respond faster, and deliver services that customers trust and value. It challenges us to innovate, embrace the possibilities technology can offer, and maintain strong financial foundations so we can keep delivering what matters for generations to come.

Together, by focusing on what matters most to people living in our communities, we will deliver on our purpose and improve the lives of our customers.



Strategic context

Our 2026-2031 strategy is set against the backdrop of a national housing emergency declared by the Scottish Government in May 2024. The legislative context is also changing through the Housing (Scotland) Act 2025, which introduces new duties for landlords, in particular in relation to homelessness and a Scottish equivalent of Awaab's Law to strengthen requirements around damp and mould. Housing is recognised as a key policy priority at both the national and local levels.

Demand for affordable homes continues to outstrip supply across Scotland and homelessness services are under acute pressure. This pressure will continue and building new homes alone will not be enough. Acquisitions, investing to bring long-term voids back to a lettable standard and converting buildings to housing will also need to be part of the solution.

The introduction of Awaab's Law highlights our responsibility to maintain comprehensive stock condition and repairs data. This data is vital for understanding the condition of our customers' homes and guiding investment decisions. It also reminds us of the importance of putting customers at the heart of everything we do.

The forthcoming Social Housing Net Zero Standard (SHNZ) will replace the post-2020 Energy Efficiency Standard for Social Housing (ESSH2), requiring a fabric-first approach,

clean heating systems, and improved ventilation. Delivering this transition at scale will demand significant capital investment, supply chain capacity, and tenant engagement. There remains a lack of certainty over what, if any, grant support will be available to support local authorities and housing associations with capital investment to achieve the standard.

At the same time, rising costs, inflation, and interest rates impact our ability to invest in new homes, existing homes and services. These pressures also impact our customers, with the costs of running a home, from food to heating, putting additional strain on household finances.

The need to recognise the challenges our customers face and be able to

respond to their individual needs has never been in sharper focus. That goes beyond the basics of treating customers with dignity and respect and demands that landlords have services which can truly respond to individual needs. Collaboration is vital here. Breaking cycles of disadvantage and truly providing person-centred support means better data, customer-focused policies and processes, listening to customers and acting.

This context underlines the need for a strategy that balances building new homes, investment in existing homes, customer experience, and financial resilience, while having a clear focus on meeting regulatory obligations and supporting Scotland's long-term transition to a greener housing system.



How we developed our strategy

Our strategy is a product of extensive engagement and consultation with our customers, staff, governing bodies and key stakeholders.

Over 6000 customers engaged with us about what their priorities are for this strategy, ranging from small, independently facilitated focus groups, to our existing

engagement and scrutiny structures and a survey open to all customers and prospective customers.

We identified clear priorities for our customers during this engagement.

The priorities identified by our customers were shared by our staff, Boards and partners and have

directly influenced the priorities within the strategy. We held local strategy workshops with staff, with 1200 pieces of feedback showing the top priority for our people is investment in our neighbourhoods, with repairs, value for money and continuing to improve communication also key.

Key customer priorities:

Safety and security

Customers want to feel safe in their home and neighbourhood

Invest in existing homes

Customers want quality, comfort, and energy efficiency

Transform communication and customer contact

Excellent communication creates trust and satisfaction

Continue to improve the repairs experience

Customers want consistent, high-quality, and timely repairs completed right first time

Create pride in place

Enhance local environments, which matter to wellbeing

Keep rents fair and transparent

Customers want to feel their rent is affordable and value for money

Our purpose

Making homes and lives better

Our vision

Our homes and neighbourhoods are places we, and our customers, are proud of. We listen, we learn, and we deliver what matters most to them

Our values

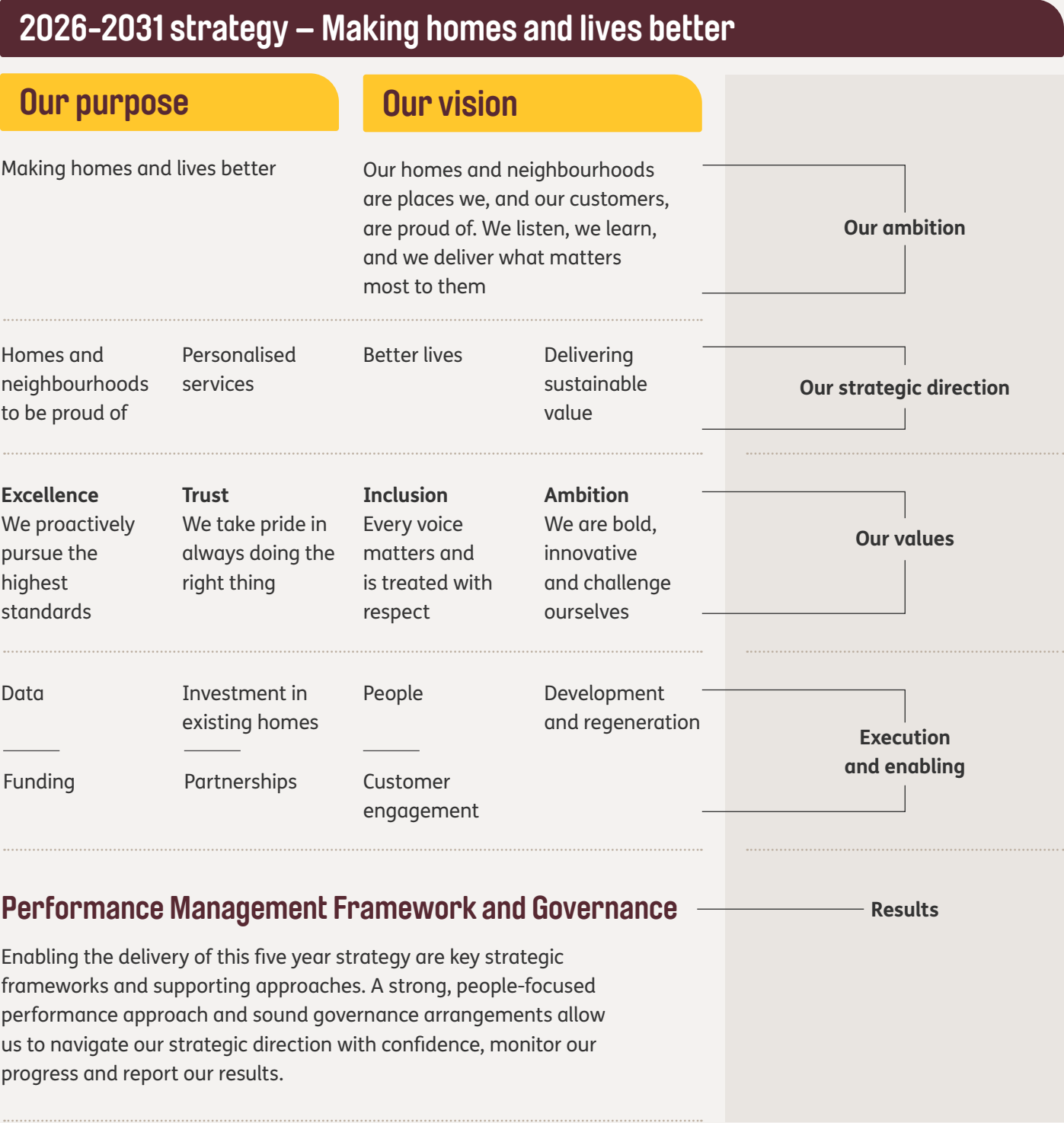
Excellence: we proactively pursue the highest standards

Inclusion: every voice matters and is treated with respect

Trust: we take pride in always doing the right thing

Ambition: we are bold, innovative and challenge ourselves

Our strategic plan...in a page



Our strategic themes and objectives to 2031

Our strategy is structured around four themes, reflecting the priorities of our customers, staff and key stakeholders.

Within each strategic theme, we have identified specific objectives we want to achieve. This strategy sets out how we will achieve these objectives and how we will measure our progress.

Strategic theme	Strategic objectives		
Homes and neighbourhoods to be proud of	Maintain and enhance homes to meet the Wheatley standard	Create thriving neighbourhoods, collaborating with customers and partners	Lead the way in expanding supply of affordable, quality homes
Personalised services	Connect with customers through proactive, tailored communication	Enhance and apply what we learn to drive customer -focused services	Deliver seamless services to meet customer needs
Better lives	Make the largest landlord contribution to ending homelessness in Scotland	Shape powerful partnerships to alleviate poverty and open doors to new opportunities	
Delivering sustainable value	Nurture and invest in our people, recognising their contribution	Drive effective solutions, harnessing digital capabilities and data assets	
	Ensure financial efficiency today, prepared for tomorrow	Grow our reputation as an ethical, trusted business	

Key strategic results

- 90%+ customer satisfaction
- 11,000 homes allocated to homeless households by 2031
- At least 4300 new homes by 2031
- Exceed all requirements on addressing damp and mould under Awaab’s Law
- Investor’s in People (IiP) Platinum retained with staff satisfaction over 90% by 2031





01

Theme 1

Homes and neighbourhoods to be proud of

Wheatley in 2026: customers continue to tell us investment in their home and a repairs service which maintains their home to a high standard remain key priorities. Our customers also tell us it is not just about inside their home: that investing in common areas and the local environment contributes to them feeling proud, safe and secure in and around their home.



Our objectives over the next five years:



01: Maintain and enhance homes to meet the Wheatley Standard



02: Create thriving neighbourhoods, collaborating with customers and partners



03: Lead the way in expanding supply of affordable, quality homes

We now want to build on the investment spent during the life of our last strategy to improve and modernise our existing homes. Our Wheatley Asset Strategy and Strategic Asset Investment Plans set out the key drivers for asset investment and management, but we want to go further and set a minimum standard all customers can expect, a 'Wheatley Standard'.

As the largest social landlord in Scotland, we recognise our responsibility to continue to step up and play an important role in addressing the housing crisis and increasing the supply of homes of different tenure types.

We also recognise the need for wider regeneration to address issues such as low demand stock, vacant and derelict land and a lack of local amenities and social exclusion.

Wheatley in 2031: Through the Wheatley Standard, our customers are clear on the quality of home they can expect from us. By having a single view of each property, we are clear on where every customer's home is relative to the Wheatley Standard and have a clear plan for all homes to achieve it.

We will know how our homes measure up to this demanding standard and have a clear plan to ensure every single home meets it. Warm, safe, and decent homes, in thriving neighbourhoods where customers feel proud and secure, will be synonymous with Wheatley landlords.

Through refreshed Strategic Agreements, in particular with Glasgow City Council and Dumfries and Galloway Council, and strong relationships with a network of partners across the country, Wheatley will be playing a key role in making our communities great places to live.

Establish the ‘Wheatley Standard’ and enhance homes to meet it



We recognise that current published Scottish Government standards for social housing do not go far enough in meeting our and our customers’ expectations of a home to be proud of. That is why we will create an ambitious ‘Wheatley Standard’. For a home to meet the Wheatley Standard it must:

- ▶ be free from disrepair, meet the SHQS (Social Housing Quality Standard) and future Social Housing Net Zero Standard (SHNZ) requirements.
- ▶ be compliant with all building safety requirements.
- ▶ until SHNZ is in place, be energy efficient with an EPC of at least ‘C’ unless this is technically or economically impractical.
- ▶ have modern internal components including kitchens, bathrooms, windows, heating systems etc.
- ▶ have external fabric, hard surfaces, back courts, bin areas, external doors, soffits, fascias and rainwater goods, and internal stairwells that are in a good condition.
- ▶ have an external environment which achieves the five-star Keep Scotland Beautiful (KSB) standard.

Example: Cranhill – transforming the fabric to a Wheatley Standard

Neighbourhood Improvement Team upgrades to exterior of property



Before



During



After





Maintain and enhance homes to meet the Wheatley Standard	
Wheatley Standard baseline	• Design an assessment framework and criteria, reflecting the ambition of the Wheatley Standard, against which each property can be assessed. • Systematically assess our properties – furthering our surveying capability we will develop data from various sources including repairs history, stock condition assessments and energy performance to provide a ‘single view of each property’ – against the Wheatley Standard, and develop a roadmap for each property to achieve and maintain the standard. • Publish in the first year of the strategy our assessment of the number of properties that meet the standard, and details of areas where investment is needed for homes that do not meet it. Use this assessment as the baseline for measuring progress and more efficiently directing our Strategic Asset Investment Plans. • Reduce the number of homes not meeting the Wheatley Standard from the baseline each year.
Homes where our customers can feel safe	• Continue to prioritise delivering our building safety programme, including annual gas safety checks, five-yearly electrical inspections, checks to common areas such as lifts and water tanks, and specialist condition and fire safety inspections. • Proactively address damp and mould as a top priority, including through integrating smart monitoring devices and delivering workforce training to support early identification, effective treatment and sustainable, lasting solutions. • Update our policy approach to damp and mould to reflect requirements from Awaab’s Law and enshrine specific tenants’ rights within the policy, including the right to request further investigation. • Enhance our assurance checks and customer follow-up to ensure customers are satisfied with how we handled damp, mould or leaks in their home and that no issues remain. • Work with the Scottish Government as it develops its approach to Single Building Assessment, and implement these requirements in a structured and phased manner.
Energy-efficient homes	• Unless it is technically or economically not possible, deliver investment to ensure all our homes meet the minimum fabric requirements in SHNZ once finalised, and, in advance of this, ensure our homes are at least EPC C by 2031. • Where it is not technically or economically feasible to meet the SHNZ requirement or in advance of this EPC C, maximise the delivery of achievable fabric improvement works. • Explore modern, affordable future heating options, including district heating and links to wider heating networks. • Ensure the heating systems in our homes are easy to operate and cost effective for our customers, while recognising constraints such as the availability of suitable alternative heating options, future net-zero requirements and energy market considerations.
Investing in customers’ homes	• Develop and deliver targeted investment strategies for specific property types including multi-storey flats, properties in mixed tenure blocks, pre-1919 blocks and pre-stock transfer improved tenement stock and specific property issues such as damp, mould and leaks. • Make sure we strike the right balance between investment and keeping rents affordable through a needs-based investment approach, based on up-to-date information on stock condition. • Deliver upgrades so no properties have internal components beyond what a stock condition assessment would consider to be their reasonable economic life. • Develop and consistently deploy cyclical maintenance programmes, including gutter, soffit and fascia cleaning, fence, door and outdoor painting, and explore models that maximise impact for the money available. • Ensure customer engagement continues to inform priorities, and that our asset investment aligns with Neighbourhood Plans, which we will publish and deliver with partners as required.



Create thriving neighbourhoods, collaborating with customers and partners	
Pride in place and community	• Develop, with customers and partners including local authorities, a common understanding of ‘neighbourhood’, recognising this will differ according to localities or property type. • Enhance our neighbourhood approach by developing standards informed by local priorities, customer engagement and data, with every neighbourhood achieving the Keep Scotland Beautiful (KSB) five-star rating. • Work in partnership with key stakeholders to reduce anti-social behaviour within our neighbourhoods. • Reduce fly-tipping and revitalise underused green spaces in partnership with Local Authorities and community groups.
Safe and welcoming communities	• Review our anti-social behaviour approach and Community Improvement Partnership (CIP) to ensure it is delivering sustained impact in our neighbourhoods for the benefit of customers. • Through partnership, including with local authorities, CIP and local policing, work more closely than ever to share knowledge and intelligence, co-ordinate services and provide support so our customers feel safe and secure. We will do this through enhanced structures and shared resources including our Neighbourhood Forums and Community of Excellence. • Expand environmental service offering and support community-led initiatives, with priorities driven by customer-led walkabouts, engagement and real time feedback. • Explore and expand the support we can provide together with local partners, being particularly mindful of customers who require extra help, recognising the diversity of our customer base and their needs. • Strengthen multi-agency partnerships, including with local authorities and community groups, to address waste management, green space maintenance and vacant land. • Evolve community safety partnerships including with Scottish Violence Reduction Unit to better understand issues affecting our neighbourhoods and co-create lasting solutions. • Look to extend sharing and use of neighbourhood data with key partners and undertake experiments to trial new approaches to solve issues faced by our customers. • Take a resolute approach to preventing and addressing discrimination and harassment in our neighbourhoods, fostering environments where everyone feels respected and safe.
Empowered customers	• Increase engagement with customers, including new and younger household members, through education, awareness raising exercises to ensure understanding and fulfilment of shared responsibilities to upkeep surroundings and maintain welcoming communal spaces. • Deepen our understanding of customer behaviours utilising and enhancing our customer insight mechanisms and develop key messaging to provide clarity around our services and responsibilities, supporting customers to maintain their environment. • Work closely with Police Scotland and local authorities to promote and support good neighbourliness and responsibility for maintaining welcoming and safe communal spaces.



Lead the way in expanding supply of affordable, quality homes

Deliver new, high-quality homes to help alleviate the housing crisis	• Strengthen strategic relationships with local authorities, landowners and private developers to expand the development pipeline, seeking to develop a programme-level agreement for new homes which provides efficiency, streamlining and certainty of delivery. • Diversify funding sources and explore innovative housing models to unlock capacity for new-builds, aligned with the Scottish Government’s commitment to £4.9bn funding of the Affordable Housing Supply Programme over four years. • Identify opportunities and develop a programme for our City Building (Glasgow) partner to build new homes for us as part of our wider development programme. • Evaluate pilot projects, such as Shandwick Street in Glasgow, and integrate lessons learned and the voice of the customer into future development, construction and delivery approach. • Work with local authorities and the Scottish Government to purchase suitable homes on the open market to supplement our available housing stock and help alleviate homelessness.
Regenerated, rejuvenated communities	• Utilise Strategic Agreements with local authorities and develop new and underutilised funding models, such as Partnership Support for Regeneration, to deliver affordable home ownership in areas where there is vacant land. • Work with partners to prioritise regeneration in identified areas, such as Transformation Regeneration Areas (TRAs) at Sighthill, Govan, Red Road and North Torglen, as well as Wyndford and Lochside. Identify priorities for regeneration in developing areas including in Milton and Drumchapel. • Explore opportunities with partners, including City Building (Glasgow), for wider regeneration projects, in areas such as Lochend in Easterhouse, which support the delivery of mixed tenure housing and address wider community needs and aspirations creating a sense of place. • Deliver our new-build project at Findlater, Lochside and form a programme of site starts thereafter, agreeing a funding allocation with Dumfries and Galloway Council which enables continuity of delivery.
Homes fit for the future	• Enhance our understanding of future trends and customer needs, further embedding the analysis of the demographics of our prospective customers to inform our development programme such as, for example, building larger family homes. • Development and regeneration efforts will emphasise the need for improved amenities such as playparks, recreational spaces, and local infrastructure which we know are important to customers. • Use the learnings from demonstrator projects, customer satisfaction feedback, trends analysis and legislative requirements to inform future updates to our design guide.

Outcomes

Customer priorities met:

- Safety and security
- Invest in existing homes
- Create Pride in Place



Strategic result

90% customer satisfaction with the quality of their home

We will measure success through:

- at least 99.6% of our homes meet SHQS.
- the percentage of homes that meet the Wheatley Standard.
- all our homes, except where it is not technically or economically possible, will be EPC C by 2031 unless this measure is replaced through the SHNZ.



Strategic result

90% of customers are satisfied with our contribution to the management of their neighbourhood at locality level by 2031

We will measure success through:

- 90%+ of our customers that feel safe and secure in their home.
- 100% neighbourhoods maintaining KSB five-star rating.



Strategic result

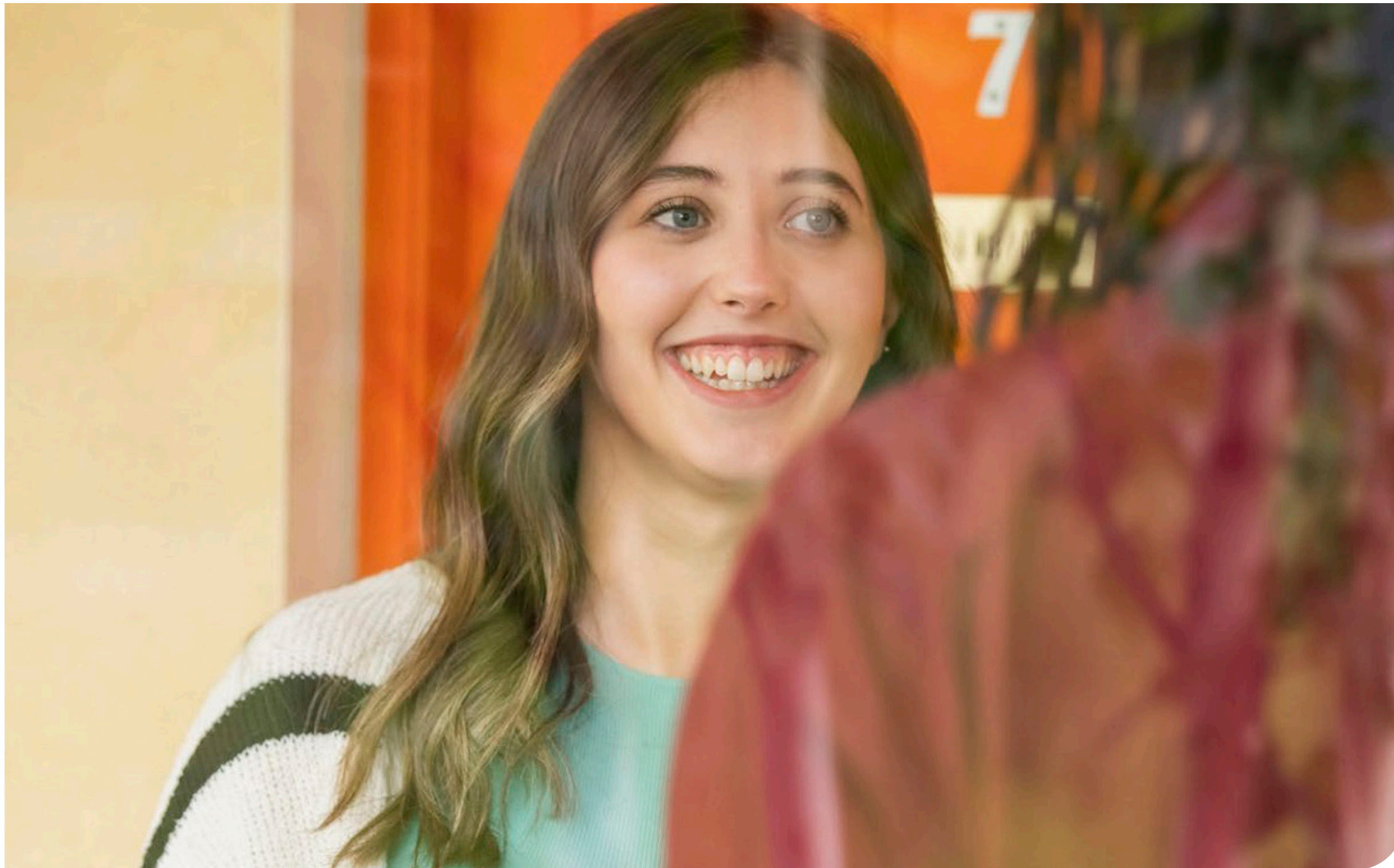
Net increase of new affordable homes by at least 4000 by 2031

We will measure success through:

- annual progress with our development programme against both social and mid-market targets.
- delivery of new homes through the regeneration of Wyndford, Deans South and Lochside.
- deliver new homes and wider regeneration through City Building (Glasgow)
- satisfaction with new homes annually, with a target of 95%.

Wheatley in 2026: Our previous strategy focused on tailoring services for an exceptional customer experience, using local teams and a geographic approach. We strengthened wraparound services, launched the Customer First Centre, and enhanced repairs through specialist teams and partnership with City Building (Glasgow).





We aim to further personalise services, with a strong emphasis on communication and contact, making every interaction timely, relevant, and accessible, as these are top customer priorities.

We recognise that customers value quick resolution over the channel used and are open to digital and Artificial Intelligence (AI) solutions if human support remains accessible. We are now leveraging our rich data and expanded real-time feedback to drive continuous improvement, ensuring customers feel heard and see action taken.

‘Thinking Yes’ to deliver seamless, accountable, and innovative services – especially in repairs – with a focus on minimising hand-offs, building trust and driving overall customer satisfaction.

Wheatley in 2031: Through a step change in the personalisation of our services, every customer receives support and communication tailored to their needs. We do this by embedding a culture of proactive engagement, harnessing data and digital tools, and strengthening local delivery and accountability.

Our services are shaped by the customer voice, delivered through empowered local teams, and supported by robust data and digital tools. Through a deeper understanding of our customers we will continue to adapt to changing needs and expectations, ensuring that every customer feels listened to, respected, and well served. This supports us to achieve 90%+ customer satisfaction and demonstrate value for money with our services.

Our objectives over the next five years:

- 

01: Connect with customers through proactive, tailored communication
- 

02: Enhance and apply what we learn to drive customer-focused services
- 

03: Deliver seamless services to meet customer needs



Connect with customers through proactive, tailored communication	
Transform customer connection – every interaction timely, relevant, and accessible	• Transform our customer-facing communications by redesigning our websites to be fully Artificial Intelligence-ready, strengthening our social media presence, and expanding our use of modern digital channels. • Move away from outdated approaches such as local newspaper press releases and instead delivering personalised, relatable and hyper-local content that showcases our staff and the work they do in our communities. • Launch a refreshed communication framework, co-designed with customers and staff, ensuring all contact is personal, local, and relevant. • Continue to set out transparently the investment we plan to make in localities so we can be accountable for the promises we make and publish annual progress reports and performance metrics. • Evaluate and refine our service journey maps and communication touch points to prioritise keeping customers informed at every step and ensure consistent messaging. • Shift our service model including through new IT platforms, to provide seamless digital communications that meet the needs of factored homeowners and residential customers. • Refresh our approach to reasonable adjustments and understanding vulnerabilities, informed by our data, taking steps to ensure customers understand our information and can access our services in a way that suits their needs.
Proactively communicate, actively listen – be open and transparent on what we can deliver	• Be more proactive in communicating progress where things cannot be resolved straight away, such as follow-up repairs and anti-social behaviour. • Provide direct contact options, regular updates, and acknowledgement of queries to ensure customers are clear about what contact they can expect from us about their home, such as a visit from a housing officer or a compliance check. • Expand digital self-service options, while maintaining accessible human support for those who need or prefer it. • Provide greater clarity in the billing of communal repairs – what’s the work, who’s completing it and how much it costs, and ensure effective communication with owners who have multiple properties.
Engagement shaped by customer preferences, balancing digital and face-to-face, committed to clarity and transparency.	• Ensure all staff are trained and confident in delivering our communication framework, with clear accountability for follow-up and resolution. • Balance digital offering with personal contact, such as through annual tenant visits, our Stronger Voices engagement approach or face-to-face discussion. • Maintain our network of local hubs with experienced staff and a visible community presence, so customers can choose how and where they engage with us. • Offer quality services that are empathetic and knowledgeable, regardless of the method of contact (online, phone, email, in-person).



Enhance and apply what we learn to drive customer-focused services	
Listen, learn and act – customer insight-driven service improvement	• Continue to refine and expand the ways we garner customer insight through a combination of real-time digital feedback, annual tenant complaints, satisfaction surveys and customer engagement. • Independently track satisfaction with our services over the life of this strategy to gain insight into how satisfaction is trending and any changes in key satisfaction drivers. • Deepen understanding of future needs, including through analysis of consumer trends and engagement with our potential future customers, involving younger household members or younger people living in our communities, acknowledging the potential for lifetime association through Wheatley tenures. • Enhance information flows and review our people processes to help test and pilot learning, supported by a ‘culture of curiosity’ and innovation. • Integrate all forms of customer feedback into a single insight platform, enabling learning, targeted interventions and personalised engagement. • Communicate the impact of customer input through ‘You said, we did’ reporting and regular storytelling. This will support us to demonstrate value for money. • Use data to inform the architecture of a ‘single view of the customer’, empowering staff to respond to customer insight and embed every day, continuous learning. • Explore segmentation mapping to ensure services are responsive to the needs of all customer groups, including those who are hard to reach or particularly disadvantaged or vulnerable.
A strong, engaged, influential tenant voice	• Launch our refreshed engagement framework, collaborate with community partners to expand opportunities for customers to participate in shaping services, including digital and in-person engagement, with a focus on accessibility and inclusion. • Continue to identify and engage with hard-to-reach and disadvantaged groups, including specific approaches to support homeless customers, New Scots, and those supported by Wheatley Foundation.

Our roadmap to achieving our objectives



Deliver seamless services to meet customer needs	
Reliable, joined up services, easy to access, particularly repairs and wraparound support	• Prioritise enhancing the repairs experience to deliver first-time completion, accurate and flexible appointments, and clear communication. • Explore customer reporting channels, for example through our Customer First Centre platform and web self-service, and the introduction of photo or video sharing technologies. • Consider the needs of different customer groups, such as those in mixed tenure blocks and factored homeowners, and others to develop new approaches to better meet their needs.
Integrated, joint working with City Building (Glasgow)	• Standardise and enhance core repairs processes across Wheatley and City Building (Glasgow). • Enhance repairs diagnostic accuracy and optimise parts availability to increase first-time repair completion. • Introduce new ways to monitor that repairs are completed properly and to a high standard. • Keep customers informed about what will happen next and indicate the likely overall time to achieve completion of repair before we leave their home. • Further embed customer focus and a commitment to excellence among all staff who provide our repairs service, supported, for example, through training. customer insight forums and a Community of Excellence.
Minimised hand-offs, well-defined processes and staff ownership	• Empower staff to resolve issues at the first point of contact, supported by training and clear escalation routes. • Strengthen collaboration, including with colleagues within Wheatley, to deliver our range of wraparound services and signpost customers to support achieving sustainable, long-term solutions. • Use analytics and enhance use of data to identify potential issues and resolve them before they impact the customer or lead to dissatisfaction. • Innovate and trial new approaches, using technology and partnerships to improve efficiency and customer experience, allowing staff to deliver services with all the information they need at their fingertips through a single view of the customer.

Outcomes

- Customer priorities met:
- Transform communication and customer contact
 - Continue to improve the repairs experience

Strategic result

90% of customers satisfied with how we communicate with them

We will measure success through:

- 90%+ of customers agree it is easy to get in touch with Wheatley.
- 90% first contact resolution at Customer First Centre.

Strategic result

90%+ customer satisfaction with listening to views and acting upon them

We will measure success through:

- 90%+ of customers agree there are clear opportunities to participate.
- 100% of customer-facing policies and strategic projects informed by customer insight.
- 10% reduction in complaints escalated to stage 2 from a 2026 baseline.

Strategic result

90%+ overall customer satisfaction for tenants and residential customers in key services including repairs, allocations, Customer First Centre and Wheatley Foundation

We will measure success through:

- 90%+ of customers feel treated fairly and with respect.
- 90%+ customer satisfaction with repairs experience.
- 100% of tenants receive an annual tenant visit.



03

Theme 3 Better lives

Wheatley in 2026: we play a leading role in addressing Scotland's housing crisis, having, during our last strategy period, exceeded targets for new homes and support for homeless households, and maintained high tenancy sustainment. We are not just a landlord - we provide wraparound support from the outset, incentivise downsizing, and deliver targeted help for vulnerable groups.

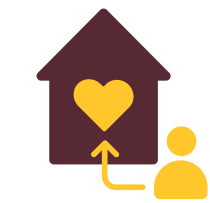


Supported by Wheatley Foundation and external partnerships, including with Glasgow Community Planning Partnership, we prioritise initiatives that tackle poverty, improve wellbeing, and create opportunities such as jobs, training, community ladders, and education bursaries.

Customer engagement has highlighted affordability as a key priority, reinforcing our commitment to sustainable support that genuinely improves lives.

Wheatley in 2031: Through our strengthened role as a collaborative leader – working with partners to tackle homelessness, alleviate poverty, and drive social mobility – we provide proactive, tailored support to help customers sustain successful tenancies and foster resilient communities. Our approach is underpinned by measurable outcomes, continuous improvement, and a commitment to building trust.

Our objectives over the next five years:



01: Make the largest contribution to ending homelessness in Scotland



02: Shape powerful partnerships to alleviate poverty and open doors to new opportunities



Our roadmap to achieving our objectives



Make the largest contribution to ending homelessness in Scotland	
Work with national and local government to deliver solutions	• In collaboration with sector partners, influence national funding and policy and implement the next phase of Housing First. • Bring empty homes back into use and expand housing options, while delivering value for money. • Support customers to downsize and develop resettlement initiatives to meet demand for larger family homes.
Enhance wraparound services	• Review our homelessness and allocations policies, informed by customer insight. • Through Wheatley Foundation support funding models for enhanced wraparound support, advocacy and enhance financial wellbeing services, using data and co-production to target support. • Collaborate internally and externally to expand wraparound support and build enhanced services to support tenancy sustainment, including with Community Planning and Health and Social Care Partnerships.
Place emphasis on community resilience	• Promote our Stronger Voices engagement programme to boost neighbourhood connections. • Build staff awareness and capacity around utilising local networks and partners to help foster a sense of belonging and resilience in communities.

Our roadmap to achieving our objectives



Shape powerful partnerships to alleviate poverty and open doors to new opportunities	
Create pathways out of poverty	• Work with local authorities and partners to better understand the root cause of family poverty. • Commit to Glasgow City Council's programme of 'demonstration of change' to target solutions across Glasgow. In Drumchapel, we will support the Demonstration of Change project, working closely with 50 families in a pilot with Glasgow Helps targeted at delivering meaningful, sustainable change for families living in poverty. • Participate in key local forums and direct engage stakeholders to drive progress with strategic ambitions that align with our objective to alleviate poverty. • Enhance tenancy sustainment efforts using insights from annual tenant visits to understand how customers live and shape the support we provide in tackling poverty, particularly for families. • Leverage data and customer insight to underpin the development of an anti-poverty strategy and pilot a 'crisis support' approach. • Utilise the 'single view of the customer' and enhanced socio-economic data to tailor resources and monitor outcomes around supporting those in poverty.
Focus on employability, income, and social mobility	• Strategically track employability and income outcomes to inform our social mobility support. • Explore new external partners to collaborate and partner with to deliver skills, jobs, and training. • Engage with decision-makers to influence policy on social mobility, education, and skills. • Further embed the use of community benefit in procurement and strengthen the monitoring of supplier contributions. • Promote our work through customer testimonies and explore digital initiatives to help customers get online and build digital skills and confidence.
Build and sustain the strategic partnerships we need to deliver for our customers	• Make the most of our strategic agreements with local authorities to align our efforts for the benefit of our tenants and local citizens. • Further develop our existing partnership with Scottish Fire and Rescue as part of continuing to reduce fire risk in our homes. • Work with Wheatley Care, as a strategic partner, to ensure care and support needs of our customers are met. • Continue to foster closer, and new, partnership working arrangements with organisations who have an interest in providing opportunities, benefitting our customers and neighbourhoods.

Outcomes

Customer priorities met:

- Create Pride in Place



Strategic result

Housing at least 11,000 homeless households by 2031

We will measure success through:

- 90%+ tenancy sustainment.



Strategic result

5000 jobs, apprentice and training places created for our customers and communities

We will measure success through:

- reducing the value of arrears and the number of customers in debt with us.
- on average, keeping our rent levels below 30% of disposable income.



04

Delivering sustainable value

Wheatley in 2026: We are committed to delivering exceptional services, empowering our people and communities, and driving innovation through a strong financial and cultural foundation. Through the period of our last strategy, we introduced flexible, home-based models for key teams while maintaining strong community presence. We support a diverse workforce through digital, remote, and in-person networks. We have broadened our focus to become a responsible, ethical business, embedding sustainability, equity, diversity, inclusion (EDI), and social mobility into our operations.





Our objectives over the next five years:



01: Nurture and invest in our people, recognising their contribution



02: Drive effective solutions, harnessing digital capabilities and data assets



03: Ensure financial efficiency today, prepared for tomorrow



04: Grow our reputation as an ethical, trusted business

Our 'Think Yes' ethos encourages staff to make decisions that best serve people and communities. As a platinum-accredited Investors in People (IiP) organisation, we prioritise staff development, nurturing skills, and people-centred support.

We are embracing technology and data to enhance service delivery. With the launch of our data strategy and integration of Artificial Intelligence tools like Copilot and Large Language Models, we've improved decision-

making, streamlined operations, and supported staff development. These innovations position us to deliver smarter, more efficient services while maintaining a human touch.

We ensure we strike the right balance in allocating our financial resources, maximising reinvestment of surpluses in our tenants' homes and services while retaining sufficient capital to remain resilient in the face of change. We will continue to prioritise value for money to meet customers' needs. Financial efficiency underpins our ability to build trust, deliver strategic goals and promises, and maintain affordability for customers.

Wheatley in 2031: We've deepened our Think Yes culture by investing in workforce skills, dynamic learning, and strong internal relationships, and reinforced our leadership principles so these drive our behaviours. Strengthened change management ensures staff understand their impact and the importance of action that realises benefits. We fully leverage secure digital platforms and automation to enhance efficiency and experiences.

When people feel supported, real transformation happens, while advanced analytics improve forecasting and strategic planning. Our A+ credit rating continues to unlock investment potential – particularly in new-build development – and reassure our partners and stakeholders that we are financially stable, committed to sustainability and equity, all while embedding responsible business practices across all we do.

Shaping our culture to deliver our strategy



Leadership principles

Inspire excellence

We lead by setting the bar high because people and communities deserve our best

Empower people

We believe in unlocking potential

Facilitate progress

We remove barriers and make it easier for others to succeed

Coach for growth

Every interaction is an opportunity to grow someone's mindset

Create space to try, learn and thrive

We lead with curiosity and invite innovation



Our roadmap to achieving our objectives

Nurture and invest in our people, recognising their contribution	
Enable growth through our development	• Implement a refreshed people strategy that integrates learning and development, strategic workforce planning, reward and recognition, and leadership development so people are equipped, empowered, and celebrated for the vital role they play. • Enhance our approach to learning by refocusing annual reviews to support the right conversations at the right time between managers and staff, ensuring meaningful interactions. • Improve reporting to inform people development plans across Wheatley, embedding a culture of 360-degree feedback and continuous improvement. • Conduct a comprehensive analysis of learning needs and training methods, developing a roadmap to strengthen organisational capability. Prioritise skills essential to our strategy, including stock condition assessment and data-informed decision-making, while exploring new learning opportunities through external networks, funding, and contractor partnerships.
Build leadership at every level, embedding Think Yes	• Embed a renewed, values-driven framework aligned with our Think Yes culture, supporting leaders at all levels to model behaviours that drive change, remove obstacles and foster innovation. • Nurture internal talent and attract external expertise to enrich our leadership pipeline and strengthen succession planning. • Reinforce our Think Yes ethos through cross-functional learning and revamped induction programmes at both corporate and local levels. Staff will feel trusted and empowered to make decisions that deliver the right thing for customers. • Strengthen Different Together, our EDI brand, by ensuring leaders champion it internally and externally. Leaders will foster connections across teams to build capability and reduce social isolation. • Think Yes will be visible in our branding and communications, supported by consistent leadership messaging.
Amplified staff voice and innovation	• Diversify training methods and opportunities, such as through mentoring, shadowing, development days, and bitesize learning to build confidence, clarify roles, and encourage innovation. • Enhance people functions and increase staff self-service, supported by data and automation, to help staff access knowledge and apply Think Yes in real time. • Expand opportunities for staff to contribute to decision-making and service design through refreshed Communities of Excellence and strategic staff networks. These platforms will ensure diverse voices deliver innovation and drive customer satisfaction. • Promote intrapreneurship and evaluate engagement with our customer-focused culture • Health and wellbeing of our people will remain a priority. Staff will help shape benefits that support them to deliver meaningful customer outcomes and meet diverse needs. • Innovate in wellbeing support, addressing both physical and mental health through our Different Together approach. We will continue to evolve our support for staff, placing employee experience at the centre of our emotionally-intelligent organisation.

Our roadmap to achieving our objectives



Drive effective solutions, harnessing digital capabilities and data assets	
Single view of customer and home, consolidating systems and streamlining processes	• Prioritise the development of integrated data and technology platforms that enable a unified view of our customers and assets to support smarter decision-making and allow staff to deliver services more efficiently and effectively. • Bespoke digital and data roadmaps will be co-developed for each major service area, setting out clear pathways to better data accessibility and stronger, digitally-enabled processes. These will be delivered through robust project and change management programmes to ensure lasting transformation. • Actively consolidate our technology platforms to establish a single source of core data and consistent ways of working. • Deepen digital and data integration with City Building (Glasgow), transitioning to common platforms where appropriate. • A comprehensive view of our assets and customers enabled by a overarching data analytics platform will lay the foundation for enhanced analytics and Artificial Intelligence integration.
Embed Artificial Intelligence ethically and sustainably, focussing on enhanced experiences	• Adopt Artificial Intelligence selectively and ethically, targeting manual workflows that can be automated to free up staff for customer-focused, value-added work. Initial focus areas will include teams in Wheatley Solutions and the Customer First Centre, with learning shared across Wheatley. • Initially limit Artificial Intelligence areas requiring significant human judgment until we are confident there is low risk; smart data applications, such as in-home sensors, diagnostic tools, and real-time communications will be explored to manage our portfolio more effectively. • Work with external partners to deliver our digital maturity roadmap aligned with our Wheatley data strategy. This will focus not only on systems but also on developing staff skills and fostering a culture of data ownership, stewardship, and literacy. • Enhanced data capability and understanding of our customers will inform and influence the activities of Wheatley Foundation, to support our communities and better equip us to measure impact.
Safely cultivate innovation, for the benefit of our communities	• Develop programmes to encourage and support innovative thinking and approaches, as part of developing and improving the services we provide. • Collaborate with acknowledged leaders, including from industry and academia, in the field of emerging technologies and innovation to develop new solutions that meet our and our customers’ needs. • Embed accountability for innovation in the leadership principles of our senior staff. • Take an open and ambitious approach to exploring new ways of working, while also applying robust frameworks to ensure there is evidence that such innovation will deliver benefits for our customers and our business before large-scale deployment. • Prioritise strong data governance to ensure ethical use as new technologies, such as Artificial Intelligence, evolve. • Support customers who may be disadvantaged by the increasing shift to digitisation, such as through the potential introduction of digital identities in welfare and public services. • Achieve Cyber Essentials accreditation across Wheatley, demonstrating our commitment to safeguarding systems, protecting customer data, and maintaining business continuity.

Our roadmap to achieving our objectives



Ensure financial efficiency today, prepared for tomorrow	
Maintain financial strength and flexibility	• Retain our A+ credit rating and adhere to our financial ‘Golden Rules’, ensuring Wheatley remains a trusted organisation in the eyes of funders, stakeholders, and customers. • Negotiate funding arrangements through making best use of our financial and asset strength to reduce the cost of funds and maximise capacity for new-build. • Evaluate governance and funding models to unlock new capacity – particularly for new-build development – through a housing bond and innovative funding approaches. • Maintain flexibility to allow us to respond quickly to emerging opportunities and adapt our financial strategy to meet changing market conditions through to 2031.
Champion transparency and customer trust	• Keep our rents fair and transparent. • Demonstrate financial transparency by publishing clear information on how rent is spent, including through our annual rent consultation. • Explore expanding financial support for tenants, tailoring assistance to meet diverse needs and helping customers navigate the cost-of-living crisis.
Future proof through data and insight	• Increase our use of predictive analytics to support business continuity planning, improve supply chain resilience, and anticipate future risks. • Our data-driven finance approach will help us make informed decisions, optimise resource allocation, and ensure long-term sustainability.

Our roadmap to achieving our objectives



Grow our reputation as an ethical, trusted business	
Be recognised as a responsible, ethical leader – embedding sustainability, equity, diversity, and inclusion (EDI)	• Refresh and deliver our EDI action plan, supporting our staff and customers to feel respected and included. • Benchmark and improve our Onvero ‘Talent Inclusion and Diversity Evaluation’ rating supporting an inclusive workplace, and annually retain our Customer Service Excellence accreditation to assess our service delivery to our diverse communities. • Refresh our Wheatley Sustainability Framework, focusing on net zero, understanding climate impacts on our business, and work with partners to deliver a just transition and value for money for customers.
Embed continuous improvement across our organisation and value chain	• Adopt the Business in the Community ‘Responsible Business Health Check’ to drive change and support thriving communities and workplace. • Engage leaders in responsible business and systems thinking to pilot new approaches and measure impact with leading and lagging indicators. • Adopt and implement an organisation-wide approach to continuous improvement, such as EFQM, that can provide us with opportunities for independent assurance, assessment and benchmarking.
Deepen stakeholder collaboration with networks and partners	• Embed a comprehensive stakeholder engagement and communication plan reflecting preferences and influence to help us focus efforts on the most pressing social and environmental challenges for our customers. • Undertake stakeholder engagement that is dynamic and inclusive, seeking input from our broad ecosystem to inform decisions. • Deepen collaboration on national and international forums to identify gaps and share best practice. Utilise memberships, undertake joint studies and research to demonstrate value beyond our workplace, particularly in EDI, sustainability, and social impact. • Where appropriate, challenge existing best practices to develop innovative solutions. • Leverage our scale to build strategic procurement partnerships, attract private sector expertise into the public domain, and support local businesses and create job and training opportunities for our customers. Reinvest financial efficiency from purpose-driven procurement into communities.

Outcomes

Customer priorities met:

- All



Strategic result

Retain platinum liP accreditation

- Measure progress through:
- 90%+ staff satisfaction that Wheatley is a good employer.
 - 90% of staff are satisfied with the development opportunities available to them.
 - increasing the diversity of our workforce.



Strategic result

Increase our data maturity score

- Measure progress through:
- achieve Cyber Essentials accreditation.
 - 90% of staff are confident using data and Artificial Intelligence as it relates to their role.
 - the number of staff who engage with our innovation activities increases annually from 2026 baseline.



Strategic result

Maintaining our A+ credit rating

- Measure progress through:
- raising £1.2 bn of private finance to invest in new homes.
 - launching Scotland’s first Housing Bond programme.
 - complying with our financial ‘Golden Rules’.



Strategic result

Recognised by the EFQM as a top organisation, achieving six stars or above

- We will measure success through:
- retaining our Customer Service Excellence accreditation.
 - improving our Business in the Community ‘Responsible Business’ and Onvero ‘Talent Inclusion and Diversity Evaluation’ ratings.
 - reducing harmful emissions from our homes and businesses.

Report

To: Wheatley Housing Group Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: 2026/27 rent and service charges

Date of Meeting: 25 February 2026

1. Purpose

1.1 This report:

- Provides the results of our Registered Social Landlords' ("RSLs") tenant consultation on the 2026/27 rent, service and other charges increase; and
- Confirms the 2026/27 RSL rent, service and other charges increases which were approved by subsidiary RSL Boards under delegated authority.

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board is responsible for agreeing the overarching parameters for rent setting. Thereafter each RSL Board agrees their own rent increase within the agreed parameters. The Group Board agreed rent setting parameters at our meeting on 17 December 2025. The Group Board agreed that increase options of 6.9% and 7.4% should be the basis of consultation with tenants and that RSL Boards be delegated authority to apply either of these rent increase levels having considered the tenant consultation feedback.

2.2 For 2026/27, the Lowther Homes rent increase will be implemented from 1 August 2026, in line with statutory requirements, with tenants receiving at least three months' written notice setting out their individual rent change. The proposed increases, to be considered by the Lowther Board at its meeting on 19 February, are 6.9% for Mid-Market Rent homes and 6% for Full Market Rent homes. The proposed increases take into market conditions, affordability parameters and the emerging long-term rent control framework under the Housing (Scotland) Act 2025

3. Background

3.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:

- 1) Financial viability;
- 2) Affordability;
- 3) Comparability; and
- 4) Consultation with tenants and service users.

3.2 The Board considered the first three principles as part of agreeing the baseline consultation levels. Following the success of the approach last year, our customers again received a consultation brochure tailored with more specific investment information, including a locality-level version for Wheatley Homes Glasgow.

3.3 Our RSL Boards considered the results of their consultation and agreed the 2026/27 rent and service charge increase at their recent Board meetings earlier this month.

4. Discussion

4.1 We formally consulted tenants on our rent setting proposals from 12-28 January 2026. Our formal consultation was independently managed by Civica as in previous years.

4.2 The consultation received a higher response rate than last year, and indeed is our highest response in recent years, with **over 11,430** valid responses received:

Table 1: WHG results

Rent options	Responses
6.9%	5487 (75.9% of returns)
7.4%	1738 (24.1% of returns)
Total	7225 (2025 – 5034)

Table 2: WHS results

Rent options	Responses
6.9%	1547 (72.6% of returns)
7.4%	583 (27.4% of returns)
Total	2130 (2025 – 1846)

Table 3: WHE results

Rent options	Responses
6.9%	1186 (77.98% of returns)
7.4%	335 (22.02% of returns)
Total	1521 (2025 – 1099)

Table 4: LHA results

Rent options	Responses
6.9%	444 (79.5% of returns)
7.4%	115 (20.5% of returns)
Total	559 (2025 – 375)

- 4.3 The results were very similar across all RSLs and to previous years, with the majority indicating a preference for the lower option but around a quarter of tenants indicating support for the higher option on the basis that it would deliver additional investment.

Qualitative feedback

- 4.4 We invited respondents to provide feedback on why they elected to choose the option they did. Alternatively, if a tenant did not wish to support any options, they could provide feedback via post as to why (we received just over 150 feedback-only responses). We received feedback from over **2,950** customers regarding the proposals.
- 4.5 The key themes of the feedback remain consistent with previous years, specifically:
- **Affordability** is the strongest theme raised by our tenants. A third of the feedback referenced affordability in some way, such as wages and benefit inflation and the cost of living;
 - The next most common theme was **investment in existing homes** representing around 30% of feedback (although this was the strongest theme for Wheatley Homes South); and
 - Feedback also pointed to the need for a **reliable repairs and improvements to the local environment** (both themes representing just over 15% of feedback).
- 4.6 Each RSL Board considered the feedback from their respective consultations in detail and based on this agreed, under the authority delegated by the Board, the following rent increases:

Table 5: RSL rent increases

RSL	Increase
WH-East	6.9%
WH-South	6.9%
WH-Glasgow	6.9%
LHA	6.9%

- 4.7 As previously discussed by the Board, this increase is in line with the expected increase, based on consultation proposals, of a number of social landlords across Scotland.

Heating charges

- 4.8 With customers connected to district heating systems where we have responsibility for setting the tariff, our Wheatley Homes Glasgow and Wheatley Homes East Boards also considered heating charges set out in our Group Pricing and Charging policy which requires:
- The blended gas energy price cap for the preceding 12 months;
 - A rate to keep customers out of fuel poverty; and
 - A rate equivalent to recovering the costs of operating the system.

- 4.9 The Boards have reviewed the tariff in line with the approach set out in the policy and have aligned the timing of any increase with rent and other service charge increases.

5. Customer Engagement

- 5.1 Our formal consultation was open and transparent, clearly setting out what each option would mean in terms of future investment and services to allow tenants to make an informed response to the two options we consulted on. Our final consultation brochure was informed by customer engagement via rent focus groups prior to the formal consultation. We have published on our websites how focus group input impacted the final brochure.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications associated with this report.

7. Digital transformation alignment

- 7.1 The rent consultation itself was managed by independent provider Civica; a postal copy of the rent brochure was issued, as well as an email/text (depending on contact preference) with a link to an online copy. Tenants were able to participate in the consultation through a wide range of digital means.

8. Financial and value for money implications

- 8.1 The level of rent increase proposed during the consultation included a detailed analysis of areas such as affordability and comparability, as well as the financial challenges we face. We know that overall rent levels are an element of how tenants perceive value for money. This is however set within the context during a period of pressure on household budgets, the preservation of appropriate levels of investment in our homes, services to tenants and the financial viability of the business.
- 8.2 Our financial projections confirm that, based on the proposed rent uplifts, we will have robust financial plans which will have the necessary 30-year provisions to continue to invest in our stock, including maintaining our stock in line with all legal and regulatory requirements such as Scottish Housing Quality Standard, electrical inspections and fire safety.

9. Legal, regulatory and charitable implications

- 9.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The approach set out in this paper therefore discharges our requirement to consult under the Act.
- 9.2 The 2022 Scottish Housing Regulator Thematic Review of Rent Setting detailed a number of recommendations, including the provision of options to tenants during rent setting consultations. Our approach responds to these recommendations.

10. Risk appetite and assessment

- 10.1 Our risk appetite in relation to business planning assumptions such as rent increases is open, defined as *“willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward”*.
- 10.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is *“avoidance of risk and uncertainty is a key organisational objective”*.
- 10.3 The decision on rent increases involves striking a balance between the need to continue investing in our stock, including compliance requirements, continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could – in the absence of mitigating cost savings – risk the financial viability of the Group or the delivery of services we are legally obliged to provide. However, we are also required under statute to consider the views of our customers before making final decisions on rent levels.

11. Equalities implications

- 11.1 Our customer engagement prior to formal consultation helps ensure a wide range of customer perspectives informs our final consultation approach. Civica issued our consultation material as per communication requirements including large print, braille and audio CD.
- 11.2 To support customers whose first language is not English to request a translation, we also included a translation note in the Group’s 5 top languages, informed by our translation/interpretation request data and results from the 2022 customer EDI survey.

12. Key issues and conclusions

- 12.1 Our consultation attracted over 11,430 responses across the Group, the highest ever number of responses. We also received qualitative feedback from over 2,950 respondents, with affordability, investment, repairs and environmental services the key themes.
- 12.2 The proportion of respondents, ranging between 20-27%, indicating a preference for the higher rate of 7.4% on the basis of additional investment is very consistent with the qualitative feedback.

13. Recommendations

- 13.1 The Board is asked to note the rent increases, set out in Table 5, approved by RSL Boards under delegated authority having considered the results of their respective tenant consultations.

LIST OF APPENDICES:

None.

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Financial Projections 2026/27

Date of Meeting: 25 February 2026

1. Purpose

1.1 The purpose of this report is:

- To set out the updated financial projections for investment in assets and services to 2031, in support of our strategy *Making Homes and Lives Better*;
- To provide an overview of our five-year Capital Investment Plan and our five-year new build Development Programme; and
- To seek approval of the updated Group subsidiary and City Building Glasgow financial projections and related key financial ratios, five-year Capital Investment Plan and five-year Development Programme, with the first year of the financial projections forming the budget for 2026/27.

2. Authorising and strategic context

2.1 Approval of the Group strategy and financial projections as well as each subsidiary's projections (including any borrowings) is one of the matters reserved to the Group Board in the Group Standing Orders. Under the Group Standing Orders, the Group Board is responsible for approval of the five-year Capital Investment Plan, five-year Development Programme and the Group pricing framework.

2.2 The key themes and aims of the 2026-31 strategy, *Making Homes and Lives Better*, set the context for the preparation of the financial projections, Capital Investment Plan and the Development Programme. The Capital Investment Plan provides the mechanism through which the Strategic Asset Management and Investment Plan is delivered and ensures that investment decisions are aligned to customer priorities, compliance requirements and long- term asset sustainability.

2.3 Following approval of the five-year Development Programme, Wheatley Developments Scotland Board ("**WDSL**") has responsibility for scrutinising and approving individual contract awards, in line with its Terms of Reference including the application of our agreed development criteria and the allocation of the Group Development Fund.

3. Background

- 3.1 Keeping rents affordable for customers remains a strategic priority however we need to balance this with the cost to deliver services and to provide for the appropriate level of investment in our homes to ensure the ongoing financial viability of the business. In line with many businesses, our costs have continued to rise with inflation at 3.4% at December 2025, remaining above the Bank of England's 2.0% target. In addition, cost increases for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand are continuing to run higher than general inflation.
- 3.2 Over the past year, persistent inflation and uncertainty over the future economic outlook have increased the cost of UK government borrowing over the longer term with the returns investors require for lending to the government being substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate held at 3.75% following their most recent meeting. As inflation remains higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period.
- 3.3 A large proportion of our existing funding is at fixed rates which limits our interest rate exposure. However, the cost of new borrowing is directly linked to the cost of UK government borrowing. The assumptions within our financial projections have been updated to reflect expectations for future interest rates on new funding and forecast variable rates.
- 3.4 Our business plan assumptions also reflect changes in the legislative landscape through the Housing (Scotland) Act 2025, which introduces new duties for landlords, including in relation to homelessness and a Scottish equivalent of Awaab's Law in the Investigation and Commencement of Repairs (Scotland) Regulations 2026 which come into effect from October 2026.
- 3.5 The legislation also introduces restrictions to increases in market rents in specific rent control areas identified by local authorities. Going forward, this new legislation will cap rent increases at CPI+1%, up to a maximum of 6% in areas where a specific rent control area is applied by a Local Authority. Our exposure is limited with only 638 private market rent homes owned by Lowther. With a National Housing Emergency declared by the Scottish Government in May 2024, Housing is recognised as a key policy priority at both national and local levels.
- 3.6 The financial projections include funding provision for our five-year Capital Investment Plan, the detail of which is informed by our Strategic Asset Management and Investment Plan. The Capital Investment Plan is the third strand of our annual investment planning framework, alongside the Asset Strategy, the Strategic Asset Management and Investment Plan, the Neighbourhood plans and the Multi-Storey Flat Strategic Investment Plan, ensuring that investment decisions remain co-ordinated, evidence-led, funded and customer focused.
- 3.7 The 2025/26 financial year represented the first full year of delivery of this new strategic asset investment approach. Our focus is on embedding new ways of working, strengthening our partnership with City Building Glasgow and aligning investment planning more closely with customer priorities.

- 3.8 Our five-year Development Programme links directly to our 2026-31 strategic theme of *Homes and Neighbourhoods to be Proud of*, with an objective of, Leading the Way in Expanding the Supply of Affordable, Quality Homes. Our Programme is supported by the Scottish Government commitment to £4.9 billion for housing over the next four years with the recent 2026/27 Scottish Budget confirming funding of £926m for the Affordable Housing Supply Programme an increase of £158m compared to 2025/26.
- 3.9 The Group has three distinct parts from a financial point of view:
- *The RSL Borrowing Group* – the aggregated financial position of WH Glasgow, Loretto Housing, WH East, WH South, Wheatley Developments Scotland and the entity that raises borrowing and lends to them, Wheatley Funding No.1 Ltd; this is by far the largest part of our group, with a total 2025/26 forecast income of £467m comprising around 90% of Group income;
 - *Lowther Homes* – our private letting and factoring arm, with a turnover of £41m and its ring-fenced borrowing from Bank of Scotland/Scottish Widows; and
 - *Wheatley Foundation* – receiving gift aid from Lowther Homes, donations from our Group RSLs and raising external grant income. The Foundation delivers our community programmes such as employability, education and training and manages investment of c£8m a year.
- 3.10 These parts of the Group are supported by Wheatley Solutions, which provides corporate support services to each, as well as City Building (Glasgow) LLP, our 50% owned joint venture with Glasgow City Council that provides property repairs and improvement services, particularly to our west of Scotland RSLs.
- 3.11 While Wheatley Care is currently part of our Group, our financial projections have been prepared on the assumption that it will become an independent business from 1 April 2026. Changes in respect of staff and running costs in Group subsidiaries have been reflected including to the services provided to Wheatley Care from April 2026 by Wheatley Solutions.
- 3.12 The projections have been prepared under our existing financial management principles against which our Golden Rules are set; ensuring we don't borrow to fund investment in homes and new borrowing is for new build development or re-financing of existing facilities. We can however choose to adopt a more flexible approach while still meeting our financial covenants and we will present some additional strategic scenarios at the meeting for the Board to consider.

4. Discussion

- 4.1 Our strategy for 2026-2031, *Making Homes and Lives Better*, forms the basis of these financial projections, the Capital Investment Plan and the Development Programme. The financial projections address how the four key themes of the strategy will be achieved, and, in turn, ensures adequate provisions are directed to our key customer priorities. The detailed 2026/27 financial projections for the Group are provided in Appendix 1 of this report. The key elements under each theme of our strategy are set out below.

Homes and neighbourhoods to be proud of

- 4.2 The financial projections reflect our Capital Investment Plan to invest approximately £646m in improvements to our customers' homes in the first five years of the plan, with a further £508m in repairs. Over the five years, this is equivalent to £17,740 per property. Our investment plan has been developed to reflect discussions with customers on their investment priorities, our compliance obligations and improved insight from asset management and repairs data. The investment plan, and provision of sufficient funding to support it, will ensure our properties remain in a good state of repair and that all compliance requirements are met.
- 4.3 Our financial provision for capital investment increases over the five-year period as we define and establish the Wheatley Standard for our properties. We also include provision for planned compliance, including measures to keep our properties free from damp and mould, ensuring we continue to meet our duty to our customers, which from October 2026 will be formally set out in the new Investigation and Commencement of Repairs (Scotland) Regulations 2026.
- 4.4 We will continue to focus on enhancing our neighbourhoods to help create thriving communities, supported by the Neighbourhood Environmental Improvement Team. Details of the five-year Capital Investment Plan are provided in Appendix 2 and it reflects our customers' consistent message on how important the overall quality of their home and neighbourhood is to them.
- 4.5 A key part of our strategy is to continue to develop quality affordable homes for people in the areas in which we operate with a particular focus on the regeneration of communities. Over the period to 2031, our financial projections reflect the five-year Development Programme and the delivery of an additional 4,771 properties for social (3,785 units) or mid-market rent (986 units) including 145 by Lowther Homes and 58 acquisitions by the RSLs. The projections also include the capacity to undertake significant regeneration projects in the Wyndford estate in Glasgow and Lochside in Dumfries. Further details of the Group's five-year Development Programme are presented in Appendix 3.
- 4.6 While the Scottish Government has announced a multi-year Affordable Housing Supply Programme ("**AHSP**") funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. Our programme reflects discussions with our local authority partners and the Scottish Government to grow the supply of much-needed affordable housing in priority areas. Our five-year development plan is assumed to be supported by £712m of grant income.

4.7



Personalised Services

- 4.8 Our strategy seeks to further develop the provision of exceptional customer experience with a focus on services that feel personal and tailored for the customer. Our services will be delivered by connecting with customers through proactive, tailored communication. This will include a blended approach of face-to-face and digital services that are easy to access and feel personal to customers. Our financial projections include funding for:
- IT investment to support changes to our services to increase the scope of our digital communications and the expansion of our digital self-service channels, funded within the overall IT capital provision of £33.6m;
 - Innovative projects to develop new ways of working to drive service improvement and gather customer insight to enhance the way that our repairs services are delivered;
 - The development of our systems to structure our data in a way that provides a “single view of the customer”;
 - Our wraparound services with a provision of £1.3m per annum of ongoing funding. This provides additional support and services to our tenants such as housing advice, homelessness and customer support; and
 - Continuing our commitment to the Community Improvement Partnership (“**CIP**”) with the police and fire services, in addition to Group Protection and money advice. These partnerships support communities across a number of areas, such as fire prevention and dealing with anti-social behaviour and crime. This work is delivered by Wheatley Foundation and supported through donations and gift aid payments from the RSLs and Lowther.

Better Lives

- 4.9 To support the strategic objectives within the Better Lives theme and our commitment to improving the lives of our customers and the wider communities in which we operate, the financial projections include:
- The continued delivery of wide-ranging support by the Wheatley Foundation to customers across the Group including in the key areas of poverty, social inclusion and employability. This will be primarily funded by donations from Lowther Homes and the RSLs with a spend of £8.0m in 2026/27 used to support core committed activities linked to the RSLs such as provision of financial wellbeing support and home comforts;
 - The extension of £1m per annum of funding for the Helping Hand Fund until March 2028. This fund provides assistance to our customers who are facing financial hardship with rent; and
 - Funding of £3.1m to support other areas including Think Yes.

Delivering Sustainable Value

- 4.10 Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology-enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes. Provision has been included to invest in apprenticeships for the environmental service staff (“**NETS**”) and apprenticeships in the Foundation.

- 4.11 Planned investment of £33.6m in IT and £4.1m in premises and service facilities (such as concierge stations, care sites and local staff/community hubs) is included in our financial projections ensuring all staff are provided with the technology and facilities they need to work effectively and efficiently in our hybrid environment.
- 4.12 In order to achieve our strategic ambitions, we need to ensure the Group has sufficient funding in place to support our objectives and we remain compliant with our loan covenants.
- 4.13 As set out in the Funding Strategy, the Group has £800m of capital repayments scheduled to take place before the end of the decade. New funding and refinancing activity will be required to ensure continued liquidity to support our new build programme and scheduled repayments.
- 4.14 During 2025/26 we successfully finalised the refinancing of our £425m Revolving Credit Facilities (“**RCFs**”) and are in the process of agreeing up to an additional £130m of term loan funding which will be in place by March 2026. The size of the future funding requirement is largely dependent on the size of the development programme. Our updated financial plan confirms debt raising requirements of between £100m-£300m per annum as we progress through the decade which will be met from a range of sources, primarily private placements and bank term loans.
- 4.15 Our Financial Golden Rules, which set parameters for the financial position of our RSL Borrower Group are reviewed annually. These Golden Rules ensure we maintain sufficient liquidity and headroom within our cash and covenant positions. We do not propose any further changes to our Golden rules with these remaining as follows:

RSL Borrower Group Golden Rules

Liquidity	- Retain enough immediately available funds (i.e. free cash and secured undrawn debt capacity) to always meet our cash requirements for the next 2 years; - Contracted development + 25% to be covered by cash and available facilities; (whichever is the higher)
Gearing	- Not to exceed 70% (debt/property asset value on EUV-SH basis); - Minimum of £1,000 headroom to debt per unit covenant; and (the maximum debt level is determined by whichever is the lower)
Interest cover	- Always minimum 60% cover over the covenant level; - Always minimum 110% trading cashflow over interest costs

- 4.16 The funding structure has been developed to ensure that sufficient liquidity is maintained to meet our Golden Rules. Our cashflow projections show the RSL borrower group having sufficient cash and available on-demand loan facilities to maintain headroom over and above the projected debt requirements and maintain the Golden Rule for the next five years.

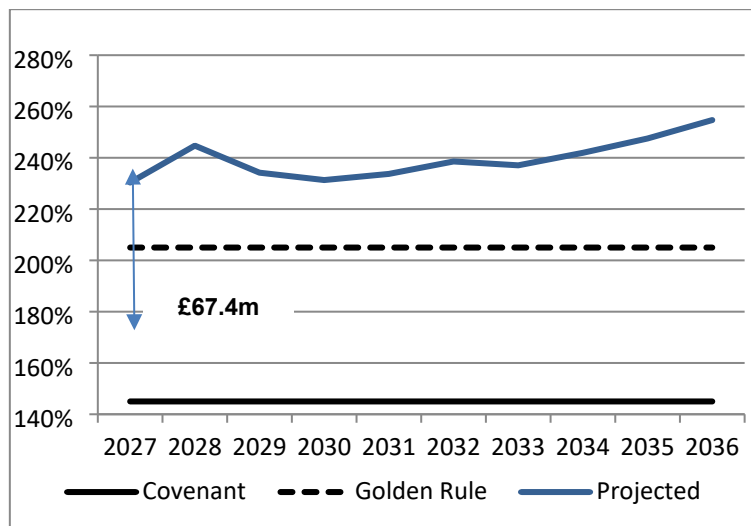
Group Financial Projections

- 4.17 The Group financial projections are set out in Appendix 1 together with the Group Statement of Comprehensive Income and Group Statement of Financial Position respectively.

RSL Borrower Group

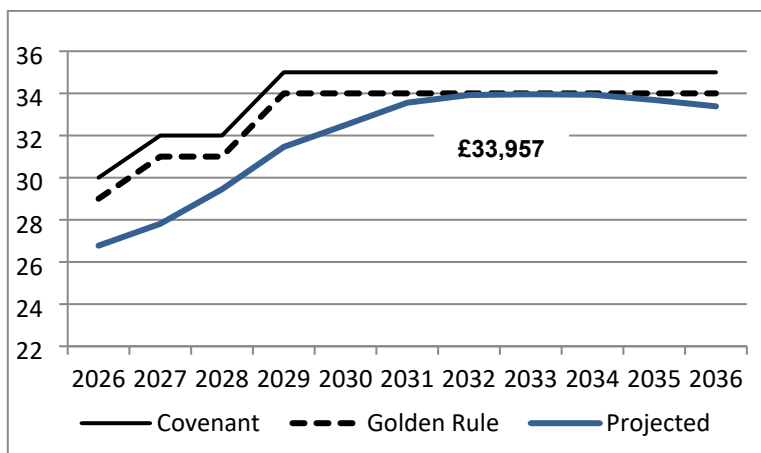
- 4.18 The RSL activities within the Group, are ring-fenced from the wider commercial activities and separate consolidated 'RSL Borrowing Group' accounts are prepared to support the funding in place. These are also shown in Appendix 1.
- 4.19 A continued focus within the RSL Borrowing Group remains cash generation capacity and the generation of sufficient operating margin and asset cover to support the level of borrowings. When considering our position, we look to the amount of cash that the business generates from its operations, remove non-cash accounting adjustments such as depreciation and new build grant recognised, and deduct the costs to maintain our properties. This calculation measures earnings after taking into account the investment expenditure needed to maintain the revenue generating assets and is defined as "Trading Cashflow". The measure reports the cash earnings from the business available to pay interest costs. This is the principal measure used in the UK social housing sector to assess ongoing financial sustainability.
- 4.20 The funding covenants for the RSL Borrower Group are presented in detail within Appendix 1. The position on two of the key covenants is shown below:

Figure 2: Interest Cover



Minimum headroom in interest cover is forecast to be £67.4m in 2026/27 with headroom to our Golden Rule of £20.0m. Cover improves in subsequent years as efficiency savings and rent increases offset increasing interest costs.

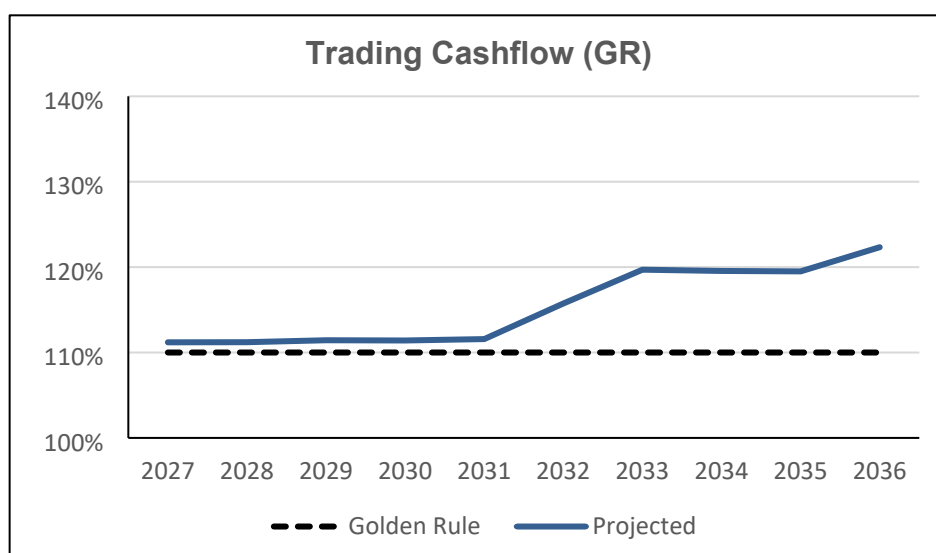
Figure 3: Debt per Unit



Debt per unit covenant moves in stepped increments from £30,000 to £35,000 over the next 3 years. This allows for growth in our development programme and allows delivery of over 4,500 new homes in the RSL borrower group over the next five years. Minimum headroom is £72.7m in 2032/33.

- 4.21 We have carried out stress testing of our covenant and golden rule compliance and these are contained in the detailed sensitivity analysis set out in Appendix 1. This shows that our forecasts are resilient to a wide range of potential scenarios. In line with previous years, we have also included a list of potential mitigating actions in the appendix beyond the headroom already built into the financial projections. These may form part of our response in the event of adverse conditions arising.
- 4.22 While not loan covenants, two key financial ratios are also monitored. Firstly, Trading Cashflow (underlying surplus after investment in existing homes) as outlined in 4.19 ensures that we do not borrow for day-to-day expenditure, interest costs or investment in existing homes. Secondly, the Loan to Value ratio (outstanding loans net of cash divided by the value of completed housing and investment properties) is used to assess whether there is sufficient asset cover to support the level of debt. Figures 4 and 5 show our Trading Cashflow and Loan to Value asset cover over the first 10 years.

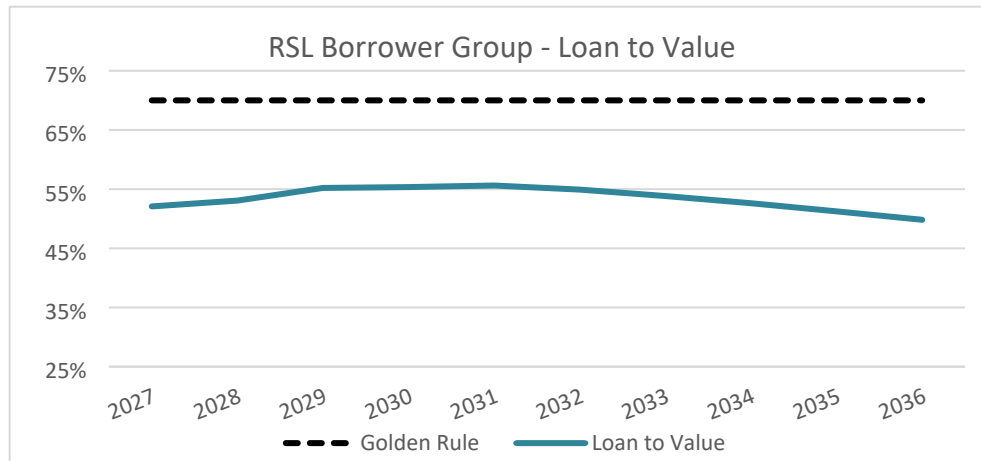
Figure 4: RSL Borrower Trading cash



- 4.23 The trading cashflow interest cover is above 1.10 throughout the period and varies between 1.11 and 1.12 over the first five years, with trading cash exceeding interest costs by between £8.8m in 2026/27 rising to £13.2m by 2030/31, demonstrating the financial strength of the RSL Borrower Group and our active decision to maximise the amount we invest in our tenants' homes.

4.24 Figure 5 shows that Loan to Value increases from 52.1% in 2026/27 to 55.6% by 2030/31 as additional debt is drawn to fund our development programme. Thereafter loan to value reduces to 52.6% by the end of the development programme before steadily reducing year on year in subsequent years. This demonstrates that the RSL Borrower Group has sufficient asset cover to support loans.

Figure 5: RSL Borrower Group Loan to Value



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Annual Update to the Framework of Principal Charges

- 4.31 The Group Pricing and Charging Policy was updated in February 2024 and shows our approach to charging and pricing for the services we provide our customers. This covers rents and service charges for all housing tenures, as well as other charges levied by our subsidiaries and internal charges between subsidiaries for services and is updated every three years.
- 4.32 The policy also includes the Framework of Principal Charges which provides more detail on the specific charges and in line with the policy is updated annually in line with the Business Plan. There are no changes to the charging structure for 2026/27 and the charges have been uplifted in line with inflation and the rent and service charge increases set out in the financial projections.

5. Customer engagement

- 5.1 The commitments funded in the business plan reflect our ongoing programme of engagement with our tenants with over 1,500 tenants actively involved in shaping services and regularly engaging with us through our Stronger Voices programmes.
- 5.2 In the delivery of our investment programme, our customer engagement has been strengthened in the last 12 months, with clearer communication on planned investment and improved local visibility of works.
- 5.3 Looking forward, a key priority is to revitalise the way we engage and communicate with customers, and key stakeholders who we know also engage with our tenants, on our investment plans.

- 5.4 It is intended that we will develop a range of new or enhanced measures, including:
- A microsite within our website where customers can access information on investments plans in their own locality;
 - Localised newsletters, a combination of physical and digital, providing customers with regular updates on ongoing and future investment work in their locality;
 - Engaging with local community councils and elected members, with regular briefings on our investment plans;
 - Customer Voice teams spending more time engaging with local communities updating them on our local investment plans as well as more targeted local focus groups; and
 - The use of digital screens within multi-storey properties to provide information on local priorities as well as solicit feedback from customers.
- 5.5 Local communities are engaged in the planning process at a neighbourhood level in all our new build development projects as part of the statutory consent process. Additionally, as the programme is delivered, we undertake customer satisfaction surveys from our customers. As part of our development process, we seek feedback from customers on the design of their new homes, satisfaction with their neighbourhood and the quality of defect services. The satisfaction rating for our new homes surveyed to date in 2025/26 is an average of 91%.
- 5.6 The Wheatley Design Guide and Specification has been developed to ensure that all new build projects meet the required standards and customer expectations. The development of the Design Guide was underpinned by a consultation process involving key stakeholders and customers.

6. Environmental and sustainability implications

- 6.1 The capital investment programme supports the Group's sustainability ambitions through a pragmatic focus on improving fabric efficiency and heating performance, primarily delivered through component replacement and targeted neighbourhood investment.
- 6.2 New build properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC levels of our developments will be B and our specification includes the use of zero emissions heating systems.

7. Digital transformation alignment

- 7.1 The financial projections include the funding required to support the delivery of our digital strategy.
- 7.2 The use of digital asset management information continues to underpin investment planning, enabling more accurate forecasting, prioritisation and delivery of large-scale programmes.

- 7.3 All properties in the programme will be digitally enabled, supporting social inclusion. Providing this infrastructure will allow our customers to access high-speed internet services quickly at the point of entry, without additional works being required by their internet service provider.

8. Financial and value for money implications

- 8.1 The financial projections incorporate cost efficiency measures, which are a key element of continuing to demonstrate value for money. These will be reflected in the annual budget and performance will be monitored against budget each month.
- 8.2 Support for vulnerable customers is prioritised through our Wheatley Foundation, and our Livingwell offer for older customers. The continuation of our “Helping Hand Fund” will offer support to customers to keep rent accounts up to date.

9. Legal, regulatory and charitable implications

- 9.1 The RSL Borrowing Group Financial Projections will be submitted to WFL1 funders for information only. WFL2 funders will receive Lowther Homes Financial Projections. The Group Financial Projections will also be submitted to the credit rating agency (S&P Global Ratings) ahead of their annual credit review of the Group, expected to take place in April. The first five years of the RSL financial projections are shared with the Scottish Housing Regulator as part of their ongoing monitoring of financial viability.
- 9.2 The investment plan supports compliance with all relevant legal and regulatory requirements, particularly in relation to safety and housing standards.
- 9.3 Legal support for the development programme is provided via both our in-house and Framework Solicitors as required. This includes provision of advice supporting procurement, contracts, and site acquisition.

10. Risk appetite and assessment

- 10.1 The Group risk appetite for business planning, investing in existing homes and environments and increasing the supply of new homes is “open”. This level of risk tolerance is defined as “prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level”.
- 10.2 As part of our assessment of risk we have subjected our financial projections and capital investment programmes for both existing and new homes to sensitivity analysis to show the potential impact on the plan of key risk factors such as increased costs, lack of delivery capacity or a reduction in the availability of new build grant as well as general risks which apply to core assumptions of inflation and interest rates. Sensitivity analysis and stress testing of our financial projections are addressed in Appendix 1 to this report.
- 10.3 In relation to the five-year development programme there is an established risk management framework overseen by the WDSL Board and monitored at each meeting.

11. Equalities implications

- 11.1 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis, and this helps to inform the project design and specification.
- 11.2 Within our new build programme, all homes are designed to Housing with Varying Needs. The inclusion of wheelchair units is also included in consultation with local authorities to meet their strategic objectives.

12. Key Issues and conclusions

- 12.1 This report presents the 2026/27 Group Financial Projections, the Five-Year Capital Investment Plan and Five-Year Development Programme. The updated financial projections, once approved, will set the overall borrowing framework for 2026/27. The figures in the first year of the projections will form the basis of the annual budgets which will be presented to the RSL subsidiary boards for approval in March.
- 12.2 With more detail provided in Appendix 1, the financial projections provide sufficient funding to support the achievement of the aims and objectives contained within our new 2026-31 Strategy, *Making Homes and Lives Better*. They also demonstrate that the Group continues to be financially resilient, remaining within our Financial Golden Rules and loan covenants.
- 12.3 Performance against budget will be monitored through the normal course of Board reporting cycles.
- 12.4 More details of the five-year Capital Investment Plan and five-year Development Programme are included at Appendix 2 and 3 respectively. These plans demonstrate a clear link between customer priorities, asset condition, investment decisions and the supply of new housing to help address homelessness.

13. Recommendations

- 13.1 The Board is requested to:
 - 1) Approve the updated projections for investment in assets and services over the five-year period to 2031 in support of our strategy, *Making Homes and Lives Better*;
 - 2) Approve the RSL Borrower Group and [REDACTED] financial Golden Rules respectively;
 - 3) Approve the five-year Capital Investment Plan summarised in Appendix 2;
 - 4) Approve the five-year Development Programme summarised in Appendix 3;
 - 5) Approve the financial projections for each of the subsidiaries attached;
 - 6) Delegate authority to the Group Director of Finance to provide Member approval of the final City Building Glasgow financial projections;
 - 7) Agree that the projected 2026/27 figures form the basis of next year's annual budgets for each subsidiary and the Group overall; and
 - 8) Note the uplift to charges in the Framework of Principal Charges in line with inflation and the rent and service charge increases set out in the financial projections.

LIST OF APPENDICES:

Appendix 1: WHG 2026/27 Financial Projections

Appendix 2: WHG Five-Year Capital Investment Plan

Appendix 3: WHG Five-Year Development Programme

Appendix 4: WH Glasgow 2026/27 Financial Projections

Appendix 5: Loretto Housing 2026/27 Financial Projections

Appendix 6: WH East 2026/27 Financial Projections

Appendix 7: WH South 2026/27 Financial Projections



Wheatley Housing Group Business Plan Financial Projections 2026/27

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- 1. Strategic context**
- 2. Wheatley Housing Group Financial Projections**
- 3. RSL Borrowing Group (WH Glasgow, Loretto HA, WH East & WH South)**
 - a. Key Assumptions**
 - b. Projected Financial Statements**
 - c. Debt profile**
 - d. Key ratios and covenant compliance**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 6. Risk analysis – Downside mitigations**

1. Strategic context

External environment	Customer priorities
▪ UK economy –persistent inflationary pressure continues to present challenges. General CPI inflation of 3.4% at December 2025 remains above the Bank of England’s 2% target with cost increases for key areas of housing expenditure running higher. While UK base rate has reduced to 3.75% the cost of new borrowing is directly linked to the cost of UK government borrowing which has increased over the last 12 months. ▪ Legislation – recently passed Housing (Scotland) Act 2025 introduces new statutory duties for landlords, including in relation to homelessness and a Scottish equivalent to Awaab’s Law. It also introduces restrictions to increases in PRS rents in specific rent control areas. ▪ Government support for housing in Scotland – Scottish Government announced multi-year funding commitment of up to £4.9bn over the next 4 years to support delivery of c.15,000 new homes per year across Scotland. Funding of £926m identified in budget for 2026/27 a headline increase of 20% on 2025/26.	▪ Affordable rents – cumulative impact of inflation and a potential tightening of the job market could impact on household incomes and affordability of rents. ▪ Investment in existing homes - maintaining sufficient levels of investment in homes, particularly in relation to key drivers in our Asset Strategy and specific stock types. ▪ Safe and well-maintained neighbourhoods – delivering on priorities identified in our neighbourhood plans. ▪ Customer experience – customer feedback links quality of service as key priority, particularly in relation to the repairs, investment and NETs service. ▪ Efficient use of resources – A ‘single view of the customer’ and getting things right first time seen as key to getting value for money for the rent customers pay.
Financial sustainability	Key challenges
• Credit rating & funding relationships – maintaining our credit rating and credibility with investors will require us to deliver our planned financial results including the delivery of operational efficiency savings. • Surplus generation – the Group needs to deliver planned savings to achieve the projected level of interest cover and trading cash headroom and maintain the planned level of capital investment. Future rent increases provide for increases in capacity for investment. • Debt servicing and compliance – group funding arrangements allow operational flexibility but set clear financial parameters which need to be met going forward (e.g. financial covenants).	• Keeping rents affordable during continued financial pressure on the business and on tenants’ household finances. • Making sufficient financial resources available for repairs and investment in our existing assets, services that our customers tell us are priorities. • Working closely with partners such as City Building to improve our repairs service and deliver value for money for our tenants. • Operational performance – continued focus on performance improvement key to enhancing financial stability and leading the sector.

2. Wheatley Housing Group

- 2.1 The financial projections for the Wheatley Housing Group have been developed based on the detailed projections prepared for each of the subsidiaries within the Group. Assumptions used are specific to each subsidiary except for general economic assumptions such as inflation and interest rates which are common to all Group subsidiaries.
- 2.2 The following projections are comprised of all companies within the Group, except for Wheatley Care, which from 1 April 2026 is assumed to be a strategic partner independent from the rest of the Group, therefore, their financial projections have not been consolidated.

Financial Projections – next 5 years

Statement of Comprehensive Income

£000s	2026-27	2027-28	2028-29	2029-30	2030-31
Turnover	533,136	614,591	625,010	713,345	717,057
Operating Costs	(388,912)	(401,022)	(408,030)	(427,397)	(442,703)
Other Income & Gains	(9,913)	(19,264)	(31,586)	(58,977)	(18,817)
Operating Surplus	134,311	194,305	185,393	226,971	255,537
<i>Operating Margin</i>	25%	32%	30%	32%	36%
Net Interest Payable	(84,262)	(89,072)	(98,810)	(110,332)	(120,705)
Surplus before Tax	50,049	105,234	86,583	116,639	134,832
Tax	(174)	(653)	(694)	(782)	(973)
Surplus for the Year	49,875	104,581	85,889	115,858	133,860
Movement in Housing Valuations	43,616	(35,542)	(61,383)	(88,629)	(94,790)
Comprehensive Income	93,491	69,038	24,506	27,229	39,070

2.3 Turnover

Under FRS 102 accounting rules, new build grant income is recognised as part of turnover in the projected Statement of Comprehensive Income. New build grant funding is recognised as income upon completion of the properties resulting in increased turnover in years where a higher number of properties are completed. The table below shows the new build grant recognised within turnover.

	2026-27	2027-28	2028-29	2029-30	2030-31
Grant Recognised (£000s)	88,165	138,473	126,976	185,056	160,519
Units Completed	669	1,038	892	1,138	1,034

Underlying turnover, excluding grant income, is forecast to increase by 25.1% over the next five years, from £445m to £557m, primarily due to the assumed rental increases and from the projected growth in stock numbers.

2.4 Operating Expenditure

Over the five-year period operating costs remain relatively stable in real terms with some small fluctuation due to organisational restructure and demolition costs. Strathclyde Pension Fund employer pension contributions of 17.5% (in 2026/27) returning to 19.3% from 2027/28 onwards have been included in addition to deficit contributions of £0.9m per annum in 2028/29 and 2029/30 to fund legacy liabilities in the Scottish Housing Association Pension Scheme (SHAPS). The movement in operating costs (excluding depreciation) in real terms is demonstrated in the table below. This shows a reduction in core operating costs between 2026/27 and 2027/28 of c£6m due to a decrease in compliance repair costs and increase in CBG discount. Thereafter core costs remain relatively stable as staffing efficiencies are re-invested back into increased provision for repairs.

	2026-27	2027-28	2028-29	2029-30	2030-31
Operating Cost*	£259.1m	£255.1m	£252.6m	£255.3m	£252.9m
Includes					
- Core Operating Costs	£254.5m	£248.5m	£246.9m	£247.8m	£248.2m
- Increased SPF Cont.	£3.5m	£4.1m	£4.1m	£4.1m	£4.1m
- SHAPS deficit payment	-	-	£0.9m	£0.9m	£0.0m
- [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Demolition Costs	£0.1m	£0.0m	£0.2m	£0.4m	£0.6m

*Adjusted to exclude depreciation and inflation

2.5 Other Income and Gains

This includes projected gains on revaluation of investment property and any gains or losses from the disposal of fixed assets. The movements reported reflect forecast movements in the value of the RSL and Lowther owned mid-market rent properties with the variation due to number of properties completing in year and the assumed value versus cost of construction.

2.6 Operating Surplus

Operating surplus, which includes grant income and valuation adjustments on investment properties, is forecast to increase over the first four years from £134m in the first year to £256m by year 5. Excluding the impact of the recognition of new build grant income and valuation movements, the operating surplus is projected to increase from £56.1m in 2026/27 to £113.8m in 2030/31; an equivalent increase in operating margin from 12.6% to 20.5% driven by increasing rental income and a continued focus on cost efficient services.

2.7 Funding Costs

Over the past year, persistent inflation and uncertainty over the future economic outlook have increased the cost of UK government borrowing over the longer term with the return investors require for lending to the government being substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at currently 3.75% at February 2026. As inflation remains higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. A large proportion of our existing funding is at fixed rates which limits our interest rate exposure however, the cost of new borrowing is directly linked to the cost of UK Government borrowing. Our projected funding costs reflect a prudent view of both movements in variable rates and the cost of new term loans and that our new build projects meet a target rate of return and generate a net income stream which is sufficient to meet the costs of associated funding. Over the five-year period funding costs are assumed to increase as a result of the additional borrowing required to fund the planned development programme.

2.8 Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the surplus for the year line. The year on year variation in the figure is driven by the profile of new build completions in any one year and the recognition of new build grant income.

2.9 Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2018 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario. In years 3 and 4 the total comprehensive income is lower with those years having a higher share of MMR units completing. MMR units have a lower grant rate, reducing the offset available against the valuation movement.

WHG Financial Projections | 2026/27

2.10 Statement of Financial Position

	2026-27	2027-28	2028-29	2029-30	2030-31
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Housing & Investment Properties	3,920,676	4,176,731	4,406,138	4,506,610	4,568,998
Other Fixed Assets	87,475	80,623	78,685	76,971	74,900
Total Fixed Assets	4,008,151	4,257,354	4,484,823	4,583,581	4,643,898
Debtors Due < 1 year	40,179	40,211	40,245	40,158	40,197
Cash	15,865	13,798	13,627	12,774	12,434
Creditors Due < 1 year	(227,889)	(215,973)	(255,955)	(250,004)	(200,930)
Net Current Liabilities	(171,845)	(161,964)	(202,083)	(197,072)	(148,299)
Loans – Bank & Bond	(1,896,641)	(2,032,658)	(2,194,635)	(2,303,171)	(2,404,295)
Loans - SG	(51,923)	(54,608)	(57,432)	(60,401)	(63,525)
Deferred Income > 1 year	(35,678)	(87,021)	(85,065)	(50,098)	(15,871)
Provisions for liabilities & charges	(10,505)	(10,505)	(10,505)	(10,505)	(10,505)
Pension Liability	(6,748)	(6,748)	(6,748)	(6,748)	(6,748)
Long Term Liabilities	(2,001,495)	(2,191,540)	(2,354,384)	(2,430,924)	(2,500,944)
Net Assets	1,834,811	1,903,850	1,928,356	1,955,585	1,994,655
Capital & Reserves	1,834,811	1,903,850	1,928,356	1,955,585	1,994,655

2.11 Fixed assets and investment properties

The value of housing and investment properties are forecast to increase by £900m (24%). This is due to the new units forecast to be completed or acquired over the period in addition to valuation movements on existing stock supported by our capital investment programme.

2.12 Net Current Liabilities

Debtors due within a year, which includes rent debtors, remain relatively stable over the period with movements to provide for the impact of Universal Credit and other welfare reforms reflected in the opening position.

Under the accounting rules for housing assets, grant received in respect of new build is recognised within the Statement of Financial Position as deferred income and included within current liabilities while under construction. On completion it is transferred to the Statement of Comprehensive Income. The relatively high level of current liabilities and fluctuations from year to year are the result of both the scale and completion profile of our development programme.

2.13 Long Term Liabilities

Bank and bond funding is expected to increase by £593m over the period reflecting the additional borrowing required to fund the development programme. Loans -SG includes the repayable grant received from the Scottish Government. This is fully drawn and reported at fair value which increases year on year until repayment is due in 2040/41. Other long-term liabilities are assumed to remain relatively constant over the period.

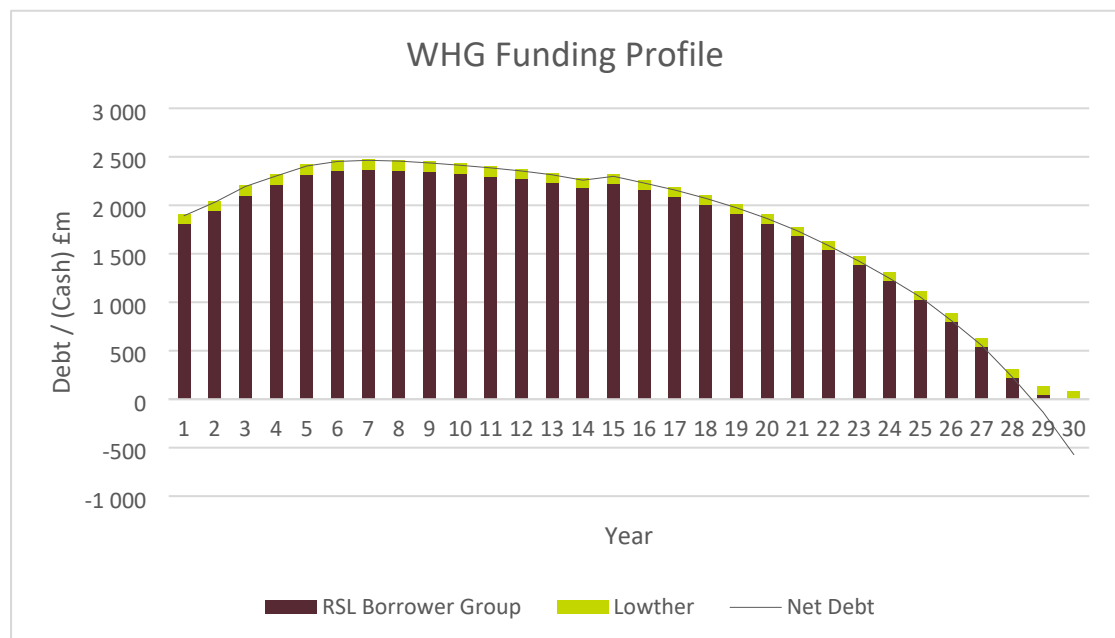
2.14 Net Assets

Net Assets are expected to increase over the five-year forecast period in line with the growth in housing properties and increasing surpluses from operating activities.

2.15 Funding and Key Financial Ratios

The table and graph below show the key funding indicators for the group as well as each of the individual borrowers.

	WHG Group		RSL Borrowing Group		Lowther Homes	
Gross Peak debt (£/year)	£2,475.9m	7	£2,366.8m	7	£109.1m	7
Net Peak debt (£/year)	£2,463.6m	7	£2,356.8m	7	£107.1m	7



This shows that WHG’s cash flows can support the projected borrowing requirement, incorporating additional asset growth funded from planned funding. The £100m SG contingency efficiency grant is assumed to be repaid in year 15.

The following sections give more details of the assumptions for the RSLs and other subsidiaries.

3. RSL Borrower Group

3.1 Background/Assumptions

The RSL borrower group includes all RSLs within the Group except for the parent company Wheatley Housing Group Limited which does not carry out any operating activities. Also included is Wheatley Developments Scotland (WDS) a wholly owned subsidiary of Wheatley Housing Group which manages and delivers the new build programme on behalf of the Group's RSLs, the results of which form the new build development costs of the RSLs.

3.2 Stock numbers

Together WH Glasgow (WHG), Loretto HA (LHA), WH East (WHE) and WH South (WHS) currently own or manage 62,603 properties for social rent, 1,636 mid-market rent houses, which are leased to Lowther Homes, and 356 shared ownership or shared equity properties.

3.3 The 62,603 social housing units at 1 April 2026 include 497 properties which have been assumed for demolition over the period to 2033/34. These comprise 154 properties in WH South including 130 in Lochside, 66 Livingwell properties which are under consideration for demolition in Glasgow and a provision for additional demolitions which could form a programme to progress future regeneration activities.

3.4 While no significant disposal of housing properties is anticipated, the projections assume 11 properties owned by WH East will be sold during 2027/28. The disposal and re-provisioning strategy was approved by the Barony Board prior to their transfer to WH East as these properties do not allow for tenants residing in the accommodation to live independently. These are the final properties to be disposed of under the agreed re-provisioning strategy.

3.5 In September 2025, the Scottish Government committed to £4.9 billion of funding for affordable housing over the next four years. The recent 2026/27 Scottish Budget re-affirmed this commitment and confirmed funding of £926m for the Affordable Housing Supply Programme in 2026/27, an increase of £158m compared to 2025/26. While the detailed allocations of this multi-year funding have still to be confirmed in the Scottish Government Spending Review, our development programme is based on our expectations of grant availability in the local authorities we operate in. A total of 4,626 new homes are assumed to be delivered by the RSL Borrower Group over the next 5 years with 82% of these for social rent, and we will deliver a further 1,056 homes over the period to 2034 a total programme of 5,682 new homes based on our existing debt per unit covenant capacity of £35,000 per unit.

- 3.6 The overall development programme is expected to deliver 3,785 additional social housing properties over the next five years including 58 acquisitions and the conversion of 18 unlettable properties and an office space to 19 flats. A further 943 units are expected to be delivered in the period to 2034. This will be funded from available cash, use of our committed RCFs, additional debt and will be supported by Scottish Government grant funding.
- 3.7 The 1,636 mid-market rent properties owned by the RSL's at 1 April 2026, are after the approved sale of 233 units (100 owned by WHG and 133 by WHE) to Lowther Homes in March 2026, the proceeds of which will be used to increase the amount invested in tenants' homes in the medium term. No additional sales of MMR have been built into the projections. Over the next five years it is projected that 841 properties for mid-market rent will be completed, funded from existing and new loan facilities and supported by Scottish Government grant funding. By the end of 2030/31 it is forecast that 2,477 mid-market rent properties will be owned by the RSLs. In line with existing arrangements, these will be leased to and managed by Lowther Homes. The table below shows the forecast movement in housing stock by tenure over the first five years:

	Year 1 2026-27	Year 2 2027-28	Year 3 2028-29	Year 4 2029-30	Year 5 2030-31	Total Years 1-5	Years 6-8 2031-2034
Social Housing							
Opening Stock	62,603*	63,180*	64,018	64,663	65,394	62,603	66,231
New Build	520	860	645	797	886	3,708	943
Acquisitions / Other	58	1**	-	-	-	59	-
Demolition / Disposal	(1)	(23)	-	(66)	(49)	(139)	(369)
Closing Social Housing Stock	63,180	64,018	64,663	65,394	66,231	66,231	66,805
Mid-Market Rent							
Opening Stock	1,636	1,665	1,824	2,047	2,362	1,636	2,477
New Build	29	159	223	315	115	841	113
Closing MMR Stock	1,665	1,824	2,047	2,362	2,477	2,477	2,590
Shared Ownership							
Closing SO/SE Stock	356	356	356	356	356	356	356

* stock numbers include existing 18 unlettable units at Duke Street

**includes 1 new unit at Duke Street added to stock numbers

3.8 Income

Keeping rents affordable remains a key strategic aim. Rental income represents on average 94% of the RSL borrowing group's turnover (excl. development and other investment work grants). Rental income has been estimated based on current average weekly rents adjusted for the agreed rent increases to be applied in April 2026. The April 2026 increase approved by all subsidiary boards was 6.9%. Rent and service charge increases supports the continued investment in our existing homes and our services while remaining comparable with the Sector.

3.9

Rent Increase	2026-27
All RSLs	6.9%

3.10 Gross rental income will be reduced by voids, bad debts and arrears. The assumptions in the financial projections for rent loss due to voids have been informed by our historical performance which has remained relatively stable over the last three years and, in the year to December 2025, is sitting at 1.08%. While rent loss due to voids is expected to reduce further as a result of investment works in stock with higher tenancy turnover, the assumptions in the financial projections remain prudent relative to historical performance.

3.11 In light of the economic challenges facing our customers together with our experience to date of the impact of welfare reforms similarly prudent assumptions have been made in bad debts and rent arrears. In 2024/25 bad debts as a percentage of gross rental income and service charges were 0.53% and are forecast to be 0.94% in 2025/26. The table below shows the assumed average percentage of rent lost across the group's lettable stock.

Performance	2025-26 Fcast	2026-27	2027-28	2028-29	2029-30	2030-31
Voids	1.08%	1.3%	1.3%	1.2%	1.2%	1.2%
Bad Debts	1.01%	1.4%	1.5%	1.5%	1.5%	1.5%

3.12 Where properties have been assumed for demolition, rent loss from voids has been estimated based on anticipated clearance times. The assumptions within our financial projections for arrears continue to recognise the economic challenges facing our customers, together with our experience to date on the impact of welfare benefit changes including the migration from legacy arrangements to universal credit. As we anticipate the final stage of the migration of working age tenants to universal credit will be completed by March 2026 the impact of this, estimated at £2.0m, has been reflected in our opening arrears balance.

3.13 In addition to rental income from social housing, the RSL group receive income from other sources including lease income from mid-market rent properties managed by Lowther Homes, commercial properties and office rents as well as the provision of additional services such as heating and furnished lets.

Operating Expenditure

3.14 *Management costs*

Employee costs for 2026/27 reflect the current staffing structure including the Customer First Centre, NETS, Housing Officers, the My Repairs specialist team and wraparound service model which co-ordinates several teams including financial wellbeing support and furnished lets teams through a single Group wide structure. The agreed Strathclyde Pension Fund employer contributions of 17.5% in 2026/27 have been reflected within the plan with these assumed to return to 19.3%, the historic level, thereafter. Provision has also been made for deficit contributions to the SHAPS pension fund of £0.9m per annum in 2028/29 and 2029/30 with advance payment of the first two years contribution assumed in 2025/26.

3.15 Taking into consideration the current inflation rates, pay increases of 4.0% have been assumed in 2026/27 [REDACTED]

3.16 Over the next five years, staff savings of £3.0m have been assumed across the RSLs and Wheatley Solutions as we continue to refine our operating model. These savings will be delivered through our well-established workforce planning process.

3.17 Our projected running costs reflect savings of £1.1m in 2026/27 with these delivered through the insurance re-tender and market engagement. Further value for money (VfM) savings will also be targeted through continuous process improvements, supplier/ contract management and maximising community benefit opportunities to offset inflationary increases in discretionary spend. Cost efficiencies allow the Group to keep rents affordable for tenants.

- 3.18 The table below shows the profile of employee costs, running costs and group recharges over the first five years including assumed inflation and pay uplifts.

£000s	2026-27	2027-28	2028-29	2029-30	2030-31
Employee Costs					
– Direct RSL	53,524	54,188	55,166	56,282	55,769
– Solutions Recharge	24,784	25,157	25,736	26,329	26,879
Total	78,308	79,345	80,902	82,611	82,648
Running Costs					
– Direct RSL	17,243	18,131	19,434	20,190	21,034
– Solutions Recharge	14,410	14,791	15,182	15,529	15,919
Total	31,653	32,922	34,616	35,719	36,953

3.19

Repairs and Maintenance

- 3.20 Repair costs remain a central part of our projections with the repairs service being identified as one of our top drivers of customer satisfaction and perception of value for money. One of our key strategic priorities is to provide an excellent repairs service which meets customer expectations, protects our assets and fully complies with all current and future safety standards and regulatory requirements. As part of our programme of improvements to our repairs service we will utilise technology in addition to repairs data to identify areas where efficiencies can be made.

The provision for repairs recognises the demand and cost inflation we have experienced in 2025/26, growth from the additional stock in addition to increases in the cost of our cyclical programme with increased regulatory requirements and safety standards as well as higher contract rates reflected. The forecast repairs and maintenance by type can be seen in the table below.

£000s	2026-27	2027-28	2028-29	2029-30	2030-31
Reactive	55,979	57,251	58,144	59,944	61,824
Compliance	32,989	30,826	31,580	32,125	32,876
Cyclical (Local)	1,929	2,592	2,935	4,100	4,639
CBG Overhead, Discount & VAT saving	6,724	5,153	4,732	4,406	4,594
Total Repairs & Maintenance	97,621	95,822	97,391	100,575	103,933

The table below shows the average cost per unit (£) assumed for repairs and maintenance before CBG discounts and including inflation.

Repair cost per unit	2026-27	2027-28	2028-29	2029-30	2030-31
Reactive	951	964	968	986	1,005
Compliance & Cyclical	605	574	586	608	622

3.21 Costs for reactive repairs are assumed to increase year on year as inflationary increases offset assumed efficiency savings from increased new build and demolition. To mitigate against the impact of increasing costs we will continue to seek efficiencies through the increased use of technology and closer collaboration with our joint venture entity City Building (Glasgow). The average cost per unit for cyclical repairs of £605 in 2026/27 reflects an increase of £28 compared with the provision in the 2025/26 Financial Projections for the same year on the same basis, with this driven by a combination of additional regulatory requirements and higher uplifts in contract costs than previously assumed. Costs for cyclical and compliance works are assumed to increase with inflation and variations across the 5 year plan reflects the profiling of work to ensure all requirements are met.

3.22 Demolition Costs

The financial projections assume that 497 units will be demolished in the period to 2033/34 with 128 of these within the next five years. As shown in the table below a provision of £9.9m has been included for costs associated with these works, £2.7m of this in the first five years. This includes the physical demolition cost, site security and home loss and disturbance payments made to tenants. These costs relate primarily properties to be demolished as part of wider regeneration projects such as in Lochside. As these sites will be redeveloped, we have assumed that £1.4m of the costs over the 5 year period can be capitalised as part of the site preparation costs for the planned new homes.

Demolitions	2026-27	2027-28	2028-29	2029-30	2030-31	Total Years 1-5	Total Years 6-9
Units	1	12	-	66	49	128	369
Demolition Costs £000s	58	95	175	1,160	1,220	2,708	7,184

3.23 *Other Provisions*

The financial projections include a commitment to invest in the communities in which our tenants live and the extension of the Helping Hand Fund to help tenants who are struggling to keep their rent accounts up to date in the current economic climate.

3.24 Initiatives to support our tenants are primarily delivered by the Wheatley Foundation, the Group's charitable trust, with this funded primarily by Group subsidiaries. This funding includes direct donations from the RSLs of £11.7m over the five year period and the interest due from Lowther to WH Glasgow on its £45m convertible loan which is paid directly to the Foundation as WH Glasgow's contribution towards its activities. The income recognised in the Foundation will be used to continue our commitment to the Community Improvement Partnership, working with police and fire services, Group Protection support and to fund several projects that will benefit customers and communities across the Group. Projects include the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Financial Wellbeing support. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that these activities will help tenancy sustainment and create strong communities over the longer term.

3.25 *Operating Cost per Unit*

The table below shows operating expenditure excluding inflation, depreciation and restructuring costs and average stock.

	2026-27	2027-28	2028-29	2029-30	2030-31
Operating Expenditure	226,825	224,194	225,764	226,426	226,093
Average Stock (Social)	62,892	63,599	64,341	65,029	65,813
Operating Cost per Unit	3,607	3,525	3,509	3,482	3,435

3.26 This shows that operating costs per unit are expected to steadily reduce over the period. Variations in the operating costs per unit can be attributed to specific in year costs while the additional costs associated with the increased number of units over the period are minimised by value for money and efficiency savings gained through service transformation and investment in technology.

Investment & Growth

3.27 Capital investment programme

As part of our financial and asset investment planning, we have aligned the level of financial capacity within our financial projections for investment in existing homes with the stock condition information we hold in our asset management system and our rolling programme of stock condition surveys. The information held on our asset management system has been verified by JLL, the Group's independent valuers.

3.28 Our core investment activities over the next five years will continue to focus on the delivery of improvements which provide the greatest value to our customers. Provision has been included in our core investment programme to deliver the Five-Year Strategic Investment plan, meet commitments made to tenants in the first two years and deliver specific investment to stock types that will extend their useful life. Our projections recognise the growing statutory duties and include provision for two larger scale projects at Ibroxholm in WH Glasgow and Marine Drive in WH East. They also continue to maintain the delivery of our neighbourhood plans through a programme of environmental improvements and build capacity to fund a programme of energy efficiency improvements to meet the zero targets in the new SHNZS.

3.29 The capacity to increase our investment programme over the five years is possible due to the additional funding generated from the sale of 233 mid-market rent properties to Lowther Homes, VAT savings generated from City Building Glasgow joining the Wheatley Group of companies from April 2026, operational efficiencies in management costs and generating operational cashflows from rental income.

3.30 Investment in existing stock in 2025/26 is forecast to be £94.5m. Over the next five years this investment will continue with a further £621m, including inflation, of planned investment in existing stock. A further provision of £16.7m has been included over the 5 year period for environmental investment and repair works. The table below shows the investment assumed by the RSLs over the five-year period, including VAT, fees and inflation.

Stock Improvement programme £000s	Year 1 2026-27	Year 2 2027-28	Year 3 2028-29	Year 4 2029-30	Year 5 2030-31	Total Years 1-5
Stock Improvement Programme	46,740	60,048	69,768	74,244	84,003	334,803
Capitalised Repairs and Voids (incl Damp)	30,544	31,310	32,093	32,896	33,718	160,561
Medical Adaptations	3,926	4,006	4,088	4,172	4,259	20,451
Overheads & Other	21,822	20,201	20,632	21,142	21,630	105,427
Total Investment in Housing	103,032	115,566	126,581	132,454	143,610	621,242
Environmental Investment	4,359	3,866	2,854	2,542	3,079	16,700
Total Investment incl Environmental	107,391	119,432	129,435	134,996	146,689	637,942

3.31 New Build

Over the 5-year period of our new strategy it is anticipated that 4,626 new homes will be delivered by the RSLs through direct development and acquisitions.

3.32 The cost to deliver this programme has been estimated based on current tendered costs and grant levels. As shown in the table below, total costs of over £1.3bn are projected over the 8 years with this supported by grant funding of £739m. In addition to the provision for construction of new homes, an allowance has been included for the acquisition of up to 58 individual properties in Glasgow and Dumfries and Galloway. A development fund of £300k has also been provided for in 2026/27.

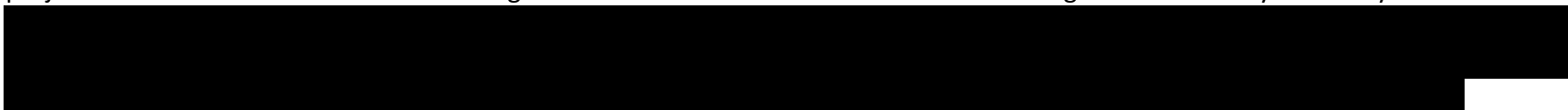
	2026-27	2027-28	2028-29	2029-30	2030-31	Total Years 1-5	Total Years 6-8	Total
Development Costs* £000s								
Development Costs	204,265	297,470	301,703	236,163	167,480	1,207,081	102,837	1,309,918
Grant Income	144,092	176,738	161,144	144,105	75,629	701,708	36,943	738,651
Net Development Costs	60,173	120,732	140,559	92,058	91,851	505,373	65,894	571,267
Acquisitions	3,427	-	-	-	-	3,427	-	3,427
Development Fund	300	-	-	-	-	300	-	300
Total Spend	63,900	120,732	140,559	92,058	91,851	509,100	65,894	574,994
Units Completed								
- Social	520	879**	645	797	886	3,727	943	4,670
- MMR	29	159	223	315	115	841	113	954
- Acquisitions (Social)	58	-	-	-	-	58	-	58
Total	607	1,038	868	1,112	1,001	4,626	1,056	5,682

*excludes staffing and capitalised interest

** Includes 19 units from the conversion of 18 existing properties and an office.

- 3.33 Wheatley Development Scotland (WDS) undertakes design and build works on behalf of the RSLs in the group. The use of a separate design and build subsidiary out-with the Wheatley VAT Group allows it to undertake new build developments in a VAT-efficient manner, allowing any VAT costs associated with the design and build of new homes to be reclaimed and reinvested back into the new build programme, thus reducing the overall cost.
- 3.34 While the Scottish Government have announced a multi-year Affordable Housing Supply Programme funding commitment of up to £4.9 billion over the next four years to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. Our programme reflects discussions with our local authority partners and the Scottish Government to grow the supply of much needed-affordable housing in priority areas. We have carried out a sensitivity scenario to assess the risk if the assumed grant was not all available. While the development of new housing is a key strategic aim, this sensitivity shows that our financial projections are not materially impacted by a limitation on new build grant which in turn would reduce the size of our new build programme.

- 3.35 In addition to the 4,626 properties (including acquisitions) assumed to be directly delivered over the five-year period, the financial projections reflect the increase in WH Glasgow's loan to Lowther Homes of £15m as the agreed loan is fully drawn by 31 March 2026.



3.36 Cost inflation

While inflation has stabilised to an extent following significant volatility over the last few years, consumer price inflation (CPI) remains above the Bank of England target of 2.0%. In addition, key cost drivers for housing expenditure, most notably repairs, continue to exert upward pressure on operating costs.

- 3.37 We have updated our cost assumptions to reflect the current rate of inflation within our 2026/27 financial projections. While we have assumed general cost inflation of 3.0% in 2026/27, we have also taken a granular view of the impact of price movements across the categories of our cost base with the greatest spend, which includes the impact of reductions in insurance costs and the expected uplift in repairs cost rates by City Building Glasgow and wider repairs and applied all other known uplifts. From 2027/28 to 2030/31 a general cost inflation rate of 2.5% has been assumed, retaining an element of prudence in our five year forecasts. Beyond year five a general cost inflation of 2% has been assumed, in line with the Bank of England target for CPI.

- 3.38 The general cost inflation rate assumed within the financial projections together with recent forecast updates from our financial risk advisors, Chatham Financial and from the Bank of England (BOE) are shown in the table below.

Inflation Assumptions	2026-27	2027-28	2028-29	2029-30	2030-31	2031 on
General Cost Inflation	3.0%	2.5%	2.5%	2.5%	2.5%	2.0%
Pay Inflation	4.0%	2.5%	2.5%	2.5%	2.5%	2.0%
<i>Market Forecast (CPI)</i>						
<i>Allia C&C (Jan 26 Update)</i>	2.48%	2.03%	2.00%	2.00%	2.00%	2.00%
<i>BOE (Nov 25 Monetary Policy Report)</i>	2.50%	2.40%	1.90%	2.00%	2.00%	2.00%

3.39 RSL Borrowing Group Financial Projections – next 5 years

The projected Statement of Comprehensive Income and Statement of Financial Position for the RSL borrowing group are shown below.

Statement of Comprehensive Income

	2026-27	2027-28	2028-29	2029-30	2030-31
Turnover	488,341	580,532	587,285	674,317	674,679
Operating Expenditure	(357,298)	(371,675)	(380,062)	(398,194)	(412,751)
Other Income & Gains	1,204	(19,264)	(28,931)	(56,617)	(14,692)
Operating Surplus	132,247	189,593	178,292	219,506	247,236
<i>Operating Margin</i>	27%	33%	30%	33%	37%
Finance Charges	(79,867)	(84,667)	(94,226)	(105,482)	(115,750)
Movement in valuation of social housing properties	43,616	(35,542)	(61,383)	(88,629)	(94,790)
Total Comprehensive Income	95,996	69,384	22,683	25,395	36,696

3.40 Turnover

Turnover is forecast to increase over the five-year period as a result of assumed rent increases and income received from the additional properties completed. Underlying turnover, excluding new build grants, is forecast to increase by 25.8% over the period from £412.0m to £518.3m.

3.41 Operating Expenditure

Operating expenditure is projected to increase over the period as inflationary increases and provisions for new units delivered through the development programme offset the management cost savings assumed. In real terms the operating cost per unit decreases over the five-year period as shown in 3.25, linked to ensuring value for money through our procurement process, and efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices.

3.42 **Operating Surplus (Operating Margin)**

It is projected that the RSL Borrower Group will make an operating surplus, including grant recognised on new build and valuation adjustments, in all years with this increasing from £132.2m in 2026/27 to £247.2m by 2030/31 equivalent to an increase in operating margin from 27% to 37%. Variations in operating surplus from year to year are due to movements in new build grant income and valuation adjustments. Excluding the impact of grant income and valuation adjustments, the underlying operating margin increases from 13.3% in 2026/27 to 20.4% by 2030/31. This is due to increased turnover from new units and rent increases, and operating expenditure savings.

3.43 **Funding Costs**

Interest paid increases over the period as loans are drawn to fund the development programme and interest rates on variable rate funding are assumed to increase.

3.44 **Total Comprehensive Income**

It is projected that the RSL Borrower Group will make a surplus of £96.0m in 2026/27 with this varying over the 5 year period. Fluctuations in this figure are due to grant recognised in turnover and assumed movements in the valuation of housing and investment properties.

3.45 Statement of Financial Position

	2026-27	2027-28	2028-29	2029-30	2030-31
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Housing Properties	3,481,483	3,711,550	3,906,312	3,964,306	4,010,913
Investment Properties	218,972	238,976	266,489	304,946	321,561
Other Fixed Assets & Investments	133,024	126,203	124,268	122,552	120,481
Total Fixed Assets	3,833,478	4,076,730	4,297,069	4,391,804	4,452,955
Debtors Due < 1 year	34,488	34,521	34,554	34,467	34,507
Cash	10,000	10,000	10,000	10,000	10,000
Creditors Due < 1 year	(216,458)	(200,714)	(239,056)	(235,086)	(188,717)
Net current assets/(liabilities)	(171,970)	(156,193)	(194,502)	(190,618)	(144,210)
Loans	(1,849,632)	(1,987,933)	(2,149,237)	(2,257,427)	(2,362,517)
Deferred Income > 1 year	(35,678)	(87,021)	(85,065)	(50,098)	(15,871)
Pension Liability	(6,748)	(6,748)	(6,748)	(6,748)	(6,748)
Other Creditors & Provisions	(2,418)	(2,418)	(2,418)	(2,418)	(2,418)
Long Term Liabilities	(1,894,476)	(2,084,120)	(2,243,468)	(2,316,691)	(2,387,554)
Net Assets	1,767,033	1,836,417	1,859,100	1,884,495	1,921,191
Capital & Reserves	1,767,033	1,836,417	1,859,100	1,884,495	1,921,191

3.46 Housing and Investment Properties

Housing and investment properties are projected to increase in value by 25.9% to just over £4.3bn over the five-year period as a result of value added through investment in existing stock, valuation uplifts on existing stock and additional units developed.

3.47 Other Fixed Assets and Investments

Other fixed assets relate to offices, community infrastructure, IT equipment, motor vehicles and fixtures and fittings. These remain relatively steady over the period as additional investment is offset by depreciation. Other investments relate primarily to the £45m unsecured convertible (to ordinary shares) loan from WH Glasgow to Lowther Homes.

3.48 Current Assets/Liabilities

Current assets are forecast to remain relatively stable over the five year period with the impact of the roll out of Universal Credit on our rental debtors reflected through the opening position. Movements in current liabilities relate predominantly to grant received in respect of housing under construction. This is recognised as deferred income until the units are completed at which point it is transferred to the Statement of Comprehensive Income as part of Turnover.

Cash is assumed to be subject to a minimum balance of £10m.

3.49 Long Term Liabilities

The loan figure shown above includes private funding provided by WFL1 net of loan fees in addition to a repayable £100m Scottish Government Grant. This figure increases over the period as additional borrowing is required to fund the development programme. The Scottish Government Grant is reported at fair value with the value increasing each year until the repayment date.

3.50 Reserves

Reserves are expected to increase year on year due to the forecast surpluses, which are re-invested in capital improvements in our homes combined with increasing asset values as a result of investment and growth.

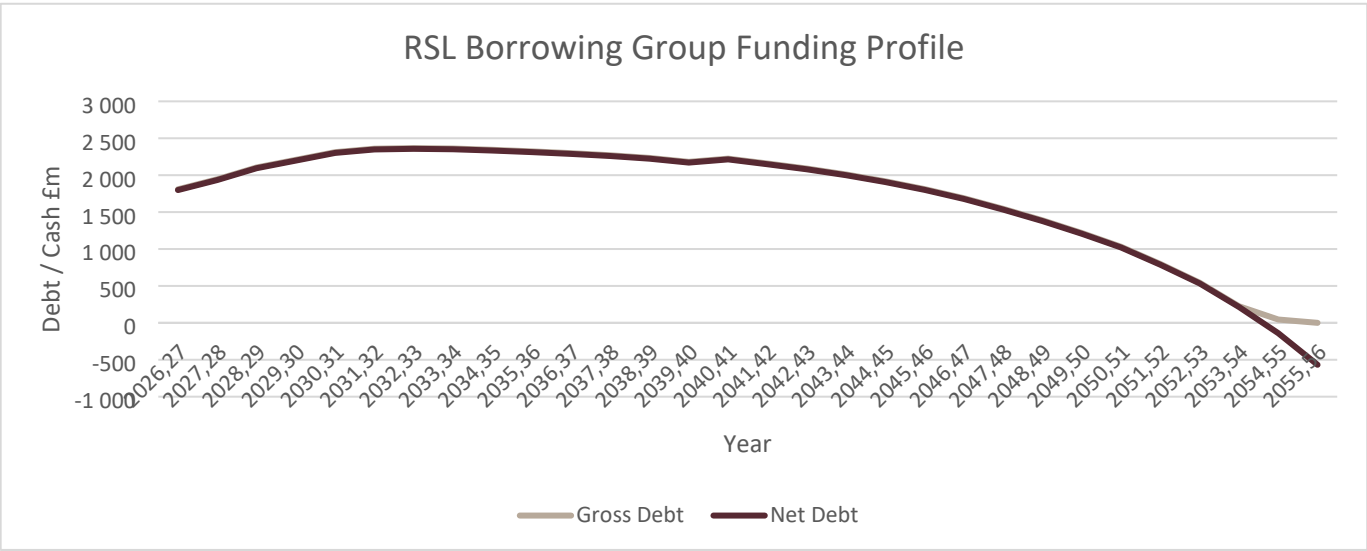


3.54 Funding and debt profile

The financial projections for the RSL borrowing group reflect the group funding arrangements through Wheatley Funding Limited 1 (“WFL1”). Each RSL borrows from WFL1 under intra-group loan agreements at an “all in” funding rate representing total external funding costs incurred by WFL1. Pooled assets of all the RSLs are charged in security to support WFL1’s borrowings and there are cross guarantees between the RSLs on the borrowing group. Individually each RSL needs to maintain financial viability and this is achieved by ensuring that their individual cash flows and assets are sufficient to support their own debt.

The table and graph below show the key funding indicators and profile for the RSL Borrowing Group.

Key Funding Indicators	
Peak Debt (Gross)	£2,366.8m
Peak Debt (Net)	£2,356.8m
Peak Debt Year	2032/33



[illegible]

The table above shows that based on the RSL Borrowing Group projections all funding covenants will be met.

3.56 The RSL Borrower Group is funded on a 'secured' basis and as a result the housing assets of the RSL borrower group need to be of sufficient value to provide security cover for the borrowing within WFL1. The 2024/25 external valuations adjusted for new build properties delivered within the current financial year to date and sale of mid-market rent properties to Lowther Homes in March 2026, project a surplus funding capacity of circa £598m at the start of 2026/27 to support additional debt. The additional capacity consists of £331m of unsecured assets and £267m of assets previously deallocated from funders and available as security for new funding. This capacity increases as the development programme progresses and there is sufficient value to cover all new funding tranches modelled in the business plan.

6. Risk Analysis – Downside mitigations

The key challenges for WHG include:

- How we best mitigate the risk of the current economic climate, including the impact of inflation, the cost of new funding, welfare benefit changes and a tightening of the job market on both our cost base and rent affordability for our customers;
- Delivery of investment works to meet regulatory and energy efficiency standards within available resources;
- Our need to reduce our management costs to ensure sustainable services, achieve our financial projections and provide demonstrable value;
- The changing housing market in Scotland, with affordability an increasing national priority across a wider range of residents and potential demand implications for social and mid-market rented housing;
- Limitations on public resources creating need for innovative solution to deliver national priorities and leading to increased demand for our services; and
- Delivery of the development programme within resources available particularly given inflationary cost increases and the dependency on sufficient grant being available to support the programme.

As risks affect different parts of the Group in different ways, especially in terms of specific funding covenants in place, we have assessed the impact of the key risks on the RSL Borrowing Group and Lowther Homes (as they are funded separately) as well as wider risks affecting the Group.

RSL Borrowing Group

In addition to considering the impact of potential risks on the RSL Borrowing Group, a number of mitigating actions have also been identified which could be used to offset any negative impact on funding requirement or headroom. These mitigating actions have been noted below. They are grouped according to impact on the business and services to tenants:

Mitigant	Rationale	Impact	Impact timing
Tier 1			
Reduce non-essential running costs	Spend on non-essential running costs such as consultancy and other discretionary spend could be reduced/stopped	£0.3m	Immediate, ongoing
Reduce Foundation funding	Option to reduce scale of Foundation activities resulting in a reduction in funding required from RSLs	£0.6m	Immediate subject to match funding commitments
Suspend cyclic maintenance	Non-essential cyclic maintenance could be suspended for up to two years.	£0.5m pa	Immediate, short-term impact only
Defer/delay investment programme	Short term saving could be realised by limiting investment on lifecycle replacements and non-essential customer priorities.	£2.0m pa	Immediate, short term
Reduce ICT capital expenditure	Spend on maintenance of existing systems only with limited investment in new technology would reduce debt requirement.	£1.5m pa	Immediate
Development Fund	Acquisition of potential sites for development could be stopped and financial support for new schemes reduced.	£0.3m	Immediate, short term

Tier 2			
Financial wellbeing support services reduced	Restructure and reduce Welfare, Fuel and Money advice services	£1.5m	Lead time to restructure services & negotiate redundancies. ER/VR impact
Reduce/restructure Community Improvement Partnership with Police/Fire	Reduction in CIP could be done with minimal ER/VR. Possible implications for tenant security.	£1.0m	Within 1 year
Reduce annual pay increases	Reducing staff pay increases by 0.5% for three years or applying a pay freeze would allow immediate cost savings without reducing posts or service.	£1.2m	Immediate, potentially ongoing
Staff cost reductions	Environmental operating model changed, and some back-office elements could be removed.	£2m	Lead time to restructure services & negotiate redundancies. ER/VR impact
Rent increase	Higher rent increase (+1%) could be applied for 1 year to offset increasing cost base.	£3.4m	Immediate, short term
Defer/delay investment programme	Further short-term saving could be realised by limiting neighbourhood investment & essential works only for up to five years. Provision for compensation to City Building may be required.	£3.0m pa	Immediate, short term
Reduce/cease non-social new build programme	Reduction or cessation of non-committed/contracted mid-market rent developments would reduce debt requirement.	Reduction in debt only	Non contracted developments only

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Tier 3			
Reduce void repair standard	Void standard could be reduced resulting in a saving in repairs and investment costs. May impact on asset values and tenant satisfaction.	£1.5m	Immediate
Reduce medical adaptations	Funding available for medical adaptations could be reduced from current £3.9m	£1.0m	Immediate
Further staff cost reductions	Patch sizes could be increased further, and delivery of other customer services such as environmental, CFC reduced in scope. Consideration may be required of compulsory redundancy.	£5m	Lead time to restructure services & negotiate redundancies. ER/VR impact
Rent increase	Higher rent increase could be applied to maintain differential to cost increases e.g. cost inflation +0.5%. Subject to tenant consultation and demonstration of value for money.	£1.5m	Tenant consultation required, ongoing cumulative benefit
Sale of Wheatley House	Sale of Wheatley House could generate a substantial cash inflow in the short term. Additional ongoing cost however of either leaseback or relocation of staff.	£10m-£12m	Time required to find buyer and relocate staff

[illegible]

[REDACTED]

[REDACTED]

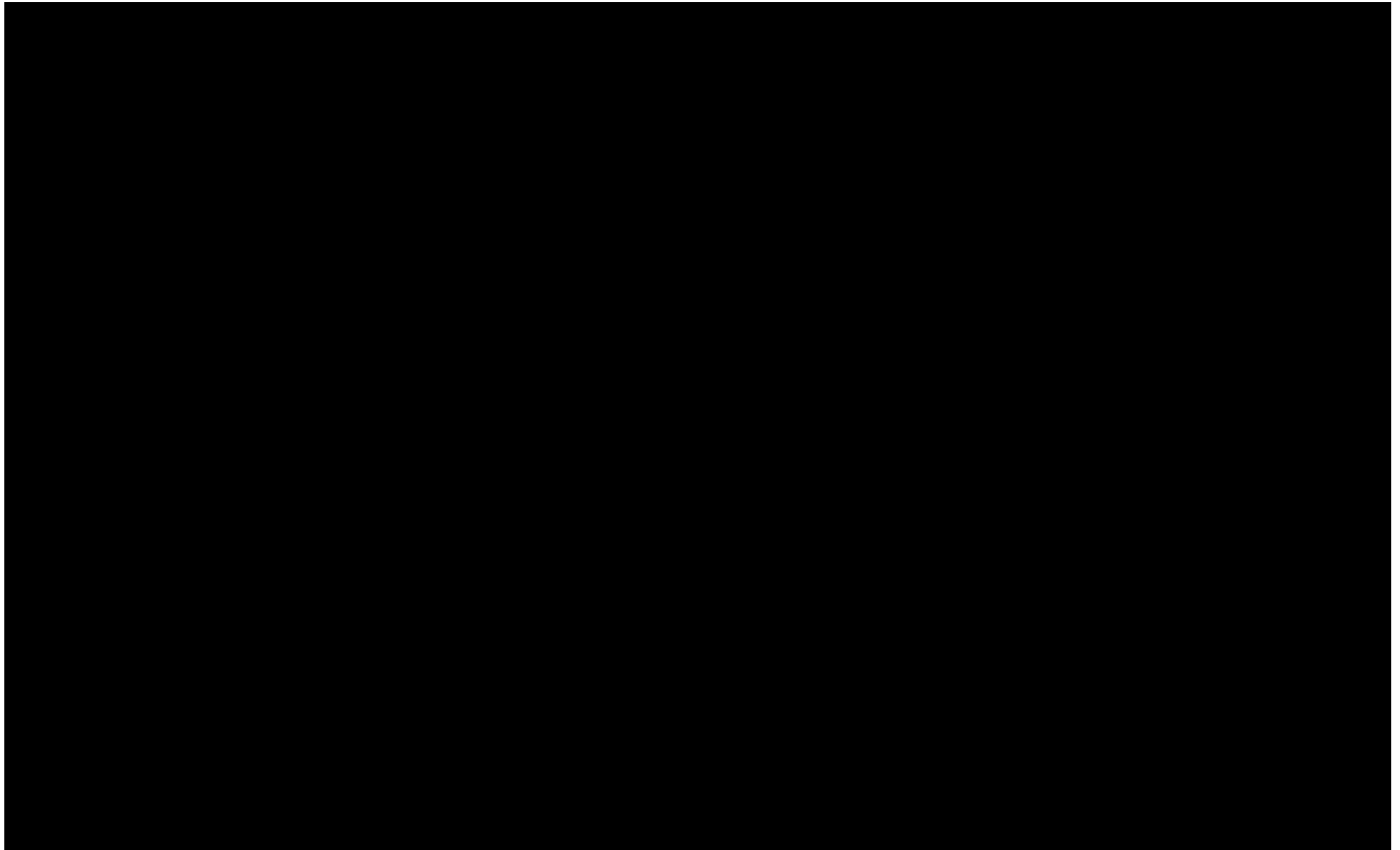
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Nr	Risk Description	Golden Rules Met Y/N	Covenants Met Y/N	Debt per Unit (Max)	Interest Cover Headroom (Min)	DSCR Headroom (Min)	Impact & Mitigations
7							

Nr	Risk Description	Golden Rules Met Y/N	Covenants Met Y/N	Debt per Unit (Max)	Interest Cover Headroom (Min)	DSCR Headroom (Min)	Impact & Mitigations

The table shows that while in the majority of cases golden rules would not be met there is sufficient headroom within our covenants to avoid a breach. Where our golden rules are not met, the necessary mitigating actions identified will be undertaken to prevent any breach of covenants and restore headroom to previous levels. As the table below demonstrates even in the event of an extreme downside scenario there are sufficient mitigating actions available to prevent a breach.



[REDACTED]

[REDACTED]

**Appendix 2:
Five-Year Capital Investment Plan
2026-31**

Introduction

- 1.1 The plan has been developed reflecting:
- Discussion with customers on their investment priorities;
 - Our compliance obligations;
 - Improved insight from asset management and repairs data; and
 - Our strategic assets investment and neighbourhood plans
- 1.2 Experience has demonstrated the benefits of moving from ad-hoc investment activity to larger, more targeted and structured programmes, particularly in relation to component replacement and neighbourhood investment programmes. This approach has informed the scale, targeting and sequencing of investment within this five-year plan. This is supported through the availability of up to date and accurate data on the condition of our housing assets. We will continue with our programme of surveys, with every home subject to both an internal and external survey at least once every five years supported by a combination of in-house surveyors and our external surveyors, JLL.
- 1.3 Once approved, the local investment plans that underpin this five-year programme will continue to provide the basis for engagement between customers, investment delivery teams and local housing management teams, ensuring that customer priorities are reflected in delivery. The investment outputs within this five-year plan will go towards meeting the criteria to support the delivery of the new Wheatley Standard.
- 1.4 Total investment of £646m is planned in improvements to our customers' homes in the next five years. Our capital investment plan includes a core investment programme budget of £340m with a further £163m invested in voids and capitalised repairs, £20m in adaptations and £17m of environmental investment and repairs. The total investment figure also includes fixed overheads and an allocation of on costs for our technical asset staff, who play a key role in delivering our core investment programmes. This investment will ensure we meet our compliance obligations, deliver neighbourhood improvements, significantly expand component replacement programmes, support our energy efficiency ambitions and address the needs of any particular stock types. The table below shows the breakdown of the £340m core investment.

Core Programme – Spend by Type	Total Spend £m
Compliance	31.2
Neighbourhood Priorities	25.6
Component Replacement	243.0
Particular Stock Types	24.8
Energy Efficiency	15.3
TOTAL	339.9

- 1.5 Building on the first year of delivery, during 2025/26 the plan reflects our ability to plan and deliver investment at scale, particularly in relation to customer-priority component replacement programmes. This represents a step-change from previous approaches and provides greater certainty for customers and our delivery partners.

Delivery of component replacement programmes against strategic output targets 2025/26

- 1.6 The 2025/26 financial year was the first year in which strategic output targets for component replacement were set and managed as part of the new strategic asset investment approach. These targets focussed on delivering customer priority component replacements at scale, while improving programme certainty, value for money and customer experience.
- 1.7 Delivery during 2025/26 demonstrated that the new approach is effective in translating strategic priorities into measurable outputs. Component replacement programmes were delivered in line with planned outputs, with strong performance across key 'customer value' programmes including kitchens, neighbourhood improvements and heating replacements.

Component Replacements	2025/26 Output Target	Projected Outputs
Bathrooms	175	212
Kitchens	1,204	1,229
Extractor fans	162	202
Dwelling windows	922	958 (741 installed, 217 at manufacturer with installation commencing April 2026)
Entrance doors	481	571
Roofs	135	58
Close doors	257	388
Common windows	80	84
Heating replacements	1,896	1,876
Major fabric improvements	28	40
Common area improvements	367	367
TOTAL	5,707	6,165

- 1.8 Roofing works are forecast to be below profiled targets, reflecting updated understanding of asset condition rather than delivery performance. Our approach to roof replacements is based on observed condition and performance data rather than component age alone, and inspections have confirmed that a proportion of roofs remain serviceable beyond their assumed lifecycle and do not currently require replacement. All priority roof replacements have already been or will be delivered within 2025/26.
- 1.9 Gas heating replacements delivered through ad hoc demand have been marginally lower than anticipated. This does not represent an increased asset risk as all gas appliances continue to be subject to our robust servicing and safety inspection regime, with any failures addressed immediately through our responsive replacement programme.

- 1.10 Demand in this area is subject to a small element of variability and we will monitor progress against our three year delivery targets this closely as we progress through year two in 2026/27.
- 1.11 Our planned core investment activities over the next five years continue to reflect the five investment drivers agreed previously with the Board. The investment drivers are:
- **Compliance** including gas servicing, smoke and heat detector lifecycle replacements and fire safety;
 - **Neighbourhood priorities** – investment to ensure our properties and their local environment meet customer needs and our aspirations for our communities;
 - **Component replacement** – investment to ensure facilities like kitchens, bathrooms, windows etc in our homes are to a good standard;
 - **Particular stock types** - to reflect the diversity of stock, and therefore particular investment challenges eg our multi-storey flats ; and
 - **Energy efficiency** – covering fabric efficiency and heating system.

Compliance

- 1.12 Ensuring our homes remain safe and secure continues to be a fundamental priority. The capital investment plan includes £31.2m of capitalised compliance improvements over the five-year period, supported further by ongoing cyclical compliance revenue programmes.
- 1.13 The first year of delivery has strengthened coordination across compliance programmes, improving efficiency, assurance and delivery at scale.

Programme	Capitalised improvements
Electricity	▪ Domestic wiring upgrades where required through our periodic electrical inspection regime.
Fire Safety	▪ Completion of emergency lighting upgrade programme across our Multi-Storey Flat portfolio by 2029/30 ▪ Lifecycle replacement of LD2 smoke and heat detection across all stock types, ▪ Provision for planned improvement works as recommended in our Fire Risk Assessments.
Asbestos	▪ Funding for a rolling programme of annual asbestos re-inspections of relevant property common areas.
Water management	▪ Installation of Thermostatic Mixer Valves (TMVs) for new customers that require one. ▪ Inspection and testing of communal water tanks.
Lifts	▪ Upgrades of Mechanical & Electrical communal infrastructure ▪ One-off conversion to digital technology to mitigate risk of PSTN (Public Switched Telephone Network) switch off

Neighbourhood Priorities

- 1.14 Investing in our neighbourhoods remains a key investment theme, reflecting strong and consistent customer feedback. Delivery during 2025/26 demonstrated the positive impact of a more coordinated approach to neighbourhood investment. This included the improvement of common areas in 367 blocks across Group, alongside major building fabric improvements to a further 40 blocks. These projects delivered visible improvements to the condition and appearance of the buildings, contributed to safer and more attractive shared spaces, and supported increased customer pride in the local environment.
- 1.15 Our neighbourhood investment approach has been further strengthened through collaboration with our Environmental Improvement Team, which has seen the coordination of follow-on environmental improvement works to these blocks and the immediate environment such as gutter cleaning, power washing paths, hedge maintenance and painting railings. This integrated approach has been designed to complement the improvement work, ensuring that our investment delivers maximum value and lasting impact for customers and neighbourhoods.

The Group Investment Plan proposes £25.6m of neighbourhood investment over the five-year period across our RSLs and Lowther, building on delivery models tested and refined during 2025/26 and encompassing improvements to communal spaces and building fabric facelifts. A further £5.9m of investment is also proposed for environmental improvements.

- 1.16 The table below shows planned communal and large-scale fabric improvement works in 2026/27 by RSL.

Subsidiary	Communal Works - Number of Blocks	Large scale Fabric Works – Number of Blocks
WH Glasgow	300	8
Loretto	10	3
WH South	21	5
WH East	35	3
TOTAL	366	19

Component Replacement

- 1.17 The component replacement programmes are a central feature of the new strategic asset investment approach and represents the largest element of customer-priority investment within the capital programme. During 2025/26 we demonstrated our ability to deliver at scale with 1,229 kitchens, 958 windows and 1,879 heating systems forecast to be installed across the city through our planned and reactive replacement programmes.
- 1.18 The investment plan builds on that early success and includes provision of **£243m** for a scaled-up programme of component replacement over the next five years, delivering significant volumes of kitchen, window and heating replacements that respond directly to customer priorities.

Component	2026/27					2026/27 to 2030/31
	WHG	Loretto	WHS	WHE	Lowther	
Kitchens	1,202	82	263	139	90	11,666
Windows	1,146	50	205	87	145	8,553
Heating Replacements	1,107	254	424	147	22	14,156

- 1.19 1.19 Preparations for the planned scaling-up of the investment programme from 2026/27 are well advanced. Learning from the first year of delivery has been used to drive continual improvement across communication, information sharing and joint planning with City Building and other delivery partners. This includes early provision of programme information, forward visibility of investment budgets, and more structured agreement of programme scope, costs and address list detail ahead of delivery. These improvements are enabling better sequencing of work, increased cost certainty and more effective communication. Together, these measures provide strong assurance that we are well positioned to manage increased investment volumes in a controlled, transparent and efficient manner, while maintaining a strong focus on value for money, customer experience and safety.
- 1.20 Our local delivery plans will provide visibility of both the location and timing of planned investment work. This approach will ensure customers and housing officers are better informed about planned investments in their area and will help to facilitate earlier engagement with customers in advance of planned improvements to their homes. Technical surveys will also be undertaken as part of the project development phase to help refine the scope of work. This visit provides an opportunity for customers to find out more details about the project and to select their choices for internal improvements such as kitchen renewals.

Particular stock types

- 1.21 Our diverse stock profile continues to present specific investment challenges, including multi-story flats, older tenements and properties connected to district heating networks. Our investment plan makes provision of **£24.8m** for investment across this portfolio. We have been working on an MSF survey programme and a long-term asset investment plan specifically for our multi-storey stock type. This may lead to the identification of specific investment projects bringing individual investment works in this five-year plan together to be delivered as a co-ordinated programme for that particular block.
- 1.22 We are also reviewing blocks constructed using a Large Panel System as part of the MSF invest plan and any actions emerging from this will be presented to the Board in due course.
- 1.23 Our pre-1919 tenement portfolio continues to present specific asset management challenges. These buildings often require complex and costly fabric repairs and present additional challenges where ownership is mixed tenure, requiring coordination with multiple owners to progress major works.

- 1.24 These factors can affect both the timing and delivery of investment and requires careful planning and engagement.
- 1.25 During 2025/26 we introduced a more proactive and intelligence-led approach to managing these challenges. As part of this, we have introduced the use of drone surveys to support the inspection of high-level and difficult to access building elements. This is enabling earlier identification of defects, reducing the risk of more significant failures, and improving our ability to prioritise future planned works more effectively, supporting better value for money and risk management.
- 1.26 Our investment plan also recognises the importance of our Mechanical and Electrical (“M&E”) infrastructure investment. This is particularly important in our multi-storey properties, to ensure vital services are maintained. Our capital investment plan includes for planned improvements to M&E components including the lifecycle replacement of lifts, pump sets and water storage tanks, ventilation plant and CCTV.

Energy Efficiency

- 1.27 Energy efficiency improvements remain embedded throughout the investment programme. Scaled-up component replacement programmes, particularly windows and heating systems, play a key role in improving energy performance, comfort and affordability for customers.
- 1.28 Over the period 2026/27-2030/31, the capital investment plan includes **£15.3m** of provision for measures that will improve energy efficiency. This investment will be delivered primarily through targeted fabric improvements, further supported through our window component replacement programme, ensuring that energy efficiency gains are integrated into wider investment programmes rather than delivered in isolation.
- 1.29 The investment plan includes provision for work required towards meeting the expected requirements of the fabric element of the proposed Social Housing Net Zero Standard (SHNZS). Scottish Government have yet to confirm a date for the implementation of the SHNZS, however we will continue with our planned programme continuing to prioritise measures that deliver tangible and immediate benefits for customers, particularly in terms of reduced energy consumption and improved home comfort.

Appendix 3:
Five-Year Development Programme
2026-31

Introduction

- 1.1 Our five-year Development Programme reflects the Group Strategy, *Making Homes and Lives Better*, in relation to the Strategic Theme of '*Homes and Neighbourhoods to be Proud of*', with an objective of '*Expanding the Supply of Affordable, Quality Homes*'.
- 1.2 Our strategic objective are to:
- Provide at least 4,300 new affordable homes by 2031;
 - Strengthen strategic relationships with local authorities, landowners, and private developers to expand the development pipeline;
 - Identify opportunities and develop a programme for our City Building (Glasgow) partner to build new homes for us as part of our wider development programme;
 - Collaborate with partners and engage with communities to prioritise regeneration in identified areas;
 - Enhance our understanding of future trends and customer needs;
 - Emphasise the need for improved amenities such as playparks, recreational spaces, and local infrastructure which we know are important to customers; and
 - Learn from demonstrator projects across the Group such as Shandwick Street, Glasgow to inform future updates of our Design Guide
- 1.3 On the 13 January 2026, Scottish Government confirmed the Affordable Housing Supply Programme (AHSP) budget of £926 million for 2026/27 across Scotland (20% increase from 2025/26). The budget for each local authority is expected to be confirmed by the end of March, with RSL grant planning targets to be confirmed thereafter.
- 1.4 The Scottish Government has also announced a new body, referred to as 'More Homes Scotland' which will bring together housing, land, planning support and delivery expertise; working jointly with local authorities and Ministers to improve capacity for new affordable homes, support regeneration and reduce duplication across government. Its work will be structured around four pillars:
- Affordable housing delivery;
 - Rural and island housing;
 - Land and development; and
 - Investment.
- 1.5 An initial two-month design phase will now begin with an update planned to be taken to Parliament in March 2026, shortly before the pre-election period ahead of the May Elections. We are engaged with the Scottish Government on the establishment of the new body and further updates will be brought back to the Board.

- 1.6 We continue to be a key partner for the Scottish Government in twelve local authorities in the delivery of an ambitious growth programme supporting the Scottish Government's *More Homes Scotland* programme.
- 1.7 Our 5-year development programme assumes we will complete 4,713 new build units from 2026/27 with 3,727 being for social rent ("**SR**") and 986 for mid-market rent ("**MMR**") based on current financial capacity. In addition, we will deliver 58 strategic acquisitions of which 53 will be with Glasgow City Council ("**GCC**") and 5 for Dumfries & Galloway Council ("**DGC**").
- 1.8 During 2025/26 we have completed 523 new homes up to the end of January with 158 further new homes are expected to be completed by the end of March 2026, taking total anticipated new build completions in 2025/26 to 681 units. We currently have 1,051 units on site under construction across 26 projects.
- 1.9 The proposed programme reflects a pragmatic forecast of completions aligned to the anticipated availability of grant across the local authority areas and based on the Scottish Budget announcement of a 4-year multi-year settlement of £4.9bn for the Affordable Housing Supply Programme.

Grant Availability

- 1.10 On 2 September 2025, the Scottish Government published its Housing Emergency Action Plan to tackle the housing crisis. The plan focuses on three key areas – ending children living in unsuitable accommodation, supporting vulnerable groups and supporting growth and investment in the housing sector.
- 1.11 There are a number of actions set out in the plan aimed at the delivery of new supply, including a new commitment to invest up to £4.9 billion over the next four years, delivering around 36,000 affordable homes by 2030.
- 1.12 The Scottish Government budget on 13 January 2026 reiterated the same commitment towards a £4.9 billion investment in the delivery of affordable housing. For 2026/27 the commitment is a total of £925.87m; this represents an increase of £158.1m (20.6%) in 2026/27 when compared to the 2025/26 AHSP programme of £767.7m.
- 1.13 Our Development Programme has aligned our expectations of grant availability, the provision of family homes and regeneration priorities. We will continue to progress priority sites to ensure that when funds become available, we are well placed to secure funding. The Programme also reflects the priorities agreed with key Local Authority partners including with GCC and DGC through our Strategic Agreements.

5 Year Development Programme

- 1.14 Our 5-year programme includes the completion of 4,713 new homes (excluding strategic acquisitions), of which 3,727 are SR and 986 are MMR in the period to 2030/31. We continue to take forward our plans in the regions with our key strategic partners, principally the Scottish Government and our local authority partners. The table below sets out our programme by year to 2030/31:

ITEM	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
SR	520	879	645	797	886	3,727
MMR	91	159	247	341	148	986
TOTAL	611	1,038	892	1,138	1,034	4,713

- 1.15 Attached at **Appendix 4** is the draft five-year development programme.
- 1.16 Unit numbers are higher across the 5-year period from last year's figure of 3,132 (33% increase) to reflect the anticipated grant availability reflected through the £4.9bn 4-year settlement announced by Scottish Government and the subsequent Scottish Government Budget in January 2026.
- 1.17 The proposed five-year programme identifies priority projects for grant funding through a programme spread across the local authorities with a mix of:
- Developer, s75 and framework led opportunities;
 - Social Rent and Mid-Market Rent proposals;
 - City centre and suburban development sites;
 - Delivery of family homes;
 - Delivery of regeneration priorities; and
 - Addressing vacant land.
- 1.18 Included in our five-year programme is the opportunity to deliver c.200 new homes, through City Building. A number of projects have been identified in Glasgow which would support a steady programme of works over a this period. Newlands refurbishment and the delivery of Lochend (Phase 1) have been identified as priority projects given their alignment to simplification of delivery i.e. largely refurbishment at Newlands and the delivery of two-storey homes at Lochend.
- 1.19 Given it has been a number of years since City Building have delivered new homes, we are working with them to re-establish new build delivery. To support this, an advisory panel has been established with members from both parties. More information on the proposals for the City Building programme will be brought to Board in May.
- 1.20 In addition to the new build delivery, the Development Plan also includes for 58 strategic acquisitions, with 53 acquisitions planned for WHG and our first 5 acquisitions expected for Wheatley Homes South (WHS). The allowance for WHS has been included following dialogue with DGC who have identified buybacks/acquisitions as a key action in its Housing Emergency Action Plan.

- 1.21 Forecast completions in 2025/26 are 681 units against a Business Plan target of 601 units (excluding acquisitions), an increase of 80 units against target. The acceleration of the 80 units removes these as completions in 2026/27, resulting in a 2026/27 completion target of 611 units. We continue to monitor progress on site and opportunity for further accelerated completions during 2025/26 may be secured.

Development Footprint

- 1.22 Our future development pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed or may emerge, in our operational area and based on our current financial capacity to deliver over the five-year period.
- 1.23 The planning of our programme involves regular discussions with local authorities and the Scottish Government More Homes Division, in addition to signalling our interest in particular demand areas to our network of national house builders and private sector developer contacts.

Wheatley Homes Glasgow (“WHG”)

- 1.24 Site starts have been achieved this year at the following developments:
- Spoutmouth: commenced with an initial archaeological dig in July 2025, with the main works starting in January 2026;
 - Albion: construction work commenced for this 160-unit development in October 2025; and
 - Sighthill Phase 2: the second section of our existing contract to deliver 198 units with Keepmoat Homes at the Sighthill regeneration project. 41 units are being delivered in Phase 2 and works commenced in October 2025. The remaining 73 units (Sighthill P3) are included in the Business Plan for completion in 2028/29.
- 1.25 Site completions achieved this year include:
- Shawbridge Arcade: Accelerated from an anticipated contract completion date of March 2026, with all units being handed over between September-November 2025; and
 - Calton Phase 2: 68 of 98 units complete by end of January 2026, with the final 30 units expected to complete in February 2026. In 2025/26, approval was obtained for a change of tenure for 25 units from MMR to SR.
- 1.26 Activity continues at our Wyndford development including a number of significant milestones being achieved during 2025/26, supporting progress towards a site start date in Spring 2027:
- Demolition of 3 multi-storey tower blocks was successfully completed during 2025/26 by blowdown, with the final remaining block and demolition material to be cleared by April 2026;

- CCG were appointed as the preferred main works contractor to deliver c.400 new homes on the site;
- Planning application prepared for submission in February 2026;
- Acquisition of GCC owned land progressed for completion in Q4 2025/26;
- Demolition of the Maryhill community centre to commence by April 2026; and
- An ongoing programme of engagement will continue into 2026/27 via the Wyndford Future Focus Group.

Transforming Communities: Glasgow (“TC:G”)

- 1.27 The 2026-2031 TC:G Business Plan was approved by the TC:G Board in December 2025 and focusses on the priority commitments over the next 5 years. The live site activities at Sighthill, Toryglen, Gallowgate and Pollokshaws TRAs will be complimented by a pipeline of TRAs being brought to the market.
- 1.28 East Govan/Ibrox TRA: Broomloan Road is being marketed by agents Jones Lang LaSalle. The site is expected to deliver over 400 market homes with the opportunity for developers to propose the inclusion of affordable homes. There have been good levels of initial interest from PLC housing builders, Regeneration focused developers and land promoters. The closing date is April 2026.
- 1.29 WHG is leading on Hinshelwood Drive which is a former demolition site located to the south of the Govan/Ibrox TRA. Indicative capacity studies show the site is capable of c.160 new homes ranging from 4 to 6 storey flats.
- 1.30 Pollokshaws: City Property are progressing the marketing of the former Sir John Maxwell School site within the Pollokshaws TRA in early 2026, with Wheatley undertaking a feasibility for the affordable housing within the remaining site.
- 1.31 Red Road: TC:G partners are working collaboratively to finalise the financial framework required to unlock the funding for the remediation of Red Road, enabling delivery of over 400 new homes. The intention is to bring a delivery strategy to the TC:G Board for consideration in March 2026.
- 1.32 North Toryglen: Completions within the final phase of North Toryglen have begun with the first handovers taking place from November 2025. The remaining homes are due for staged handover until October 2026. This will mark the completion of this TRA and the Local Delivery Group will hand over to the legacy body, the local Community Council.
- 1.33 Our Strategic Agreement with Glasgow City Council 2023-2032 is being refreshed to reflect current priorities in the city and to agree upon key priorities for the future programme which reflect grant availability. These include:

Large Scale Regeneration Projects:

- Sighthill TRA – 73 units at Phase 3 to be delivered 2026 and 2028;
- Wyndford, Maryhill – c.400 units to be constructed between 2027 and 2031;
- Red Road TRA, Barmulloch – 450 units (100 affordable) to be constructed between 2030 and 2035.

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

Wheatley Homes East (“WHE”)

- 1.34 Since April 2025, 280 units across 8 sites have commenced construction for WHE. These are:
- WLC: Winchburgh DD-EE (36 social rent), Charlesfield Road in Livingston (36 social rent) and Winchburgh P3 (69 social rent);
 - MLC: Auchendinny, (24 MMR) and Dalhousie South Phase 2a (26 social rent)
 - CEC: Maybury West (49 social rent) and Merchant Quay in Leith (23 social rent); and
 - ELC: Longniddry Phase 2 (17 MMR)
- 1.35 To end January 2026, 311 units have completed across 9 developments. In addition, 12 units have completed at the Victory Lane development in Wallyford for Lowther’s own development programme. The handovers this year, have fully completed projects at Builyeon Road Phase 3A, Dalhousie South Phase 1, St Crispin’s, Sibbalds Brae and our largest ever development at West Craigs.
- 1.36 The five-year plan includes the site acquisition opportunity at New Town Quarter which will provide 108 MMR flats, with ownership of the site expected to transfer to WHE in early 2026/27, ahead of construction commencing. It also includes the Section 75 opportunity at the Caledonia Brewery in Slateford. This site is being development with Artisan, who delivered the award-winning development at Rowanbank in Corstorphine.

Wheatley Homes South (“WHS”)

1.37 In 2025/26 we have seen site starts at 3 projects which will deliver 109 new homes:

- McTaggart Construction is delivering 9 residential flats and a new WHS Touchdown Hub at the site of the former Office at Ashwood Drive in Stranraer, which was acquired by WHS in 2022. The residential units and Hub are due to be completed in May 2026;
- McTaggart is also on site with 56 units in Leswalt; handovers for these new homes will begin in Autumn, with full site completion anticipated in November 2026; and
- Ashleigh (Scotland) Ltd is on site with 44 units at College Mains, Dumfries with all homes due for completion in July 2026.

1.38 In June 2025, our Lochside Masterplan, developed in partnership with DGC, for the regeneration of the area was approved and adopted as supplementary guidance to the DGC Local Development Plan. Following the Masterplan approval, we held a formal launch of the regeneration plan in July which saw over 100 residents attend, alongside local Elected Members and MSPs. The launch also was our opportunity to present our proposed plans for the developments at Osborne (c.80 units) and Findlater (c.50 units).

1.39 Since July we have held further engagement with residents on these plans and planning permission for both sites will be submitted over the coming months. The redevelopment of the former Maxwelltown High School site has also been accelerated in this year's Business Plan. This site will see approximately 250 new homes delivered over 3 phases with a site start anticipated in September 2027. Community engagement for the design proposals at Maxwelltown High is due to commence in Spring 2026.

1.40 We continue to progress our other regeneration sites in Dumfries (Gladstone Road and Annan (Newington)). Following WDSL Board approval in November 2025, Summerhill is expected to start on site in February 2026. Gladstone Road (12 homes) and Newington (46 homes) are anticipated to start on site by Autumn 2026.

1.41 Alongside the regeneration sites, a key focus for WHS in 2026/27 is the development of Catherinefield Farm in Dumfries which will see the delivery of almost 300 new homes. This development will be mixed tenure, with Social Rent, MMR and homes for private sale (delivered by CCG). Another key element of this project is the provision of a Livingwell block of 41 flats and a further 8 units of supported accommodation. A planning determination for this project is expected by the end of March 2026. If planning is approved, Catherinefield will be WHS's largest ever development to date and the largest affordable housing development ever delivered in DGC.

- 1.42 We continue to progress projects in the West of Dumfries and Galloway, including 70 homes at Corsbie Road in Newton Stewart where a site start is anticipated in 2026/27. This project is a developer-led opportunity brought to us by McTaggart Construction. This project will see the delivery of family and amenity homes, including a specifically built home for an existing WHS tenant who has significant medical requirements. Planning approval for the development was granted in July 2024.
- 1.43 In recent years, Cunninghame Housing Association (“CHA”), Loreburn Housing Association (“LHA”) and WHS have been the main partners for the delivery of new affordable housing supply across Dumfries and Galloway. In the past 12 months, both CHA and LHA have made the decision to pause their development programme in DGC following reviews of their strategic priorities. As a result, WHS is in a unique position as the lead affordable housing developer in the region.
- [REDACTED]
- 1.44 Following the withdrawal of CHA and LHA, WHS have been asked by DGC to step into several of their SHIP sites. These include the delivery of 17 affordable homes as part of a larger private development in Moffat, and 14 affordable homes in Collin. Both sites present good opportunities for new homes in areas of high demand.
- 1.45 Some of the projects also provide WHS with opportunities to secure new affordable supply via Section 75 opportunities, which are entered into by private housing developers and which require a proportion of the site being developed to be delivered for affordable housing.

Loretto

- 1.46 2025/26 saw project site starts achieved at Forfar Avenue in Glasgow (29 homes) in July 2025 and at Dargavel North in Renfrewshire (20 homes) in December 2025. Forfar Avenue is expected to complete in late 2026/27 and Dargavel North is expected to hand over in 2027/28.
- 1.47 Our 44-home project with Barratt at South Crosshill Road in Bishopbriggs was completed in September 2025. The project with McTaggart Construction for 17 flats at Bank Street, Coatbridge is expected to be handed over in 2025/26.
- 1.48 A planning application was submitted in September for the structural improvement and refurbishment project at Duke Street in the East End of Glasgow that will see 17 flats brought back into use and 2 new flats created. An application for Building Warrant was submitted to GCC in December 2025, and the tender process is now underway. Discussions are ongoing with GCC over grant availability, and GCC indicates it is keen to support the project if funding is available. We anticipate site start in June 2026.

1.49 The project at Carron Road, Falkirk was brought to us by McTaggart as a developer-led opportunity. The development will provide 82 homes, comprised 66 units for Social Rent (including 32 Livingwell flats) and 16 units for MMR. Falkirk Council has informed McTaggart that Planning Permission for the project is expected imminently and a site start, subject to finalisation of grant availability, is anticipated in 2026/27.

1.50

[REDACTED]

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Development appraisal criteria

1.55 Our internal rate of return criteria used for project financial appraisal was updated in November 2025 to reflect market conditions and interest rates paid on new funding. These are 6.75% for social rent and 6.95% for mid-market rent and are used by WDSL in the assessment of new build projects as they are presented for approval. Any future amendments to the IRR for used by WDSL will be considered and approved by this Board.

1.56 The table below sets out the non-financial criteria used for project appraisal:

Criteria	Measure/Test
Local Housing Strategy	Contribute to the Local Housing Strategy of the local authorities in which we operate. The project appraisal should detail which of the LHS outcome(s) the project will contribute.
Building and strengthening strategic partnerships/relationships	Contribute to strengthening our relationship with our 12 local authority partnerships and developers. The appraisal will identify the strategic partnerships and/or relationships to which the project will contribute.
Improving customer choice	The housing mix will be developed in consultation with Housing Management and respond to known and anticipated housing need for social and in conjunction with Lowther who manage our MMR stock.
Housing Market Areas	Within the agreed local authority area unless otherwise agreed with the Group Board and RSL Boards.
Internal Rate of Return	The Internal Rate of Return shall be a minimum of 6.75% over 30 years (or 35-years for WHS) for Social Rented homes and 6.95% for MMR homes over the same period.
Debt	Borrowing required would not exceed total assets.
Borrowing	Borrowing will be repaid within 30 years (or 35 years for WHS).
Valuation Growth	Projects will be valuation positive on our balance sheet and assumed to deliver valuation growth within 3 years.

1.57 Accordingly, the WDSL Board has the authority to approve projects where they meet the agreed criteria. This allows a balance between a strategic programme role, and the ability to set clear parameters for projects to proceed.

1.58 Where any of these criteria are not met the project may be referred by the WDSL Board, where it considers there to be an exceptional reason for proceeding, to RSL board for consideration.

1.59 In May 2025, WDSL approved a Gateway process for new sites which provides an approach for pre-approval stages of the programme and enhances the specific steps in assessing project and approval levels required at feasibility stage.

- 1.60 The Gateway Process strengthens the financial oversight and expenditure reporting around projects in the feasibility stage which will improve oversight and provide transparency that projects continue to meet our strategic objectives at the various points of progression. This will also provide for regular review of our pipeline to ensure this remains the case and that any required feasibility spend is agreed and provided for within our financial projections. Any project where feasibility costs are anticipated to exceed £1m will be brought to WDSL for consideration.

Environmental, Sustainability and Digital

- 1.61 The properties will be developed to meet Aspects 1 and 2 of the Silver Sustainability Standards which covers reduction in carbon dioxide emissions and energy use for space heating. The EPC levels of our developments will be B and our specification includes the use of zero emissions heating systems.
- 1.62 The properties feature photovoltaic panels that convert sunlight into electricity. Along with a highly efficient thermal specification these solar generation systems help exceed the target emission rates required by building standards. Taken as a whole, the specification helps customers reduce their energy bills.
- 1.63 Provision for electric vehicle (“EV”) charging has now been adopted across local authorities. Local authority EV policies are requiring a mix of future ducting and increasingly, provision of charging facilities for private houses and in communal car parks from project completion. EV charging points are currently managed by Charge Place Scotland, with a procurement planned in 2026 for a new service provider.
- 1.64 In December 2024, amendments to The Building (Procedure) (Scotland) Regulations were laid in Parliament which meets the commitment made by Ministers in December 2022 for a proposed ‘Domestic Building Environmental Standards (Scotland) Bill’. Following further consultation, the standards will set out the requirements for new homes through the Building Regulations. The Scottish Government is aiming to publish the revised standards in early 2026, but they will not become mandatory until early 2028. We will update Boards on the key outcomes of the working group.
- 1.65 All properties in the programme will be digitally enabled, supporting social inclusion. Providing this infrastructure will allow our customers to access high speed internet services quickly at point of entry, without additional works having to be conducted by their internet service provider.

Contractual arrangements

- 1.66 Legal support for the development programme is provided via both our in house and Framework Solicitors as required. This includes provision of advice supporting procurement, contracts, and site acquisition.
- 1.66 A procurement exercise took place in late 2022 which led to a new Technical Consultancy Framework (ASM001-418) coming into effect from 1 February 2023.

- 1.67 The Framework runs for 3 years with an option to extend by 1 year at the sole discretion of the Group. Alongside this a further procurement exercise was held for our Generation 3 Construction Framework (WHG/WDSL1000) which began on 3 April 2023 for a period of 2 years with the potential to extend by 2 separate periods of 1 year. It is our intention to extend both Frameworks to 2027.
- 1.68 Where projects are awarded directly through Section 75 agreement or developer led opportunities, we are taking advantage of a commercial opportunity that has been offered to us. Where developers are not called off the Group Framework Agreement our experience of the current market suggests that the likelihood of any procurement challenge is low and is mitigated by our willingness to consider opportunities presented by other developers. Taking advantage of new opportunities is in the best interests of our subsidiaries and contributes to our strategic growth plans.

Wheatley Homes Glasgow

Financial Projections

2026/27

1. Headlines

The UK economy has continued to face challenges with weak growth and persistent inflationary pressures. General CPI inflation is at 3.4% at December 2025, above the Bank of England's 2.0% target. In addition, cost inflation is continuing to run higher than general CPI for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand. The persistence of core inflation indicates that underlying inflationary pressures have not yet fully unwound with longer term forecasts suggesting it will be late 2026 before rates return nearer to the 2% target.

Over the past year, inflation and high government borrowing have caused interest rate volatility. The increase in 30 year gilts means the return investors demand for lending to the UK government for 30 years is substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at 3.75% at December 2025. With inflation remaining higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates on existing and new funding.

Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants whilst ensuring the ongoing financial viability of our operations and the appropriate levels of investment in our homes and services to customers.

Our rent increases implemented over the past couple of years have focused on growing the financial capacity in our business plan to ensure sufficient funding is available to meet investment in lifecycle replacements and our legislative obligations in our homes. Informed through our tenant engagement, Group Asset Strategy and our more detailed Wheatley Homes Glasgow Strategic Asset Investment and Management Plans, we have considered the level of funding required to increase investment in our homes and neighbourhoods. We also have a requirement beyond compliance and lifecycle replacements to start to create more capacity to fund energy efficiency improvements in our homes which will be needed to meet the expected requirements of the new Scottish Housing Net Zero Standard ("SHNZS") and to deliver improvements required in our multi-storey blocks to extend the life of those buildings.

We recognise that economic factors are continuing to put pressure on household income, and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by March 2026. As part of the focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in the Wheatley Foundation to support customers. This includes Welfare Benefits and Fuel Advice, Home Comforts (our furniture upcycling service) and a provision in 2026/27 for the Helping Hand Fund. This fund helps our customers who are facing financial hardship manage their rent accounts.

Our new build programme has aligned our development capacity within our current approved financial covenants to grant availability, especially in the early years of the plan.

While the Scottish Government has announced a multi-year Affordable Housing Supply Programme (AHSP) funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. We are working with our funders to agree covenant changes to enable us to extend and increase our affordable housing programme to support the Scottish Government's strategic aims.

With strategic focus on the delivery of affordable housing in Glasgow, Glasgow has plans to deliver 2,104 affordable homes in the next 5 years to 2030/31, with 1,484 being for social rent and 567 for mid-market rent and a further 53 market acquisitions are planned for 2026/27. The programme includes projects which will assist the regeneration of empty land across the city and sites within transformational regeneration areas overseen by Transforming Communities: Glasgow, including the development of 395 units at Wyndford, forecast to be complete over the period 2027/28 to 2030/31.

Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes.

The updated financial projections for 2026/27 and beyond include (including inflation):

- Provision to deliver 2,104 new build homes for both social rent (1,484 units) and mid-market rent (567 units), in addition to the acquisition of 53 properties, in the first 5 years of the plan.
- £345.1m of repairs spend in our existing housing stock in the first 5 years.
- £429.6m of investment in our existing housing stock in the first 5 years of the projections.
- Provision of £22.0m for investment in our digital transformation and centres of excellence strategies.
- £6.2m of funding for Initiatives, including the Wheatley Foundation, across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of value for money and operational efficiencies helping mitigate the additional costs associated with the increased number of units over the period.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. Glasgow's peak net debt of £1,724.7m is forecast to be reached in 2045/46 (year 20).

It is important to note that continued control of costs are an important aspect of managing our financial position.

2. Key assumptions

The key assumptions in the 2026/27 Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

2.1 Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2025, updated for forecast new build completions, market acquisitions and demolitions in 2025/26.

Table 1 – Split of stock by type

Unit Type	Units 31.3.25	Forecast Completions 2025/26	Forecast Acquisitions 2025/26	Sales 2025/26	Demolitions 2025/26	Units 31.3.26
General Needs and Supported	42,186	77	20	-	-	42,283
Shared Ownership	11	-	-	-	-	11
Approved/planned for demolition	74	-	-	-	-	74
Total Social Rent	42,271	77	20	-	-	42,368
Market Rent*	975	118	-	(100)	-	993
Total	43,246	195	20	(100)	-	43,361

**Opening units include 12 full market rent properties, with the remainder being mid-market rent*

In 2025/26, 77 social rent and 118 new build mid-market rent properties are forecast to complete by the end of the year, at Calton Phase 2, North Torglen and Shawbridge Arcade. In addition, 20 individual asset purchases, “acquisitions”, are forecast for 2025/26, ringfenced for homeless applicants. Acquired properties primarily relate to former Right to Buy properties, which meet both the requirements of the applicant group and facilitate majority/full ownership of a block.

Our mid-market rent properties offer a low-cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by WH Glasgow but are leased to and managed by our commercial subsidiary, Lowther Homes Limited. On-going capital works costs remain the responsibility of WH Glasgow and these costs are reflected within the business plan assumptions. In addition to the forecast completion of mid-market rent properties, the approved sale of 100 mid-market rent units to Lowther is expected to be completed in March 2026 with the proceeds used to increase the amount we are investing in our tenants’ homes over the next few years.

b) Projected new build completions and closing stock numbers

The 2026/27 projections assume a further 1,484 social rent units and 567 mid-market rent new build units can be delivered over the first five years of the plan, in addition to 53 acquisitions. This will provide growth in stock number of 4.85% over the 5 years.

The WH Glasgow new build pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational local authority area of Glasgow City. The 2026/27 projections include the completion of the development of 395 units at Wyndford, forecast to be complete over the period 2027/28 to 2030/31. We continue to take forward our plans in the region with our key strategic partners, principally Scottish Government and Glasgow City Council. Table 2 shows the planned profile for both social rent property and mid-market rent properties over the period of the projections.

Table 2 – Housing Stock Numbers

Stock Numbers	2026/27	2027/28	2028/29	2029/30	2030/31
Opening Units – Social Rent	42,368	42,498	42,761	42,992	43,256
New build	77	263	231	330	583
Acquisitions	53	-	-	-	-
Demolitions	-	-	-	(66)	-
Closing Units – Social Rent	42,498	42,761	42,992	43,256	43,839
Opening Units – Market Rent	993	993	1,082	1,297	1,503
New build	-	89	215	206	57
Closing Units – Market Rent	993	1,082	1,297	1,503	1,560

Provision for demolitions over the five year period relates to two Livingwell sites. Both sites were approved by the Board to cease being let, followed by consideration for demolition. While the assessment is still ongoing, and refurbishment remains an option, for the purposes of the business plan, both sites are assumed for demolition by 2029/30.

2.2 Income

a) Rents and Service Charge Income

The rent and service charge increases supports the continued investment in our existing homes and our services while remaining comparable with the Sector.

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 6.9% rent increase in April 2026. Table 3 shows the rent and service charge growth assumptions over the next five years noting that future years’ rent increase levels are considered annually by the Board.

Table 3 – Rent increase assumptions

Rent Increase %	2026/27								
WH Glasgow	6.90%								

b) Other Income

Other income includes service charges for heat with rent, district heating and garage lock ups, commercial income from rental of offices and shops underneath our housing properties, income generated from radio masts and solar panels, lease income from Lowther Homes for our MMR properties and Gift Aid income from Lowther Homes following the sale of 100 MMR units in 2025/26 to Lowther to offset the lost lease income on the disposal. In accordance with Lowther Homes purpose to provide continued support to the RSLs, a further gift aid payment of £750k will be made to WH Glasgow in 2026/27 ensuring capacity within Lowther Homes is reinvested back to the RSL group. Capacity for any additional gift aid by Lowther in future years will be reviewed on an annual basis.

WH Glasgow also receives income from both Wheatley Solutions and Lowther Homes for the use of the Wheatley House and Lipton office hubs.

Table 4 – Other income summary

Source	Other Income £'000	2026/27	2027/28	2028/29	2029/30	2030/31
External	Commercial – Properties (net of voids)	1,531	1,587	1,658	1,709	1,758
	Commercial - Radio Masts	279	270	270	224	195
	District heating	614	645	671	698	723
	Furnished Lets	436	446	458	469	481
	Garage income (net of voids)	474	502	525	548	570
	Heat with rent (net of voids)	438	436	456	476	495
	Home Contents Insurance	401	401	401	401	401
	Solar PVs	433	443	455	466	478
	Wayleave Income	40	-	-	-	-
	Sub-total	4,646	4,730	4,894	4,991	5,101
Internal	Commercial - Wheatley House & Lipton	1,840	1,877	1,923	1,968	2,014
	Gift Aid	1,401	679	699	720	742
	MMR lease and other income	7,726	8,112	7,658	10,283	11,489
	Donation – Wheatley Foundation (Home Comforts)	156	160	164	168	172
	Sub-total	11,123	10,828	10,444	13,139	14,417
Total Other Income		15,769	15,558	15,338	18,130	19,518

A further £15.8m is expected to be generated by WH Glasgow in 2026/27 from other income streams, rising to £19.5m by year 5 of the projections (2030/31), an increase of 23.8% in annual income. This is driven, in the main, by the completion of 567 new build MMR units which will be leased to Lowther Homes contributing to increased lease income of £5.3m over the five years.

Wayleave income is prudently assumed for a further year only, with telecoms providers not committing to a multi-year programme.

2.3 Cost inflation assumptions

The financial planning assumptions for 2026/27 have been set against a backdrop of stabilising inflation following significant volatility in prior years. Recent market forecasts and Bank of England projections indicate inflation will remain above the long-term 2% target until at late 2026. In addition, key cost drivers for housing expenditure including repairs and utilities continue to exert upward pressure on operating costs.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund. The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 – Inflation assumptions

Inflation Assumption %	2026/27								
General cost inflation	3.00%	2.50%		2.50%		2.50%		2.50%	
Pay uplift	4.00%								

2.4 Operating performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward. The higher rate of voids for our supported housing properties reflects the specialist nature of this stock and the need to work in partnership with local authorities to fill void properties, rather than referring to an established waiting list.

Table 6 – Void rent loss, bad debt and arrears assumptions

Performance Assumptions	Current Year	2026/27	2027/28	2028/29	2029/30	2030/31
Routine voids (%)	1.09	1.2	1.2	1.15	1.15	1.15
Bad debts (%)	0.80	1.37	1.49	1.51	1.52	1.53
Arrears (£'000) - gross	12,899	15,166	15,166	15,166	15,166	15,166

The plan assumes voids of 1.2% in years 1 and 2, before dropping down to 1.15%. Current void performance to December 2025 is 1.09% and, in the year, ended 31 March 2025 it was 1.17%, therefore our assumptions in the business plan are comparable to historical rates. The business plan assumptions on the movement in arrears continue to recognise the economic challenges facing our customers, together with our experience to date with Universal Credit. The 2026/27 business plan assumes that all working age tenants on benefits move to Universal Credit by March 2026.

2.5 Management costs

WH Glasgow's employee cost assumptions reflect costs in relation to delivering the direct staff structure. Additionally, WH Glasgow pays an appropriate share of the salaries of the Compliance and Investment, MyRepairs, New Build, Environmental Service (NETs) and Wheatley 360 staff teams. The year on year movements in staff costs reflect the business planning assumptions for pay uplifts and the timing of work force planning savings. Strathclyde Pension Fund employer pension contributions of 17.5% (26/27) returning to 19.3% from 27/28 onwards have also been included in the projections.

Running costs include day to day expenditure and an appropriate share of the Environmental Service and wraparound services running costs. Running costs include cost efficiencies and following a robust and competitive retender of the Groups Property Insurance, 2026/27 costs include a c35% reduction in Property Insurance premiums, with WH Glasgow's share of savings £625k. Overall, running costs are projected to increase linked to the growth in the number of new build properties, but on an individual cost per unit, will reduce over the five year period.

The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Employee Relations, IT, Finance. Table 7 sets out the overall management costs that are assumed in the plan.

Table 7 – Management cost assumptions (including inflation)

Management Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Employee costs	42,232	42,909	43,036	43,973	44,390
Running costs	10,956	11,307	12,133	12,488	12,930
Recharges from Group	26,267	26,774	27,425	28,056	28,688
Total Management Costs	79,455	80,990	82,594	84,517	86,008
Average Cost per Unit £	1,872	1,900	1,926	1,960	1,975
Average Cost per Unit £ (excl. Inflation)	1,872	1,854	1,834	1,820	1,790

Overall, in real terms, management costs per unit are expected to steadily reduce over the 5 year period reflecting additional costs associated with the increased number of units can be managed through continued improvements in efficiency in the operating model. Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.6 Asset management and growth

Scottish legislation for social housing includes the Housing (Scotland) Act 2014 and the recently passed Housing (Scotland) Bill which introduces new statutory duties for landlords across the social rented sector.

This includes new powers for Ministers to set enforceable expectations around damp and mould remediation (Awaab's Law provisions), a clearer responsibility for social landlords to help prevent homelessness and strengthens tenants' rights against eviction for rent arrears. For social landlords, these changes represent a move from discretionary good practice to mandatory compliance.

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service customers receive and their satisfaction levels. A significant proportion of the planned maintenance budget (£24.8m) is to enable us to comply with legislative requirements as a landlord (e.g. fire door safety, gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

The provision for routine maintenance recognises the demand and cost pressures that we have experienced in 2025/26. 2026/27 includes additional provision for remedial repairs such as fire door repairs, in line with our planned maintenance programme, with such repairs reducing over the five year projected period. The provision for planned maintenance recognises the life cycles, growth from the additional stock and legislative requirement including fixed installation testing, linked to the reduction in statutory testing period from 10 to 5 years. Table 8 summarises the routine and planned maintenance assumptions.

Table 8 – Planned and Routine Maintenance (including inflation and excluding CBG share of profit)

Repair Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Routine Maintenance	44,167	44,709	45,106	46,398	47,750
Planned Maintenance	25,826	24,194	24,814	26,177	27,056
Total repair costs	69,993	68,903	69,920	72,575	74,806

b) Capital Investment

The Core Investment Programme includes provision to deliver the 5 Year Strategic Investment Plans and meet the tenant commitments in the first two years specific approaches to key stock types to extend their useful lives. Provision has also been made for the replacement of the cladding at Ibroxholm to a system that performs better in poor weather with an allocation for £4.2m of spend over 2026/27 and 2027/28. Our projections also recognise the growing statutory duties, and they continue to maintain the delivery of our neighbourhood plans and a programme of environmental improvements and build capacity to fund a programme of energy efficiency improvements to meet the zero targets in the new SHNZS.

Table 9 summarises the capital investment programme for the next five years. Investment in existing stock in 2025/26 is forecast to be £63.2m. Over the next five years investment will continue with a further £429.6m including inflation, of planned investment in existing stock. The capacity to increase our investment programme over the five year plan is possible due to the availability of funding following the sale of 100 MMR properties to Lowther Homes, VAT savings generated due to City Building Glasgow joining the Wheatley Group of companies from April 2026, operational efficiencies in management costs and operational cashflows generated from rental income.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties carried out by a specific voids team in our Group Environmental service.

Table 9 – Capital investment programme (including inflation)

Capital Investment £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Core Investment Programme	34,317	36,477	40,969	40,157	47,038
Capitalised Void Costs	12,917	13,243	13,574	13,914	14,262
Capitalised Repairs	10,661	10,927	11,201	11,481	11,768
Disabled Adaptations	3,083	3,160	3,239	3,320	3,403
Capitalised Fixed Overhead	11,851	12,147	12,451	12,762	13,082
CBG VAT Saving	-	(2,008)	(2,058)	(2,110)	(2,162)
Sub-total	72,829	73,946	79,376	79,524	87,391
Capitalised Employee Costs	7,021	7,150	7,290	7,467	7,614
Total Capital Investment	79,850	81,096	86,666	86,991	95,005

c) New Build Programme

The new build programme as outlined in Section 1.1 reports 2,104 new units (1,484 for social rent, 53 acquisitions and 567 for mid-market rent), to be delivered within the next five years. Table 10 outlines the investment in new build homes over the next five years. In 2026/27 grant income reflects the revised grant drawdown profile agreed in 2025/26 for Albion St and Wyndford, with grant of £11m included which relates to costs incurred to 2025/26. In addition, grants receivable of £3.5m for feasibility costs incurred to 2025/26 on a number of developments have been included in 2026/27. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

In 2026/27, a further provision of £0.15m has been included for a development fund. The development fund can go towards projects of strategic importance to help where there is a small funding gap. It has not been assigned to a project at the present time and if unused will be rolled forward.

In addition to the 2,104 properties WH Glasgow will directly deliver over the five year period, WH Glasgow's loan to Lowther of £15m (fully drawn by March 2026) has enabled the development of 167 new MMR properties by Lowther; the final 58 properties at Bellgrove anticipated to handover by May 2026. The creation of asset value also allows Lowther to secure a further £15m of private finance, funding the development of a further 132 properties.

Table 10 – New build funding profile (including inflation)

New Build Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Yrs 1-5
Development Costs	62,259	155,150	160,660	127,738	63,201	569,008
Grant Income	(62,673)	(93,380)	(83,744)	(86,493)	(21,937)	(348,227)
Net Development Cost	(414)	61,770	76,916	41,245	41,264	220,781
Acquisitions (Net of Grant)	3,127	-	-	-	-	3,127
Capitalised Employee Costs	4,371	4,478	4,514	4,615	4,650	22,628
Capitalised Demolition Costs	-	-	-	754	-	754
Capitalised Interest Costs	1,560	2,222	3,581	2,068	1,478	10,909
Net Cost	8,644	68,470	85,011	48,682	47,392	258,199
Unit Completions (Social and MMR)	77	352	446	536	640	2,051
Acquisitions	53	-	-	-	-	53
Total Units	130	352	446	536	640	2,104

d) Demolition costs

The financial projections include a provision of £0.9m in respect of our demolition programme over the five year period, which includes provision for service disconnections, home loss and disturbance payments to tenants, in addition to the cost of the physical demolition. The proposed funding relates to the two Livingwell projects that are under consideration for demolition, although refurbishment is still being considered as an option. If demolition was to proceed, it has been assumed that most of these costs, £0.75m, can be capitalised as we have plans to redevelop the site, with £0.15m home loss and disturbance payments expensed. The costs of demolition are wholly funded by WH Glasgow, with the revenue component reducing the operating surplus in the year incurred.

2.7 Donations to Wheatley Foundation/Think Yes spend

WH Glasgow's contributes £3.4m over the next 5 years to the Wheatley Foundation. In addition, interest receivable by WH Glasgow on the convertible debt instrument owed by Lowther Homes is passed directly from Lowther to Wheatley Foundation from WH Glasgow, totalling £9m over the five year period. Additional interest of £4.5m, assumed to be received in relation to the £15m increase in on lend to Lowther, will also be redirected to the Foundation in lieu of additional contributions. In addition to this, there is provision in the plan for a direct donation to Wheatley Foundation of £3.5m over the five year period.

The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. Most of the Foundation's income is received from the other subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 87% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to continue our commitment to the Community Improvement Partnership, working with police and fire services, in addition to Group Protection and to fund several projects that will benefit customers and communities across the Group. Projects include the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for WH Glasgow over the long term.

WH Glasgow's provision over the next five years is summarised in the below table. The projections assume funding for our contribution to the work the Foundation undertakes in 2026/27 and 2027/28, is partly met through use of Foundation cash reserves linked to the higher donations made to the Foundation to 2025/26. The donations include contribution to the Helping Hand Fund in 2026/27 and 2027/28. An allocation for Think Yes spend is also include in this category.

Table 11 – Wheatley Foundation donations and Think Yes

Initiatives £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
Donation to Wheatley Foundation	-	-	1,130	1,131	1,236
Think Yes	503	520	537	553	569
Total	503	520	1,667	1,684	1,805

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £33.6m. This investment is in recognition of the key role technology has in the continuation in the delivery of the key strategic aims in delivery of the Group's strategy for 2026-2031. Alongside the digital aspirations for Group services to customers and staff, the funding also provides for a safe, secure and reliable technology service. WH Glasgow makes a capital contribution towards the overall Group IT capital costs. The table below details WH Glasgow's contribution of £22.0m including inflation, over the next 5 years.

Table 12 – IT Capital Contribution (including inflation)

IT Capital Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
IT Capital Contribution	4,872	4,319	4,321	4,322	4,129

The 5 year IT Capital Investment programme is aligned to 7 strategic workstreams, delivering key business strategy outcomes, enabling organisational change, and supporting ongoing investment across staff and customer digital services and platforms. The programme will also enable the planned transition of Wheatley Care to an independent organisation, while maintaining continuity of service, regulatory compliance, secure data separation, and appropriate shared service and integration arrangements. A core cross cutting priority of the programme is the delivery of a Group wide Data Improvement programme, focused on strengthening core data quality, extending our current system integration, and the delivery of a single, trusted view of the customer and a single, trusted view of asset and compliance data to support regulatory assurance, service delivery, and decision making.

The investment will support a portfolio of projects aligned to transforming and improving service delivery models; enabling organisational change including Care independence; strengthening compliance, assurance and audit readiness; investing in core platforms and systems across business and technical resilience; maintaining and improving Group cyber security; and evolving our digital, voice and face to face channels of delivery.

Strategic Outcomes

The programme will:

- Simplify the Group's technology estate through platform rationalisation and application consolidation, reducing complexity and cost.
- Improve customer, tenant and service user outcomes through clearer, more consistent end to end digital services.
- Strengthen regulatory compliance, audit readiness, and asset safety assurance.
- Enable organisational change, including Care independence, without compromising service delivery.
- Establish trusted, integrated data foundations to support decision making and performance management.
- Maintain secure, resilient and compliant core technology platforms.

Workstream Overview

Digital Workplace and Automation

- Improves staff productivity and service efficiency through modern workplace technology, automation, and AI enabled workflows. Supports compliance through automated processes, and secure workforce access, and a rolling programme of end-user device renewals and updates.

Customer Digital and Self Service

- Delivers improved online and multi-channel services aligned to customer journeys through investment in our core online services and platforms.
- Simplifies and consolidates customer facing platforms, aligning customer journeys across our voice, face-face and digital channels. Delivers a Single View of Customer across housing, repairs, payments and contact services, improving service consistency, insight and engagement for all staff and customers.

Housing and Care Transformation

- Modernises housing service delivery through Group platform consolidation and increasingly digitally enabled processes. Supports Wheatley Care's move to independence, including ongoing staff support and service delivery, secure data access & sharing, and continued compliance with care specific regulatory requirements.

Asset and Repairs Transformation

- Aligns repairs and asset management technology across the Group and delivers a Single View of Asset, integrating repairs, compliance, inspection and safety data to strengthen regulatory assurance and operational performance and enabling simpler, end to end repairs and compliance workflows.

Core Architecture

- Ensures the stability, security and compliance of the Group's core technology estate. Provides the integration, identity and access foundations required to support shared services, organisational separation, and cloud based delivery models.
- Underpins consolidation by reducing legacy infrastructure, completing cloud migration, and standardising core platforms. Enables shared services where appropriate, while supporting secure organisational separation and lower long term operating costs.

Cyber Security

- Strengthens cyber controls, monitoring and assurance to meet increasing regulatory and audit expectations, including Cyber Essentials certification and ongoing protection across Group.

Data, AI and Innovation

- Implementation of Group Data Strategy and supporting technology projects supporting the development and delivery of Single view of Customer, Asset and Compliance data and documentation. Consolidation of Group reporting, analytics, and data aggregation platforms. An AI (Artificial Intelligence) programme establishing Group AI strategy, governance and delivery roadmap across staff, manager and line of business platform A workflows.

Collectively, the programme ensures that IT investment directly enables service transformation, regulatory compliance, and organisational change, while establishing robust data and integration foundations that support confident decision making, improved outcomes, and long term sustainability.

2.7 Operating Cost per Unit

Our operating costs per unit, excluding depreciation and finance costs over the five year period are set out in Table 13 below:

Table 13 – Operating cost per unit (including inflation)

Operating Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Costs	160,304	159,701	163,456	167,821	172,102
Average no. of social rent units	42,434	42,630	42,877	43,124	43,548
Average operating cost per unit £	3,778	3,746	3,812	3,892	3,952
Average operating cost per unit £ (excl. inflation)	3,778	3,651	3,622	3,604	3,568

As with management costs per unit, operating costs per unit steadily reduce over the five year period, equating to a 5.6% reduction in real terms. Variations in the operating costs per unit can be attributed to specific costs while the additional costs associated with the increased number of units over the period are minimised by value for money and efficiency savings gained through service transformation and investment in technology.

2.9 Interest Rate Assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited (“WFL1”) at an assumed blended average funding rate. The blended funding rate reflects a combination of existing bank, bond, and private placement funding and prudent assumptions on the cost of future funding, considering the proportion of funding at fixed and variable rates, and any monitoring or commitment fees payable by WFL1 to external funders. This is consistent across all Group subsidiaries.

Table 14 – Interest rate assumptions

Interest Rate Assumptions	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
Interest Payable (Group Funding)	4.42%	4.50%	4.75%	4.90%	5.10%
Interest Receivable	2.00%	2.00%	2.00%	2.00%	2.00%

3. Financial projections – next 5 years

3.1 Statement of Comprehensive Income

Table 15 – Statement of Comprehensive Income

Statement of Comprehensive Income	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	253,844	270,714	284,100	299,708	314,759
Other Income (including MMR lease income)	15,769	15,558	15,338	18,130	19,518
Grant Income	15,357	53,368	71,323	105,652	109,348
Total Income	284,970	339,640	370,761	423,490	443,625
Service Costs	(7,093)	(7,188)	(7,357)	(7,533)	(7,710)
Management Costs	(79,455)	(80,990)	(82,594)	(84,517)	(86,008)
Repair and Maintenance Costs	(69,738)	(66,903)	(67,320)	(69,465)	(71,696)
Demo and ER/VR Costs	(495)	(2,053)	(499)	(1,775)	-
Wider Role and Strategic Initiatives	(503)	(520)	(1,667)	(1,684)	(1,805)
Bad Debt	(3,515)	(4,100)	(4,345)	(4,622)	(4,883)
Depreciation	(86,486)	(91,918)	(90,314)	(96,586)	(103,857)
Operating Expenditure	(247,285)	(253,672)	(254,096)	(266,182)	(275,959)
Investment Property Valuation Movement	1,969	(10,918)	(29,109)	(39,258)	(6,819)
Operating Surplus	39,654	75,050	87,556	118,050	160,847
Operating Margin (%)	14%	22%	24%	28%	36%
Finance Costs	(56,226)	(59,050)	(65,100)	(72,929)	(79,513)
Housing Property Valuation Movement	54,169	14,745	(20,163)	(49,527)	(72,437)
Total Comprehensive Income	37,597	30,745	2,293	(4,406)	8,897

Rental income

Investment in the new build programme and assumed rental increases will generate 24.0% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable.

Other income

Other income relates to income from our service charge offerings to tenants (e.g. heat with rent, home contents insurance, and rental income for our garage lock ups), as well as commercial property income (i.e. our offices and shops, radio mast charges, lease income for our MMR properties and Gift Aid income, following the sale of 100 MMR units, both from Lowther Homes). Other income is assumed to increase by £3.7m over the first 5 years of the projections, which relates to increased lease income.

Grant income

In line with SORP, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Operating Expenditure

Management costs, as detailed in section 2.5 of this paper, reflect SPF employer pension contributions of 17.5% (26/27) returning to 19.3% from 27/28 onwards in the projections. In real terms the management cost per unit decreases over the five year period, linked to ensuring value for money through our procurement process, and efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to demolition costs and ER/VR costs which are “non-recurring” business change expenditure.

As noted in section 2.7, wider role and strategic initiative spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £6.2m has been included in the first 5 years of the projections.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year on year variation in the figure is driven by the profile of new build completions in any one year and the recognition of new build grant income.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2018 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario. In years 3 and 4 the total comprehensive income is lower with those years having a higher share of MMR units completing. MMR units have a lower grant rate, reducing the offset available against the valuation movement.

Over the five year period total comprehensive income is £75.1m.

3.2 Statement of Financial Position (including inflation)

Table 16 – Statement of Financial Position

Statement of Financial Position	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Housing Properties	2,115,146	2,270,846	2,367,487	2,385,159	2,364,242
Other Fixed Assets	67,190	60,825	59,725	59,108	58,078
Investment Properties	119,692	130,750	156,296	181,312	189,587
Lowther Investment	14,334	14,334	14,334	14,334	14,334
Total Fixed Assets	2,316,362	2,476,755	2,597,842	2,639,913	2,626,241
Current Assets	0	0	0	0	0
Current Liabilities	63,263	63,263	63,263	63,141	63,146
Net Current Liabilities	(152,502)	(170,840)	(199,037)	(207,035)	(139,373)
Long-Term Liabilities	(89,239)	(107,577)	(135,774)	(143,894)	(76,227)
Net Assets	(1,241,469)	(1,352,779)	(1,443,376)	(1,481,733)	(1,526,831)
Retained Earnings	985,654	1,016,399	1,018,692	1,014,286	1,023,183
Total Reserves	985,654	1,016,399	1,018,692	1,014,286	1,023,183

Housing Assets

The plan assumes Housing Property assets to increase £249.1m over five years due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment. 2030/31 notes an overall reduction in value of £20.9m due to the impact of the decreased valuation adjustment of £72.4m, driven by the projected high number 583 SR new build completions. The release of the newly completed new build grant income as noted in the statement of comprehensive income in 2030/31 fully offsets this reduction in the year of completion.

Other Fixed Assets

Other Fixed Assets include our fixtures and fittings and investment in IT Equipment. Annual depreciation charges reduce the balance each year.

Investment Properties

Investment properties include our commercial properties (i.e. shops and offices) and our full market and mid-market rent properties. The plan assumes Investment Property assets to increase £69.9m over five years due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Net Current Liabilities

Current assets include rent arrears, trade debtors and cash, together with the intercompany balance relating to the loan to Lowther.

Current liabilities fluctuate over the period as a result of the inclusion of grant received in respect of the new build programme. New build grant received is held as deferred income in the balance sheet, either in current or long term liabilities, depending on the forecast completion date of the scheme. Once the units complete, it is released from liabilities and recognised in the Statement of Comprehensive Income. Due to the high number of completions over the five year period, the value of grant in current liabilities has increased, in particular in years 3 and 4, ahead of increased completions in year 4 and 5.

Long Term Liabilities

Long term liabilities relate to the loan due to Wheatley Funding Limited 1 (WFL1), the contingent efficiencies grant and deferred income. Net debt steadily increases in years 1-5, before slowing between years 6-14, and then increasing again in year 15 due to the repayment of the £100m contingent efficiencies grant. This pushes net debt to a peak of £1,724.7m in year 20 (2045/46).

Retained Earnings

During the five year period from 1 April 2026, retained earnings are projected to increase by the reported total comprehensive income of £75.1m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset the impact of increased borrowing costs.

3.3 Statement of Cash

Table 17 - Statement of Cash Flow

Cash Flow	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental and Other Income	268,349	284,465	297,428	315,473	331,579
Operating Expenditure	(155,914)	(161,488)	(160,626)	(165,828)	(167,572)
Net Cash from Operating Activities	112,435	122,977	136,802	149,645	164,007
Core Capital Expenditure	(77,770)	(79,729)	(86,546)	(86,867)	(94,376)
Net Trading Cash	34,665	43,248	50,256	62,778	69,631
New Build Expenditure	(74,789)	(159,628)	(165,174)	(133,107)	(67,855)
Grant Income	67,555	93,380	83,744	86,493	21,937
Other Capital Expenditure	(10,609)	(6,906)	(5,372)	(5,400)	(5,733)
Net Cash used in Investing Activities	(17,843)	(73,154)	(86,802)	(52,014)	(51,651)
Finance Costs	(50,841)	(54,103)	(61,257)	(67,387)	(73,072)
Net Movement in Cash	(34,019)	(84,009)	(97,803)	(56,623)	(55,092)

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 45.9% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by value for money and efficiency savings gained through service transformation and investment in technology.

Net Trading Cash

This reflects the cash available after operating activities and investment in our existing homes and assets. As outlined in section 2.6b) core investment reflects the provision required to maintain the quality standard of our existing homes, meet the tenant commitments as well as meet the component replacement cycles together with building provision for our neighbourhood priorities and SHNZS works. The capacity to increase in our investment programme over the five year plan is possible due to operational efficiencies in management costs and operational cashflows generated from rental income.

Net Cash used in Investing Activities

This reflects the new build programme net of grant income received and investment in other fixed assets.

Finance Costs

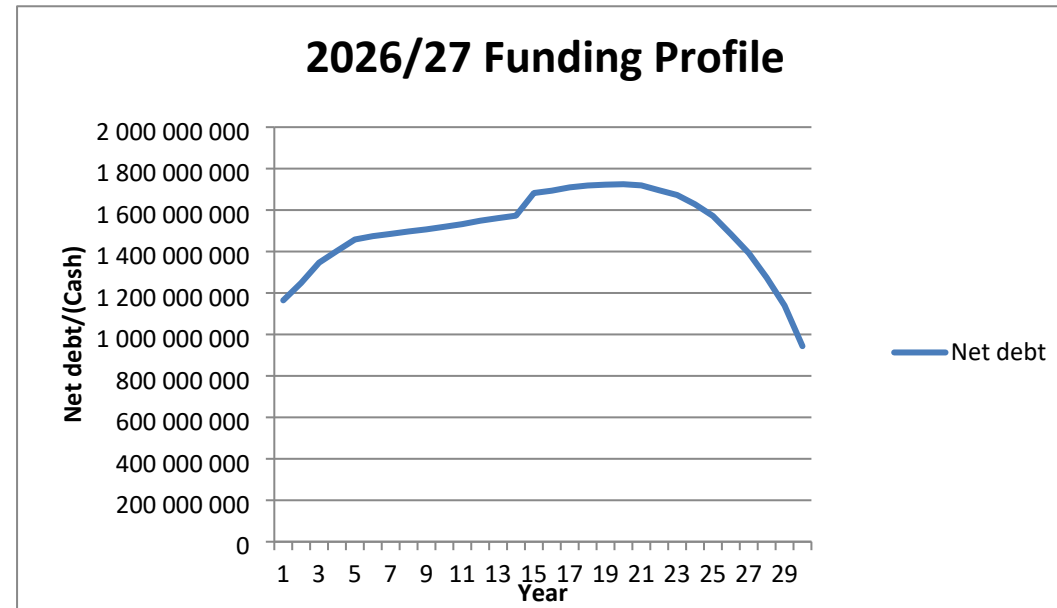
This reflects the interest due on our loan with WFL1. As expenditure is incurred to pay for our new build programme, WH Glasgow will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2032/33, while core programme expenditure continues. Peak net debt is reached in year 20 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

Net Movement in Cash

In the first five years of the plan, we anticipate a £327.5m net cash outflow. This is due to significant investment in our existing properties, and the new build programme, in line with our strategic objectives.

4. Funding and Debt Profile

The resulting debt profile for WH Glasgow is as follows:



5. Key Parameters

5.1 Whilst covenants attached to WFL1 funding are assessed at Group level, rather than individual RSL level, there are important financial parameters which need monitored to ensure that WH Glasgow remains financially sustainable in the long term and that its contribution to the RSL Borrowing Group, along with all the other RSLs in the group, allows WFL1 to meet its external funding conditions. Therefore, the following criteria need to be considered when assessing the impact of any risks or business decisions on projections:

5.2 Operating margin generation

In the long term, underlying operating surplus (excluding grant income and property valuation movements) needs to be sufficient to service debt, i.e. meet interest and capital payments on debt balances and achieve overall financial surplus every year. The business plan assumes that WH Glasgow will generate the following operating margins over the next 5 years:

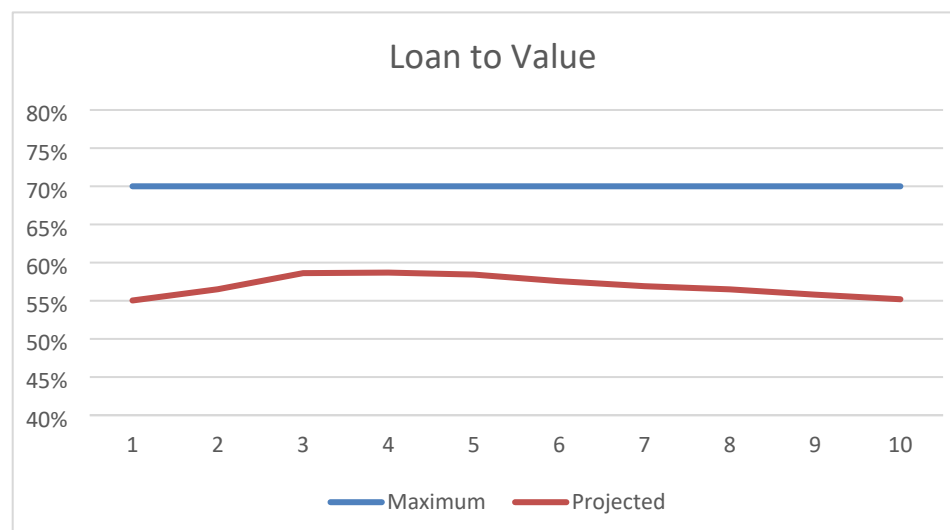
Adjusted Operating Margin	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Year 4 2029/30	Year 5 2030/31
	£'000	£'000	£'000	£'000	£'000
Income (excluding grant income and property valuation movement)	271,276	287,976	301,185	319,629	336,112
Adjusted Operating Surplus	23,991	34,304	47,089	53,447	60,153
Operating Margin	8.84%	11.91%	15.63%	16.72%	17.90%

The adjusted operating margin, which excludes grant income and valuation movements, is the measure used to test covenant compliance. It is lower than the operating margin reported in the Statement of Comprehensive income at 3.1, illustrating the significant impact that the recognition of grant income on completion of new build has on the results. The variation in margin over the five years is due to additional rental income generated from completed new build units and the operating costs as outlined in section 2.8, offset by efficiency savings.

[REDACTED]

5.4 Asset cover

One of the metrics which governs overall borrowing limits is the value of the owned asset base. The WH Glasgow investment and development programme is supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. It is however important that each subsidiary within the group have sufficient asset cover to support their debt requirement. The measure used to assess this is loan to value, defined as net debt as a percentage of the value of housing and investment properties (excluding housing under construction). The graph below shows the projected loan to value for WH Glasgow over the first 10 years.

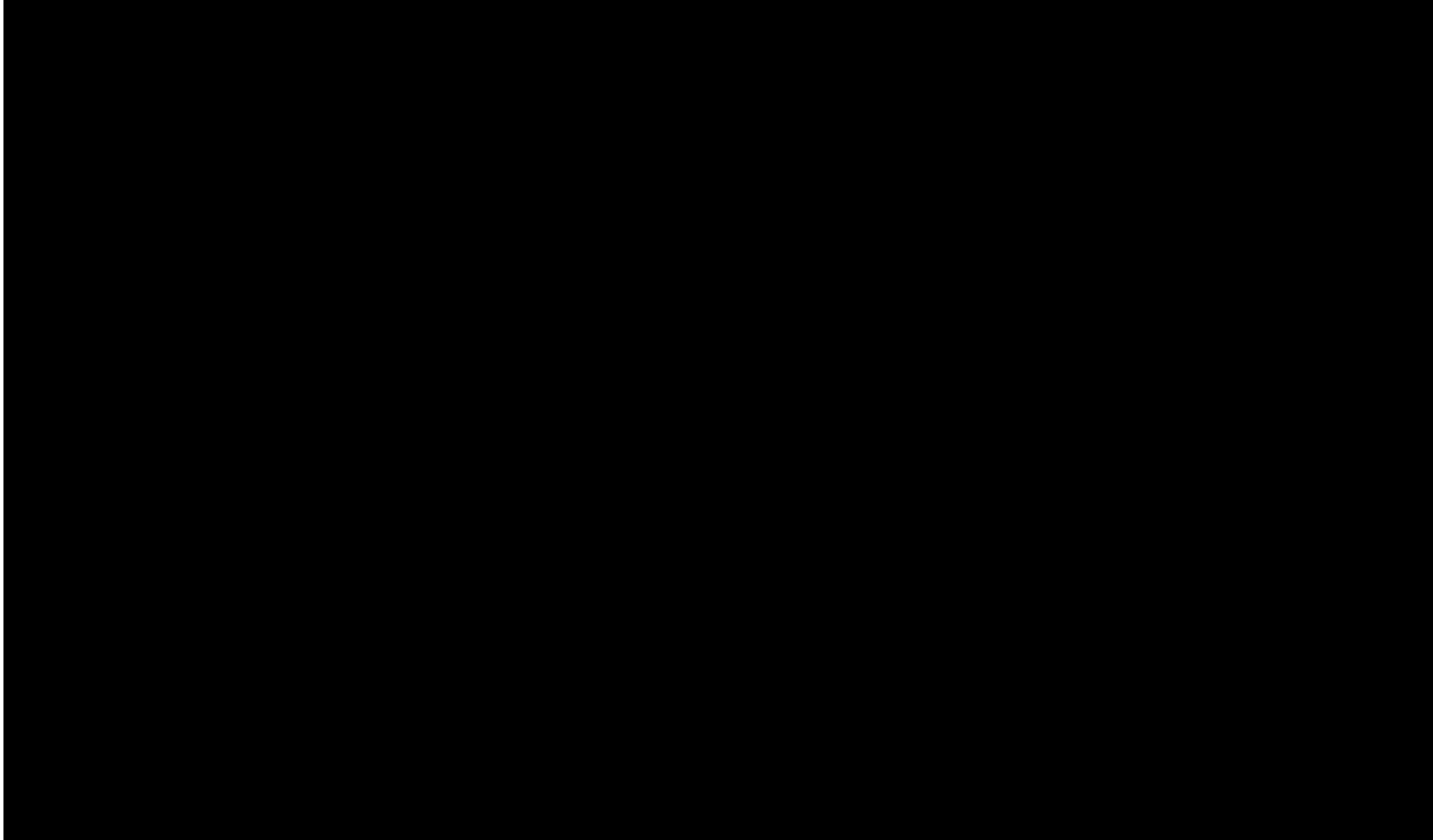


Although loan to value increases from 55% in 2026/27 to 59% in years 3 and 5, it remains below our 70% golden rule maximum level. This demonstrates that WH Glasgow will have sufficient asset cover to support loans.

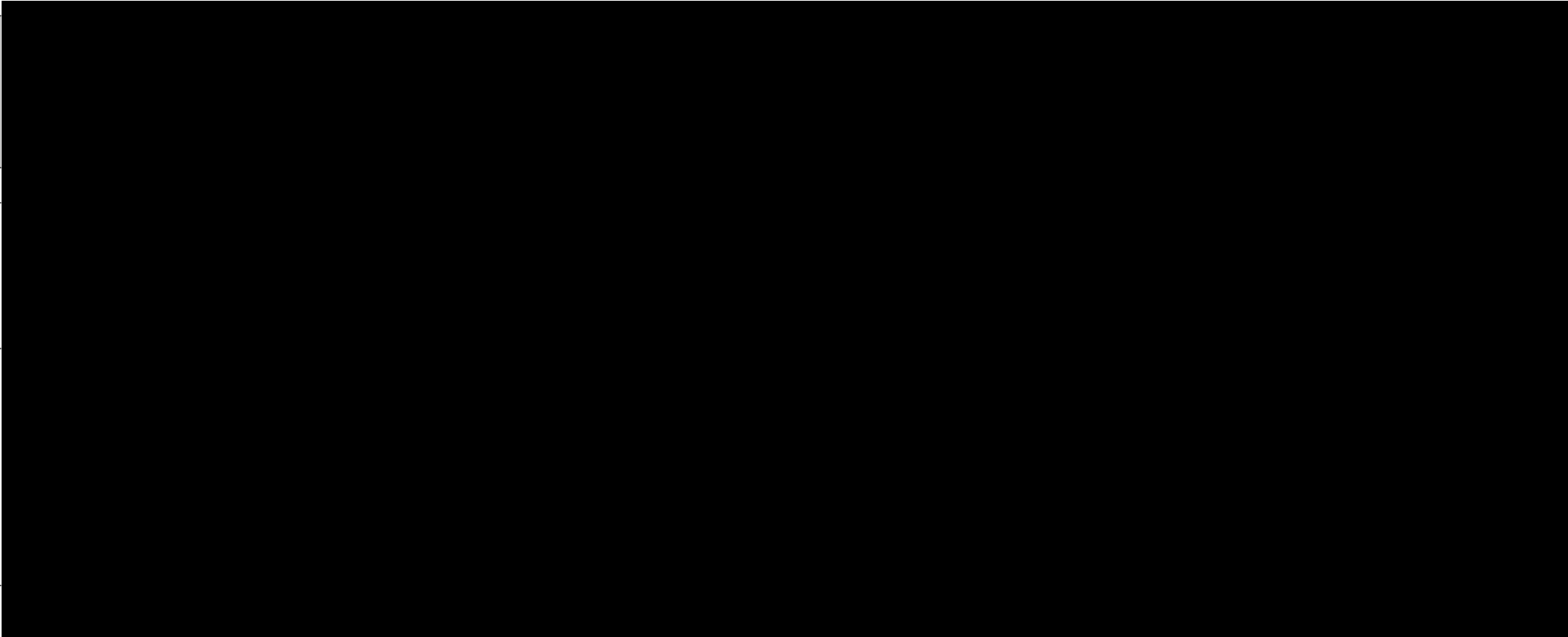
6. [REDACTED]

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Loretto Housing Financial Projections 2026/27

1. Headlines

The UK economy has continued to face challenges with weak growth and persistent inflationary pressures. General CPI inflation is at 3.4% at December 2025, above the Bank of England's 2.0% target. In addition, cost inflation is continuing to run higher than general CPI for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand. The persistence of core inflation indicates that underlying inflationary pressures have not yet fully unwound with longer term forecasts suggesting it will be late 2026 before rates return nearer to the 2% target.

Over the past year, inflation and high government borrowing have caused interest rate volatility. The increase in 30 year gilts means the return investors demand for lending to the UK government for 30 years is substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at 3.75% at December 2025. With inflation remaining higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates on existing and new funding.

Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants whilst ensuring the ongoing financial viability of our operations and the appropriate levels of investment in our homes and services to customers.

Our rent increases implemented over the past couple of years have focused on growing the financial capacity in our business plan to ensure sufficient funding is available to meet investment in lifecycle replacements and our legislative obligations in our homes. Informed through our tenant engagement, Group Asset Strategy and our more detailed Loretto Strategic Asset Investment and Management Plans and Neighbourhood Plans, we have considered the level of funding required to increase investment in our homes and neighbourhoods. We also have a requirement beyond compliance and lifecycle replacements to start to create more capacity to fund energy efficiency improvements in our homes which will be needed to meet the expected requirements of the Scottish Housing Net Zero Standard ("SHNZS").

We recognise that economic factors are continuing to put pressure on household income, and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by March 2026. As part of the focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in the Wheatley Foundation to support customers. This includes Welfare Benefits and Fuel Advice, Home Comforts (our furniture upcycling service) and a provision in 2026/27 for the Helping Hand Fund. This fund helps our customers who are facing financial hardship manage their rent accounts.

Our new build programme has aligned our development capacity within our current approved financial covenants to grant availability, especially in the early years of the plan.

While the Scottish Government has announced a multi-year Affordable Housing Supply Programme (AHSP) funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. We are working with our funders to agree covenant changes to enable us to extend and increase our affordable housing programme to support the Scottish Government's strategic aims.

With strategic focus on the delivery of affordable housing, Loretto has plans to deliver 555 new homes over the period of the new strategy 2026-2031 with 499 Social and 56 MMR properties. This includes 19 properties from the conversion of flats and office space at Duke Street.

Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes.

The updated financial projections for 2026/27 and beyond include (including inflation):

- Provision to deliver 555 new build homes for both social rent (496 units) and mid-market rent (56 units). This includes the conversion of 18 existing social rent units and office space into 19 homes at Duke Street.
- £26.2m of repairs spend in our existing housing stock in the first 5 years.
- £25.6m of investment in our existing housing stock in the first 5 years of the projections.
- Provision of £1.4m for investment in our digital transformation and centres of excellence strategies.
- £1.1m of funding for donations, including the Wheatley Foundation, and Think Yes across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of value for money and operational efficiencies helping mitigate the additional costs associated with the increased number of units over the period.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. Loretto's peak net debt of £176.3m is forecast to be reached in 2031/32 (year 6). It is important to note that continued control of costs are an important aspect of managing our financial position.

2. Key assumptions

The key financial assumptions in the 2026/27 Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

2.1 Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2025, updated for forecast new build completions in 2025/26. The stock number at 31 March 2025 includes 47 units which are managed by Loretto HA on behalf of other providers.

Table 1 – Split of stock by type

Unit Type	Units 31.3.25	Forecast Completions 2025/26	Units 31.3.26
General Needs and Supported	2,805	61	2,866
Shared Ownership	17	-	17
Total Social Rent	2,822	61	2,883
Market Rent	17	-	17
Total	2,839	61	2,900

In 2025/26, 61 social rent properties are forecast to complete by the end of the year, at South Crosshill, Bishopbriggs and Bank St, Coatbridge.

Our mid-market rent properties offer a low-cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by Loretto but are leased to and managed by the Wheatley Housing Group's commercial subsidiary, Lowther Homes Limited. On-going capital works costs remain the responsibility of Loretto and these costs are reflected within the business plan assumptions.

b) Projected new build completions and closing stock numbers

The 2026/27 projections assume a provision to deliver 555 additional new build homes for social rent (499 units) and mid-market rent (56 units) in the first 5 years. This includes 19 properties from the conversion at Duke Street. This will provide significant growth in stock numbers of 18.5% over the 5 years.

The Loretto new build pipeline considers where new opportunities may emerge, driven by local authority housing strategy and the Strategic Housing Investment Programme that flows from it. The focus is on local authorities in the West of Scotland. The Loretto five-year plan allows for development activity across 5 local authority areas, particularly Renfrewshire and Falkirk along with North Lanarkshire and East Dunbartonshire, increasing housing supply, and our presence in these areas. We will also conclude our programme in Glasgow during this period with our development at Forfar Avenue, Cardonald and the refurbishment of Loretto's building at Duke Street, Glasgow. Table 2 below shows the planned profile of both social rent and mid-market rent housing stock over the period of the projections.

Table 2 – Housing Stock Numbers

Stock Numbers	2026/27	2027/28	2028/29	2029/30	2030/31
Opening Units – Social Rent	2,883	2,968*	3,053	3,170	3,314
New build	85	85^	117	144	50
Closing Units – Social Rent	2,968	3,053	3,170	3,314	3,364
Opening Units – Market Rent	17	17	47	55	55
New build	-	30	8	-	18
Closing Units – Market Rent	17	47	55	55	73

** stock numbers Includes existing 18 units at Duke Street*

^includes 1 new unit at Duke Street added to stock numbers

2.2 Income

a) Rent and Service Charge Income

The rent and service charge increase supports the continued investment in our existing homes and our services while remaining comparable with the Sector.

Table 3 – Rent increase assumptions

Rent Increase %	2026/27						
Loretto	6.90%						

Other income includes service charges for garage lock ups and lease income from Lowther Homes for our MMR properties.

Table 4 – Other income summary

Source	Other Income £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Internal	Garage income (net of voids)	19	20	21	23	23
External	MMR lease and other income	106	126	327	365	384
	Total Other Income	125	146	348	388	407

A further £125k is expected to be generated by Loretto in 2026/27 from other income streams, rising to £407k by year 5 of the projections (2030/31), an increase of 225.6% in annual income. This is driven by the completion of 56 new build MMR units (currently 17 units) which will be leased to Lowther Homes contributing to increased leased income of £278k over the five years.

2.3 Cost Inflation Assumptions

The financial planning assumptions for 2026/27 have been set against a backdrop of stabilising inflation following significant volatility in prior years. Recent market forecasts and Bank of England projections indicate inflation will remain above the long-term 2% target until at late 2026. In addition, key cost drivers for housing expenditure including repairs and utilities continue to exert upward pressure on operating costs.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund. The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 – Inflation assumptions

Inflation Assumption %	2026/27									
General cost inflation	3.00%	2.50%		2.50%		2.50%			2.50%	
Pay uplift	4.00%									

2.4 Operating performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward. The high rate of voids for our supported housing properties reflects the specialist nature of this stock and the need to work in partnership with local authorities to fill void properties, rather than referring to an established waiting list.

Table 6 – Void rent loss, bad debt and arrears assumptions

Performance Assumptions	Current Year	2026/27	2027/28	2028/29	2029/30	2030/31
Routine voids (%)	1.97	2.42	2.37	2.33	2.28	2.24
Bad debts (%)	0.85	1.71	1.96	1.91	1.86	1.81
Arrears (£'000) - gross	700	621	621	621	621	621

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Current void performance to December 2025 is 1.97%. The plan assumes a steady reduction in voids over the five year period, noting that our assumptions remain prudent in the business plan are comparable to historical rates. The business plan assumptions on the movement in arrears continue to recognise the economic challenges facing our customers, together with our experience to date with Universal Credit. The 2026/27 business plan assumes that all working age tenants on benefits move to Universal Credit by March 2026.

2.5 Management costs

Loretto's employee cost assumptions reflect costs in relation to delivering the direct staff structure. Additionally, Loretto pays an appropriate share of the salaries of the Compliance and Investment, MyRepairs, New Build, Environmental Service (NETs) and Wheatley 360 staff teams. The year on year movements in staff costs reflect the business planning assumptions for pay uplifts and the timing of work force planning savings. Strathclyde Pension Fund employer pension contributions of 17.5% (26/27) returning to 19.3% from 27/28 onwards have also been included in the projections. In addition, following a reduction in the funding level of the SHAPS defined benefit scheme at the last triennial valuation of the scheme in September 2024, employee costs in 2028/29 and 2029/30 include deficit contributions payable as a member of the scheme.

Running costs include day to day expenditure and an appropriate share of the Environmental Service and wraparound services running costs. Running costs include cost efficiencies and following a robust and competitive retender of the Group's Property Insurance, 2026/27 costs include a c35% reduction in Property Insurance premiums, with Loretto's share of savings £41k. Overall, running costs are projected to increase linked to the growth in the number of new build properties, but on an individual cost per unit, will reduce over the five year period. The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Employee Relations, IT, Finance. Table 7 sets out the overall management costs that are assumed in the plan.

Table 7 – Management cost assumptions (including inflation)

Management Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Employee costs	1,749	1,798	2,306	2,364	1,804
Running costs	1,060	1,055	1,090	1,172	1,258
Recharges from Group	1,782	1,816	1,860	1,902	1,945
Total Management Costs	4,591	4,669	5,256	5,438	5,007
Average Cost per Unit £	1,569	1,551	1,689	1,677	1,500
Average Cost per Unit £ (excl. Inflation)	1,569	1,513	1,599	1,546	1,357

Overall, in real terms, management costs per unit are expected to reduce by 2030/31, reflecting additional costs associated with the increased number of units can be managed through continued improvements in efficiency in the operating model. The average cost in year 3 and 4 increases linked to the SHAPS deficit contributions. Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.6 Asset management and growth

Scottish legislation for social housing includes the Housing (Scotland) Act 2014 and the recently passed Housing (Scotland) Bill which introduces new statutory duties for landlords across the social rented sector.

This includes new powers for Ministers to set enforceable expectations around damp and mould remediation (Awaab's Law provisions), a clearer responsibility for social landlords to help prevent homelessness and strengthens tenants' rights against eviction for rent arrears. For social landlords, these changes represent a move from discretionary good practice to mandatory compliance.

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service customers receive and their satisfaction levels. A significant proportion of the planned maintenance budget (£2.2m) is to enable us to comply with legislative requirements as a landlord (e.g. fire door safety, gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

The provision for routine maintenance recognises the demand and cost pressures that we have experienced in 2025/26. The provision for planned maintenance recognises the life cycles, growth from the additional stock and legislative requirement. Table 8 summarises the routine and planned maintenance assumptions.

Table 8 – Planned and Routine Maintenance costs (including inflation)

Repair Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Routine Maintenance	2,650	2,748	2,863	2,989	3,126
Planned Maintenance	2,298	2,176	2,359	2,444	2,562
Total repair costs	4,948	4,924	5,222	5,433	5,688

b) Capital Investment

The Core Investment Programme includes provision to deliver the 5 Year Strategic Investment Plans and meet the tenant commitments in the first two years specific approaches to key stock types to extend their useful lives. Our projections also recognise the growing statutory duties, and they continue to maintain the delivery of our neighbourhood plans and a programme of environmental improvements and build capacity to fund a programme of energy efficiency improvements to meet the zero targets in the new SHNZS.

Table 9 summarises the capital investment programme for the next five years. Investment in existing stock in 2025/26 is forecast to be £4.7m. Over the next five years investment will continue with a further £25.6m including inflation, of planned investment in existing stock. The capacity to increase in our investment programme over the five year plan is possible due to VAT savings generated from City Building Glasgow joining the Wheatley VAT Group from April 2026, operational efficiencies in management costs and operational cashflows generated from rental income.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties carried out by a specific voids team in our Group Environmental service. The in-house service gives us greater control over the void turnaround process.

Table 9 – Capital investment programme (including inflation)

Capital Investment £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Core Investment Programme	2,738	3,227	3,629	5,184	4,227
Capitalised Void Costs	377	386	396	406	416
Capitalised Repairs	398	408	418	429	439
Disabled Adaptations	123	126	129	132	135
CBG VAT saving	-	(112)	(115)	(118)	(121)
Sub-total	3,636	4,035	4,457	6,033	5,096
Capitalised Employee Costs	443	456	467	479	491
Total Capital Investment	4,079	4,491	4,924	6,512	5,587

c) New Build Programme

The new build programme as outlined in Section 1 reports 555 new units (499 for social rent and 56 for mid-market rent), inclusive of the conversion of 19 homes, to be delivered within the next five years. Table 10 outlines the investment in new build homes over the next five years. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

In 2026/27, a further provision of £50k has been included for a development fund. The development fund can go towards projects of strategic importance to help where there is a small funding gap. It has not been assigned to a project at the present time and if unused will be rolled forward.

Table 10 outlines the investment in new build homes over the next five years.

Table 10 – New build funding profile (including inflation)

New Build Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Yrs 1-5
Development Costs	21,562	39,157	28,305	32,550	33,093	154,667
Grant Income	13,773	24,564	12,092	22,156	15,176	87,761
Net Development Cost	7,789	14,593	16,213	10,394	17,917	66,906
Duke St Conversion	3,987	1,459	-	-	-	5,446
Capitalised Employee Costs	793	818	839	860	881	4,191
Capitalised Interest Costs	185	352	541	558	608	2,244
Net Cost	12,754	17,222	17,593	11,812	19,406	78,787
Unit Completions (Social and MMR)	85	115*	125	144	68	537

**includes additional 1 unit from Duke Street conversion with existing 18 units already accounted for in stock numbers*

2.7 Donations to Wheatley Foundation/Think Yes spend

Loretto will contribute £0.9m to the Wheatley Foundation over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. Most of the Foundation's income is received from the other subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 87% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to continue our commitment to the Community Improvement Partnership, working with police and fire services, in addition to Group Protection and to fund several projects that will benefit customers and communities across the Group. Projects include the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for Loretto over the long term.

Loretto's provision over the next five years is summarised in the below table. The projections assume funding for our contribution to the work the Foundation undertakes in 2026/27 and 2027/28, is partly met through use of Foundation cash reserves linked to the higher donations made to the Foundation to 2025/26. The donations include contribution to the Helping Hand Fund in 2026/27 and 2027/28. An allocation for Think Yes spend is also include in this category.

Table 11 – Wheatley Foundation donations and Think Yes

Initiatives £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
Donation to Wheatley Foundation	-	197	236	220	227
Think Yes	37	38	39	40	41
Total	37	235	275	260	268

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 year IT capital investment programme of £33.6m. This investment is in recognition of the key role technology has in the continuation in the delivery of the key strategic aims in delivery of the Group's strategy for 2026-2031. Loretto makes a capital contribution towards the overall Group IT capital costs. The table below details Loretto's contribution of £1.4m over the next 5 years.

Table 12 – IT Capital Contribution (including inflation)

IT Capital Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
IT Capital Contribution	437	246	246	246	235

The 5 year IT Capital Investment programme is aligned to 7 strategic workstreams, delivering key business strategy outcomes, enabling organisational change, and supporting ongoing investment across staff and customer digital services and platforms. The programme will also enable the planned transition of Wheatley Care to an independent organisation, while maintaining continuity of service, regulatory compliance, secure data separation, and appropriate shared service and integration arrangements. A core cross cutting priority of the programme is the delivery of a Group wide Data Improvement programme, focused on strengthening core data quality, extending our current system integration, and the delivery of a single, trusted view of the customer and a single, trusted view of asset and compliance data to support regulatory assurance, service delivery, and decision making.

The investment will support a portfolio of projects aligned to transforming and improving service delivery models; enabling organisational change including Care independence; strengthening compliance, assurance and audit readiness; investing in core platforms and systems across business and technical resilience; maintaining and improving Group cyber security; and evolving our digital, voice and face to face channels of delivery.

Strategic Outcomes

The programme will:

- Simplify the Group's technology estate through platform rationalisation and application consolidation, reducing complexity and cost.
- Improve customer, tenant and service user outcomes through clearer, more consistent end to end digital services.
- Strengthen regulatory compliance, audit readiness, and asset safety assurance.
- Enable organisational change, including Care independence, without compromising service delivery.
- Establish trusted, integrated data foundations to support decision making and performance management.
- Maintain secure, resilient and compliant core technology platforms.

Workstream Overview

Digital Workplace and Automation

- Improves staff productivity and service efficiency through modern workplace technology, automation, and AI enabled workflows. Supports compliance through automated processes, and secure workforce access, and a rolling programme of end-user device renewals and updates.

Customer Digital and Self Service

- Delivers improved online and multi-channel services aligned to customer journeys through investment in our core online services and platforms.
- Simplifies and consolidates customer facing platforms, aligning customer journeys across our voice, face-face and digital channels. Delivers a Single View of Customer across housing, repairs, payments and contact services, improving service consistency, insight and engagement for all staff and customers.

Housing and Care Transformation

- Modernises housing service delivery through Group platform consolidation and increasingly digitally enabled processes. Supports Wheatley Care's move to independence, including ongoing staff support and service delivery, secure data access & sharing, and continued compliance with care specific regulatory requirements.

Asset and Repairs Transformation

- Aligns repairs and asset management technology across the Group and delivers a Single View of Asset, integrating repairs, compliance, inspection and safety data to strengthen regulatory assurance and operational performance and enabling simpler, end to end repairs and compliance workflows.

Core Architecture

- Ensures the stability, security and compliance of the Group's core technology estate. Provides the integration, identity and access foundations required to support shared services, organisational separation, and cloud based delivery models.
- Underpins consolidation by reducing legacy infrastructure, completing cloud migration, and standardising core platforms. Enables shared services where appropriate, while supporting secure organisational separation and lower long term operating costs.

Cyber Security

- Strengthens cyber controls, monitoring and assurance to meet increasing regulatory and audit expectations, including Cyber Essentials certification and ongoing protection across Group.

Data, AI and Innovation

- Implementation of Group Data Strategy and supporting technology projects supporting the development and delivery of Single view of Customer, Asset and Compliance data and documentation. Consolidation of Group reporting, analytics, and data aggregation platforms. An AI (Artificial Intelligence) programme establishing Group AI strategy, governance and delivery roadmap across staff, manager and line of business platform A workflows.

Collectively, the programme ensures that IT investment directly enables service transformation, regulatory compliance, and organisational change, while establishing robust data and integration foundations that support confident decision making, improved outcomes, and long term sustainability.

2.7 Operating Cost per Unit

Our operating cost per unit, excluding depreciation and finance costs over the five year period as set out in Table 13 below.

Table 13– Projected operating cost per unit (including inflation)

Operating Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Costs	10,313	10,763	11,614	12,138	11,893
Average no. of social rent units	2,926	3,011	3,112	3,242	3,339
Average operating cost per unit £	3,525	3,575	3,732	3,744	3,562
Average operating cost per unit £ (excl. inflation)	3,525	3,484	3,541	3,460	3,221

As with management costs per unit, operating costs per unit reduce by 2030/31, equating to an overall 8.6% reduction in real terms. Year 3 and 4 report an increase in the average cost per unit, linked to the SHAPS deficit contributions as outlined in section 2.5. Variations in the operating costs per unit can be attributed to specific costs while the additional costs associated with the increased number of units over the period are minimised by value for money and efficiency savings gained through service transformation and investment in technology.

2.9 Interest Rate assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited (“WFL1”) at an assumed blended average funding rate. The blended funding rate reflects a combination of existing bank, bond, and private placement funding and prudent assumptions on the cost of future funding, considering the proportion of funding at fixed and variable rates, and any monitoring or commitment fees payable by WFL1 to external funders. This is consistent across all Group subsidiaries.

Table 14 – Interest rate assumptions

Interest Rate Assumptions	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Interest Payable (Group Funding)	4.42%									
Interest Receivable	2.00%									

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3. Financial projections – next 5 years

a) Statement of Comprehensive Income

Table 15 – Statement of Comprehensive Income

Statement of Comprehensive Income	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	19,035	20,729	22,410	24,263	26,180
Other Income (including MMR lease income)	125	146	348	388	407
Grant Income	11,914	14,238	15,673	18,341	8,961
	31,074	35,113	38,431	42,992	35,548
Service Costs	(403)	(412)	(420)	(433)	(444)
Management Costs	(4,591)	(4,669)	(5,256)	(5,438)	(5,007)
Repair and Maintenance Costs	(4,948)	(4,924)	(5,222)	(5,433)	(5,688)
ER/VR Costs	0	(106)	0	(111)	0
Wider Role and Strategic Initiatives	(37)	(235)	(275)	(260)	(268)
Bad Debt	(334)	(416)	(438)	(462)	(485)
Depreciation	(7,902)	(8,515)	(9,374)	(10,241)	(11,098)
Operating Expenditure	(18,215)	(19,277)	(20,985)	(22,378)	(22,990)
Investment Property Valuation Movement	27	(3,300)	(834)	57	(2,123)
Operating Surplus	12,886	12,536	16,612	20,671	10,435
Operating Margin (%)	41%	36%	43%	48%	29%
Finance Costs	(4,461)	(5,019)	(5,983)	(6,880)	(7,895)
Housing Property Valuation Movement	(2,380)	(8,295)	(8,620)	(13,827)	1,539
Total Comprehensive Income	6,045	(778)	2,009	(36)	4,079

Rental income

Investment in the new build programme and assumed rental increases will generate 37.5% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable.

Other income

Other income relates to rental income for our garage lock ups, as well as lease income for our MMR properties from Lowther Homes. Other income is assumed to increase by £0.3m over the first 5 years of the projections, which relates to increased lease income.

Grant income

In line with SORP 2018, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Expenditure

Management costs, as detailed in section 2.5 of this paper, reflect SPF employer pension contributions of 17.5% (26/27) returning to 19.3% from 27/28 onwards in the projections and the SHAPS deficit contributions in 2028/29 and 2029/30. In real terms the management cost per unit decreases over the five year period, linked to ensuring value for money through our procurement process, and efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to ER/VR costs which are “non-recurring” business change expenditure.

As noted in section 2.7, wider role and strategic initiative spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £1.1m has been included in the first 5 years of the projections.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2018 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario. The deficit reported in 2027/28 of £778k is after accounting for the housing property valuation that includes the conversion at Duke Street therefore the downward valuation on completion has a greater impact due to the grant funding available for the conversion. The deficit of £36k reported in year 4 is also driven by the impact on the valuation. This is due to the higher number of completed units (199 in total) which has led to the £13.8m decrease in valuation, resulting in an overall small deficit.

Over the five year period total comprehensive income is £11.3m.

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b) Statement of Financial Position

Table 16 – Statement of Financial Position

Statement of Financial Position	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Housing Properties	199,940	222,531	237,108	253,682	280,197
Other Fixed Assets	3,153	3,617	4,138	4,247	4,341
Investment Properties	1,397	4,778	5,732	5,789	7,928
Total Fixed Assets	204,490	230,926	246,978	263,718	292,466
Current Assets	2,300	2,300	2,300	2,300	2,300
Current Liabilities	(13,750)	(23,692)	(27,751)	(19,273)	(32,164)
Net Current Liabilities	(11,450)	(21,392)	(25,451)	(16,973)	(29,864)
Long-Term Liabilities	(115,762)	(133,034)	(143,018)	(168,272)	(180,050)
Net Assets	77,278	76,500	78,509	78,473	82,552
Retained Earnings	77,278	76,500	78,509	78,473	82,552
Total Reserves	77,278	76,500	78,509	78,473	82,552

Housing Assets

The plan assumes Housing & Investment Property assets to increase £80.3m over five years from 1 April 2026 due to the development of 555 new build homes and an assumed increase in the value of our existing stock as a result of investment.

Other Assets

This includes Lipton House and IT Capital assets. The increase in value reflects our continued investment in IT across the Group.

Net Current Liabilities

Current assets include rent arrears, trade debtors and cash. Current liabilities fluctuate over the period as a result of the inclusion of grant received in respect of the new build programme. New build grant received is held as deferred income in the balance sheet, either in current or long term liabilities, depending on the forecast completion date of the scheme. Once the units complete, it is released from liabilities and recognised in the Statement of Comprehensive Income. Due to the high number of completions over the five year period, the value of grant in current liabilities has increased, in particular in years 2,3 and 5, ahead of increased completions in years 3,4 and 6.

Long-Term Liabilities

Long-term liabilities relate to the loan due to Wheatley Funding Limited 1 ("WFL1"), pension liability and long term other deferred income. The balance due to WFL1, after deduction of cash balances, increases from £92.2m at March 2026 to £168.7m at March 2031, funding new build development. Peak net debt of £176.3m occurs in year 6 (2031/32).

Retained Earnings

During the five year period from 1 April 2026, retained earnings are projected to increase by the reported total comprehensive income of £11.3m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, partly offset losses linked to our borrowing costs during the development period.

c) Statement of Cash Flow

Table 17 - Statement of Cash Flow

Cash Flow	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental and Other Income	18,948	20,585	22,450	24,321	26,237
Operating Expenditure	(9,978)	(10,346)	(11,176)	(11,676)	(11,407)
Net Cash from Operating Activities	8,970	10,239	11,274	12,645	14,830
Core Capital Expenditure	(3,653)	(3,894)	(4,175)	(6,126)	(5,233)
Net Trading Cash	5,317	6,345	7,099	6,519	9,597
New Build Expenditure	(26,627)	(41,434)	(29,144)	(33,410)	(33,974)
Grant Income	14,008	24,564	12,092	22,156	15,176
Other Capital Expenditure	(885)	(867)	(1,020)	(657)	(615)
Net Cash used in Investing Activities	(13,504)	(17,737)	(18,072)	(11,911)	(19,413)
Finance Costs	(4,346)	(5,037)	(6,154)	(7,047)	(8,074)
Net Movement in Cash	(12,533)	(16,429)	(17,127)	(12,439)	(17,890)

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 38.5% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by value for money and efficiency savings gained through service transformation and investment in technology.

Net Trading Cash

This reflects the cash available after operating activities and investment in our existing homes and assets. As outlined in section 2.6b) core investment reflects the provision required to maintain the quality standard of our existing homes, meet the tenant commitments as well as meet the component replacement cycles together with building provision for our neighbourhood priorities and SHNZS works. The capacity to increase in our investment programme over the five year plan is possible due to operational efficiencies in management costs and operational cashflows generated from rental income.

Finance Costs

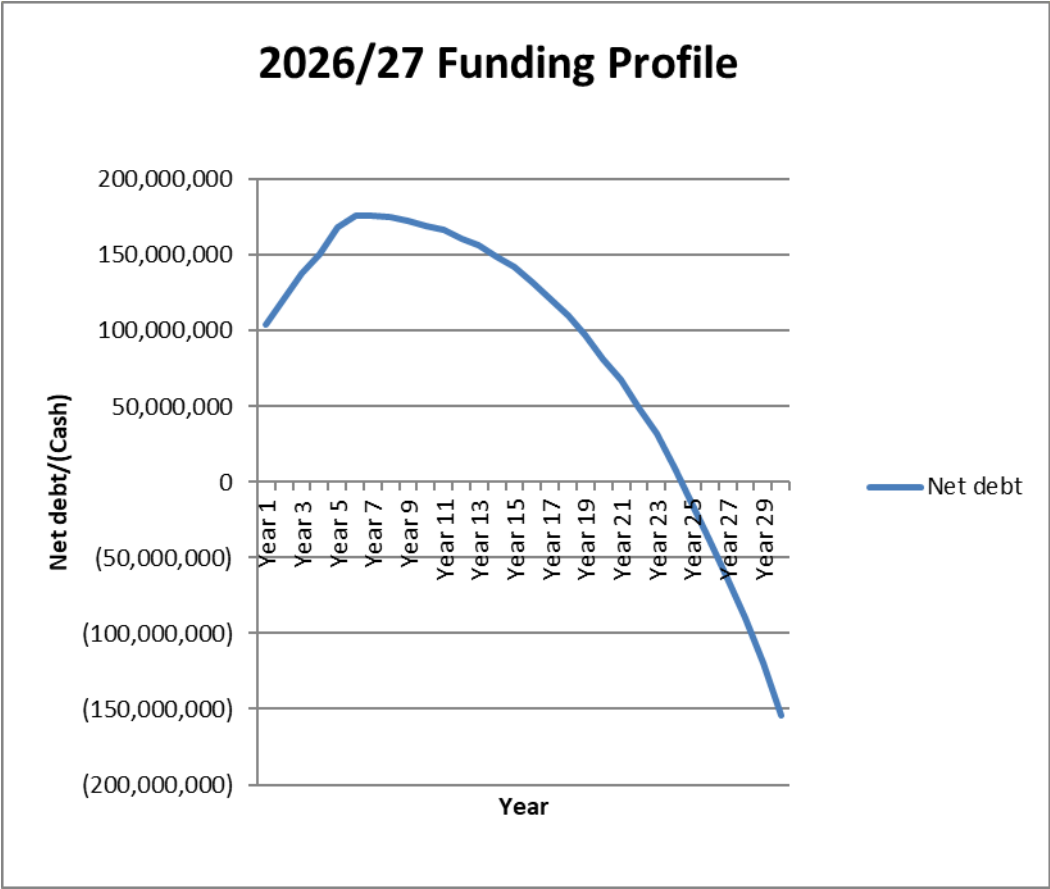
This reflects the interest due on our loan with WFL1. As expenditure is incurred to pay for our new build programme, Loretto will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2032/33, while core programme expenditure continues. Peak net debt is reached in 2031/32, which is year 6 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

Net Movement in Cash

In the first five years of the plan, we anticipate a £76.4m net cash outflow. The cash outflow reflects our investment in our new build programme.

4. Funding and debt profile

4.1 The debt profile for Loretto is as follows:



Debt indicator	Value
Peak net debt	£176.3m
Peak net debt year	6
Debt repayment year	25
Cash at Year 30	£154.3m

5. Key Parameters

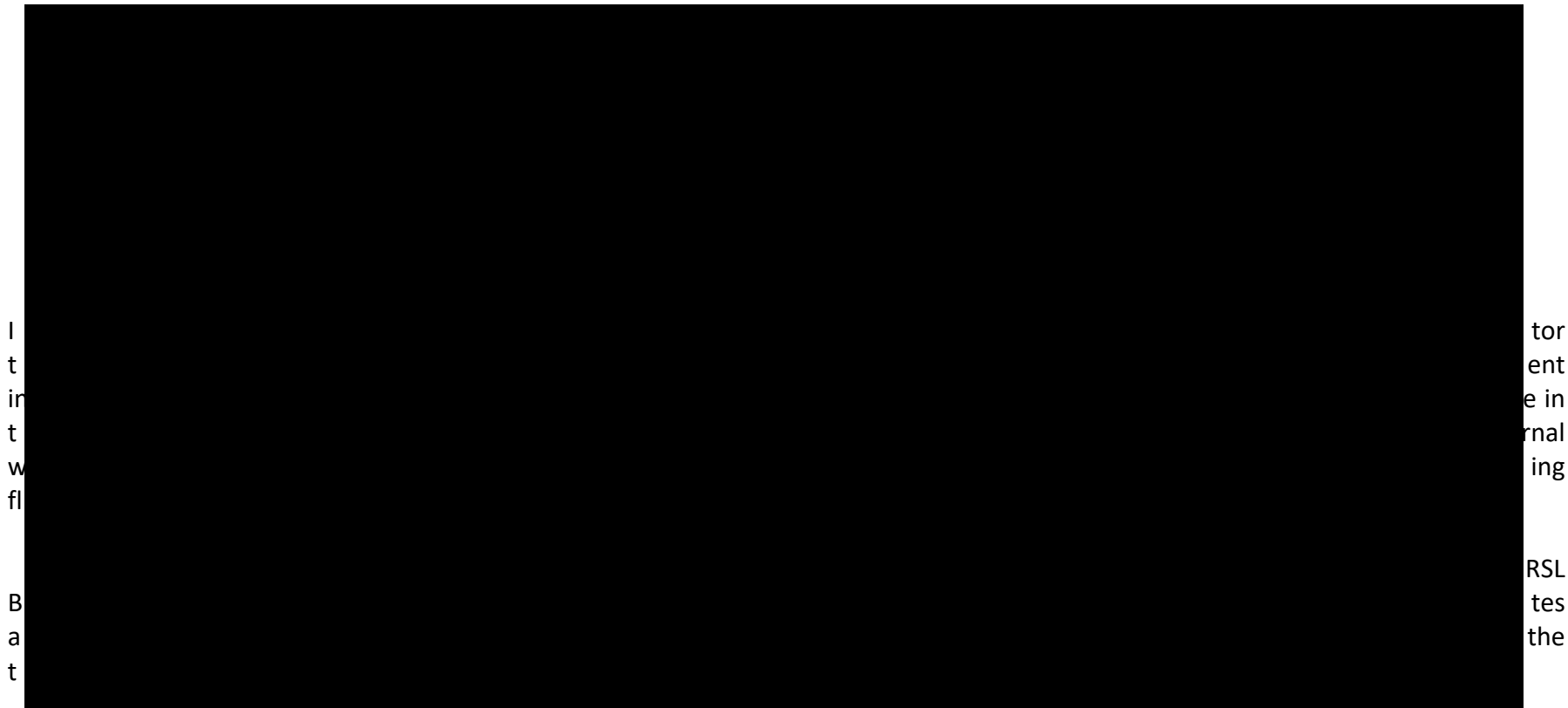
5.1 Whilst covenants attached to WFL1 funding are assessed at Group level, rather than individual RSL level, there are important financial parameters which need to be met to ensure that Loretto remains financially sustainable in the long term and that its contribution to the RSL Borrowing Group, along with all the other RSLs in the group, allows WFL1 to meet its external funding conditions. Therefore, the following criteria need to be considered when assessing the impact of any risks or business decisions on projections.

5.2 [Redacted]

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

[Redacted]

5.3 [Redacted]

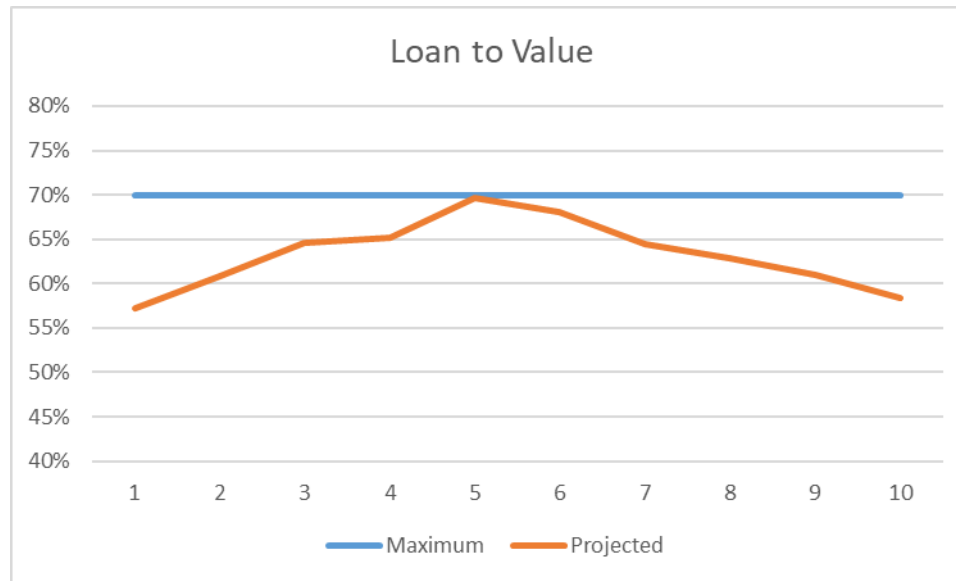


As new build units are completed, and handed over, more rental income is generated which, along with efficiency savings. Increases in rental income (as noted in paragraph 2.2) and continuing management of the cost base during this period are of importance.

The long-term financial projections show that debt can be repaid in year 25 of the plan with £154.3m of cash generated in year 30.

5.4 Asset cover

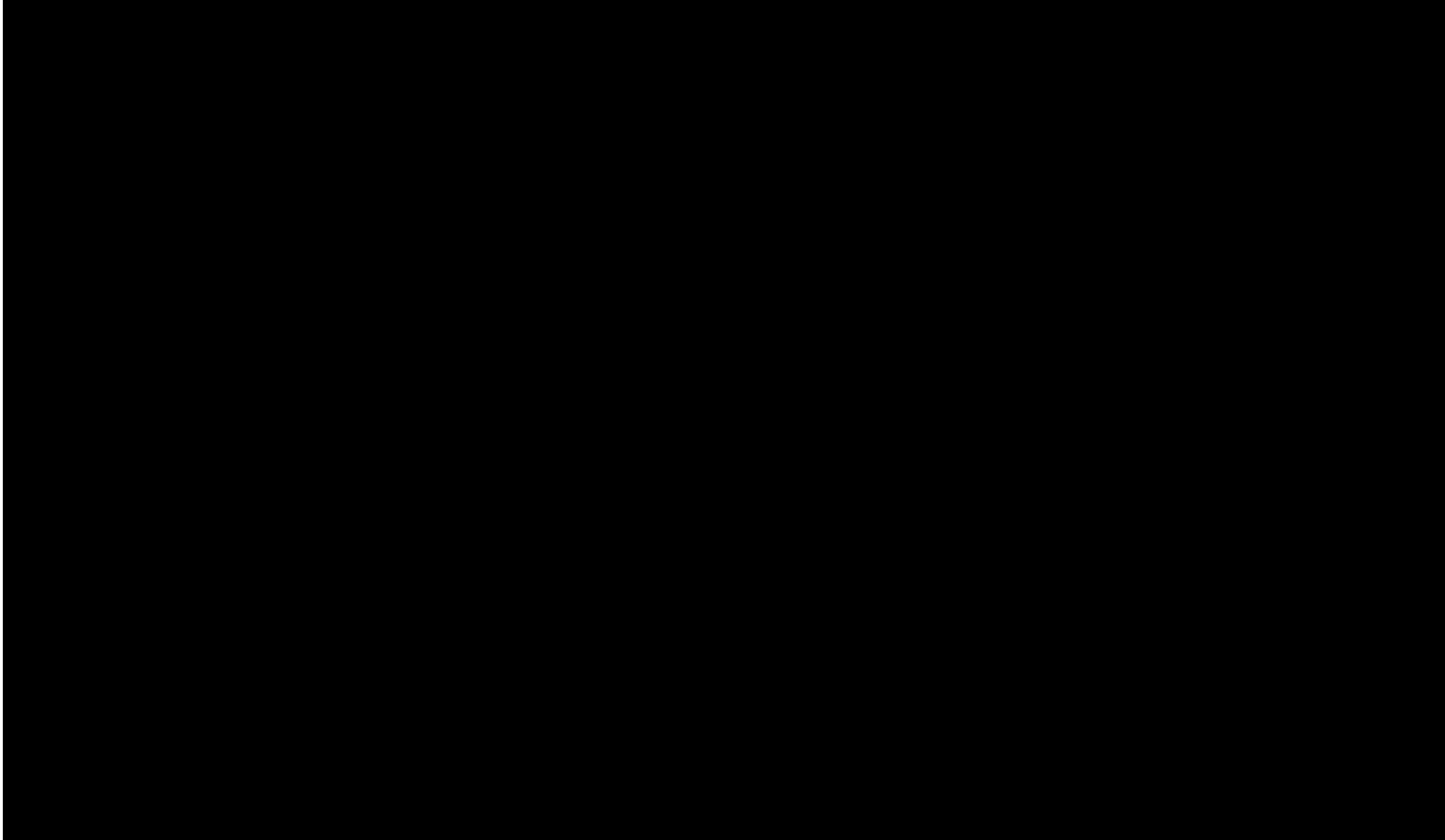
One of the metrics which governs overall borrowing limits is the value of the owned asset base. The Loretto investment and development programme is supported by intra-group borrowing from WFL1 which operates on a Group wide borrowing and asset security basis. Assets are typically based on the cash flows associated with these assets, business decisions, e.g. in relation to rent growth, will have an impact on asset values. The loan to value profile for Loretto is as follows:



Although loan to value increases from 57.3% in 2026/27 to 69.6% in 2030/31, it remains within our 70% golden rule maximum level and subsequently decreases down to 58.4%. This demonstrates that Loretto can deliver its new build programme and will have sufficient asset cover to support loans, noting that 2032/33 (year 7) is the final year of the current development programme, with debt decreasing from year 6. The loan to value at the RSL borrower group level remains within the golden rule.

6. [REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]					[REDACTED]		[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]									
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	



Loretto Housing Financial Projections | 2026/27

No.	Risk Description	Revenue Surplus less Capital Investment - Interest Cover					Debt		Mitigation	
		Yr1	Yr2	Yr3	Yr4	Yr5	Peak net debt £m Yrs 1-10	Max Loan to Value Yrs 1-10		
Base Case		1.19	1.26	1.19	0.95	1.22	£176.3m	69.6%		
9	The blended interest rate on borrowing increases to 4.80% in years 1 and 2	1.10	1.18	1.18	0.94	1.21	£177.2m	70.0%	In mitigation cost efficiencies would be sought elsewhere in the event of increased interest costs.	
10	Rent increase reduced to 4% (inflation +1.5%) in years 2-4, dad debts increased by 1% in years 1-5, and the blended interest rate on borrowing increases to 4.80% in years 1 and 2	1.06	1.07	1.06	0.81	1.08	£182.1m	71.4%	Review of rent setting policy, arrears policy and procedures, operational efficiencies and review service provision, including repairs, to offset the decrease in rental income and increase in bad debt and interest costs.	

Wheatley Homes East Financial Projections 2026/27

1. Headlines

The UK economy has continued to face challenges with weak growth and persistent inflationary pressures. General CPI inflation is at 3.4% at December 2025, above the Bank of England's 2.0% target. In addition, cost inflation is continuing to run higher than general CPI for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand. The persistence of core inflation indicates that underlying inflationary pressures have not yet fully unwound with longer term forecasts suggesting it will be late 2026 before rates return nearer to the 2% target.

Over the past year, inflation and high government borrowing have caused interest rate volatility. The increase in 30 year gilts means the return investors demand for lending to the UK government for 30 years is substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at 3.75% at December 2025. With inflation remaining higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates on existing and new funding.

Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants whilst ensuring the ongoing financial viability of our operations and the appropriate levels of investment in our homes and services to customers.

Our rent increases implemented over the past couple of years have focused on growing the financial capacity in our business plan to ensure sufficient funding is available to meet investment in lifecycle replacements and our legislative obligations in our homes. Informed through our tenant engagement, Group Asset Strategy and our more detailed Wheatley Homes East Strategic Asset Investment and Management Plans, we have considered the level of funding required to increase investment in our homes and neighbourhoods. We also have a requirement beyond compliance and lifecycle replacements to start to create more capacity to fund energy efficiency improvements in our homes which will be needed to meet the expected requirements of the new Scottish Housing Net Zero Standard ("SHNZS") and to deliver improvements in our specific stock types to extend the life of those buildings.

We recognise that economic factors are continuing to put pressure on household income, and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by March 2026. As part of the focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in the Wheatley Foundation to support customers. This includes Welfare Benefits and Fuel Advice, Home Comforts (our furniture upcycling service) and a provision for the Helping Hand Fund. This fund helps our customers who are facing financial hardship manage their rent accounts.

While the Scottish Government has announced a multi-year Affordable Housing Supply Programme (AHSP) funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. We are working with our funders to agree covenant changes to enable us to extend and increase our affordable housing programme to support the Scottish Government's strategic aims.

With strategic focus on the delivery of affordable housing in the East, WH East has plans to deliver 1,168 affordable homes in the next 5 years, with 987 being for social rent and 181 for mid-market rent.

Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes.

The updated financial projections for 2026/27 and beyond include (including inflation):

- Provision to deliver 1,168 new build homes for both social rent (987 units) and mid-market rent (181 units) in the first 5 years of the plan.
- £54.5m of repairs spend in our existing housing stock in the first 5 years.
- £68.4m of investment in our existing housing stock in the first 5 years of the projections.
- Provision of £3.7m for investment in our digital transformation and centres of excellence strategies.
- £3.0m of funding for donations, including the Wheatley Foundation, and Think Yes across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of value for money and operational efficiencies helping mitigate the additional costs associated with the increased number of units over the period.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. WH East's peak net debt of £367.2m is forecast to be reached in 2031/32 (year 6).

It is important to note that continued control of costs are an important aspect of managing our financial position.

2. Key assumptions

The key financial assumptions in the 2026/27 Business Plan are highlighted below. All figures include VAT and inflation unless stated otherwise.

2.1 Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2025, updated for forecast new build completions 2025/26.

Table 1 – Split of stock by type

Unit type	Units 31.03.25	Forecast Completions 2025/26	Forecast disposals 2025/26	Units 31.03.26
General Needs and Supported	6,930	253	-	7,183
Shared Ownership	328	-	-	328
Total Social Rent	7,258	253	-	7,511
Market Rent	538	120	(133)	525
Total	7,796	373	(133)	8,036

In 2025/26, 253 social rent and 120 new build mid-market rent properties are forecast to complete by the end of the year, at West Craigs Ph1,2 & 3, Wallyford Area, Dalhousie South Area, St Crispins, Winchburgh BB, Sibbalds Brae, Builyeon Road and Deans South Ph2.

Our mid-market rent properties offer a low-cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by WH East but are leased to and managed through the Wheatley Housing Group's commercial subsidiary, Lowther Homes Limited. On-going capital works costs remain the responsibility of WH East and these costs are reflected within the business plan assumptions. In addition to the forecast completion of mid-market rent properties, the approved sale of 133 mid-market rent units to Lowther is expected to be completed in March 2026 with the proceeds used to increase the amount we are investing in our tenants' homes over the next few years.

b) Projected new build completions and closing stock numbers

The 2026/27 projections assume a further 987 social rent units and 181 mid-market rent new build units can be delivered over the first five years of the plan. This will provide growth in stock number of 14.3% over the 5 years.

The WH East new build pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational local authority area.

Table 2 shows the planned profile for both social rent property and mid-market rent properties over the period of the projections.

Table 2 – Housing Stock Numbers

Stock Numbers	2026/27	2027/28	2028/29	2029/30	2030/31
Opening Stock – Social Rent	7,511	7,747	8,069	8,199	8,354
New Build	236	333	130	155	133
Sales	-	(11)	-	-	-
Closing Stock – Social Rent	7,747	8,069	8,199	8,354	8,487
Opening Units – Market Rent	525	554	587	587	666
New Build	29	33	-	79	40
Closing Stock – Mid Market Rent	554	587	587	666	706

The 2026/27 projections have assumed that the remaining 11 of the supported housing units which transferred from Barony will be sold in 2027/28. These properties do not allow for customers residing in the accommodation to live independently and a disposal and re-provisioning strategy had been previously approved by the Barony Board prior to the transfer.

2.2 Income

a) Rent & Service Charge Income

The rent and service charge increases support the continued investment in our existing homes and our services while remaining comparable with the Sector.

The plan assumes an average weekly rent based on the current average rent and, subject to Board approval, a 6.9% rent increase in April 2026. In addition to rental income, WH East receives income from service charges, which is increased in line with rent increases. Based on current charges, forecast service charge income is £3.0m in year 1.

The supported living service at the Harbour will transfer to Wheatley Care from 1 April 2026. Rental income currently received by WH East of £807k will be invoiced by and paid to Wheatley Care to support the service delivery with this cost included within Support Activities. The associated grant funding for the Harbour will be paid directly to Wheatley Care. Wheatley Care will continue to deliver this service within our properties. Staff engaged in the delivery of the services at the Harbour will transfer to Wheatley Care under TUPE arrangements, ensuring continuity of service and employment. WH East is not financially impacted by this change.

Table 3 shows the rent and service charge growth assumptions over the next five years noting that future years' rent increase levels are considered annually by the Board.

Table 3 – Rent and service charge increase assumptions

Rent Increase %	2026/27											
WH East	6.9%											

Other Income

Other income received by WH East includes management fees from Livingwell service and shared owners, income from district heating sites, commercial income, lease income from Lowther Homes for our MMR properties and Gift Aid income from Lowther Homes following the sale of 133 MMR units in 2025/26 to Lowther to offset the lost lease income on the disposal. WH East also receives income from Wheatley Solutions for the use of office space.

c) Other Grant Income

This includes medical adaptations grant funding of £180k per annum, to fully fund the cost of adaptations to tenants' homes. In addition, grant funding from the Scottish Government totalling £3.6m has been recognised in 2025/26 and 2026/27 in relation to cladding works at Marine Drive with the associated costs reported within Capital Investment.

Table 4 – Other Income Summary

Other Income £'000	2026/27	2027/28	2028/29	2029/30	2030/31
MMR lease and other income	5,561	5,833	6,215	6,838	7,577
Other Income	556	562	568	575	582
Other Grant Income	900	3,060	180	180	180
Total	7,017	9,455	6,963	7,593	8,339

£7.0m is expected to be generated by WH East in 2026/27 from other income streams, rising to £8.3m by year 5 of the projections (2030/31), an increase of 18.8% in annual income. This is driven, in the main, by the completion of 181 new build MMR units which will be leased to Lowther Homes contributing to increased leased income of £2.0m over the five years.

2.3 Cost inflation assumptions

The financial planning assumptions for 2026/27 have been set against a backdrop of stabilising inflation following significant volatility in prior years. Recent market forecasts and Bank of England projections indicate inflation will remain above the long-term 2% target until late 2026. In addition, key cost drivers for housing expenditure including repairs and utilities continue to exert upward pressure on operating costs.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund. The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 - Inflation assumptions

Inflation Assumptions %	2026/27	2027/28	2028/29	2029/30	2030/31
General cost inflation	3.0%	2.5%	2.5%	2.5%	2.5%
Employee cost inflation	4.0%				

2.4 Operating Performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward. The higher rate of voids for our supported housing properties reflects the specialist nature of this stock and the need to work in partnership with local authorities to fill void properties, rather than referring to an established waiting list.

Table 6 – Void rent loss, bad debt and arrears assumptions

Performance Assumptions	Current Year	2026/27	2027/28	2028/29	2029/30	2030/31
Routine voids (%)	1.33%	1.42%	1.36%	1.32%	1.32%	1.31%
Bad debts (%)	1.10%	1.50%	1.50%	1.50%	1.50%	1.50%
Gross Arrears (£'000)	2,119	2,395	2,395	2,395	2,395	2,395

The plan assumes voids at 1.42% in year 1, with this assumed to reduce over the period to 1.31% by year 5. Current void performance to December 2025 is 1.33% with this driven by the supported accommodation having high void rates throughout the financial year. A higher void % rate has been applied to supported accommodation within the business plan, with the blended void % rate noted above. The reduction in void rates assumed over the 5 year period is due to planned sales in 2027/28 of properties at Carlyle Road, Fife where there are higher void rates combined with the impact of the development programme.

The provision for bad debts has been assumed at a constant 1.5% of gross rental income in 2026/27 which is prudent compared to our performance of 1.1% in the current year performance to December 2025.

The business plan assumptions on the movement in arrears have been updated to take into account the economic challenges facing our customers together with our experience to date with Universal Credit. The 2026/27 Business Plan arrears reflect the assumption that all working age tenants on benefits move to UC by end of March 2026.

2.5 Management Costs

WH East's employee cost assumptions reflect costs in relation to delivering the direct staff structure. Additionally, WH East pays an appropriate share of the salaries of the Compliance and Investment, New Build, Environmental Service (NETs) and Wheatley 360 staff teams. The year on year movements in staff costs reflect the business planning assumptions for pay uplifts and the timing of work force planning savings. In addition, following a reduction in the funding level of the SHAPS defined benefit scheme at the last triennial valuation of the scheme in September 2024, employee costs in 2028/29 and 2029/30 include deficit contributions payable as a member of the scheme.

Running costs include day to day expenditure and an appropriate share of the Environmental Service and Wheatley 360 running costs but exclude Foundation donations and Think Yes. Overall, running costs are projected to increase linked to the growth in the number of new build properties, but on an individual cost per unit, will reduce over the five year period.

The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Employee Relations, IT and Finance. Table 7 sets out the overall management costs that are assumed in the plan.

Table 7 – Management cost assumptions (including inflation)

Management Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Employee Costs	4,652	4,653	5,037	5,102	4,726
Running Costs	4,889	5,122	5,434	5,676	5,935
Recharges from Group	5,175	5,274	5,402	5,525	5,649
Total Management Costs	14,716	15,049	15,872	16,303	16,310
Average no. of social rent units	7,629	7,908	8,134	8,277	8,421
Average Cost per Unit £	1,929	1,903	1,951	1,970	1,937
Average Cost per Unit £ (excluding inflation)	1,929	1,857	1,857	1,829	1,755

Overall, in real terms, management costs per unit are expected to reduce by 2030/31, reflecting additional costs associated with the increased number of units can be managed through continued improvements in efficiency in the operating model. The average cost in year 3 and 4 increases linked to the SHAPS deficit contributions. Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.6 Asset Management and Growth

Scottish legislation for social housing includes the Housing (Scotland) Act 2014 and the recently passed Housing (Scotland) Bill which introduces new statutory duties for landlords across the social rented sector.

This includes new powers for Ministers to set enforceable expectations around damp and mould remediation (Awaab's Law provisions), a clearer responsibility for social landlords to help prevent homelessness and strengthens tenants' rights against eviction for rent arrears. For social landlords, these changes represent a move from discretionary good practice to mandatory compliance.

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service customers receive and their satisfaction levels. A significant proportion of the planned maintenance budget is to enable us to comply with legislative requirements as a landlord (e.g. fire door safety, gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

The provision for routine repairs recognises the demand that we have experienced in 2025/26. The provision for planned maintenance recognises the life cycles, growth from the additional stock and legislative requirement. Table 8 summarises the routine and planned maintenance assumptions.

Table 8 – Routine and Planned Maintenance Costs (including inflation)

Repair Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Routine Maintenance	7,028	7,367	7,634	7,831	8,112
Planned Maintenance	3,081	3,199	3,321	3,408	3,531
Total repair costs	10,109	10,566	10,955	11,239	11,643

b) Capital Investment

The Core Investment Programme includes provision to deliver the 5 Year Strategic Investment Plans and meet the tenant commitments in the first two years with specific approaches to key stock types to extend their useful lives. Our projections also recognise the growing statutory duties, and they continue to maintain the delivery of our neighbourhood plans and a programme of environmental improvements and build capacity to fund a programme of energy efficiency improvements to meet the expected net zero targets in the new SHNZS.

Table 9 summarises the capital investment programme for the next five years. Investment in existing stock in 2025/26 is forecast to be £11.2m. Investment spend in 2025/26 was increased to accommodate additional heating upgrades to support net zero and energy efficiency targets, work to fire damaged properties and a number of larger scale damp and mould jobs.

Over the next five years investment will continue with a further £68.4m including inflation, of planned investment in existing stock. The capacity to increase our investment programme over the five year plan is possible due to the availability of funding following the sale of 133 MMR properties to Lowther Homes, operational efficiencies in management costs and operational cashflows generated from rental income.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties. The in-house service gives us greater control over the void turnaround process.

Table 9 – Capital investment programme (including inflation)

Capital Investment £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Core Investment Programme	5,350	9,963	8,252	10,505	13,049
Capitalised Void Costs	1,251	1,282	1,314	1,347	1,380
Capitalised Repairs	1,445	1,482	1,554	1,557	1,646
Disabled Adaptations	180	180	180	180	180
Capitalised Employee Costs	1,158	1,187	1,216	1,247	1,278
Total Capital Investment	9,384	14,094	12,516	14,836	17,533

c) New Build Programme

The new build programme is outlined in section 1 reports 1,168 new units (987 for social rent and 181 for mid-market rent) to be delivered within the next five years. Table 10 outlines the investment in new build homes over the next five years. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

In 2026/27, a further provision of £50k has been included for a development fund. The development fund can go towards projects of strategic importance to help where there is a small funding gap. It has not been assigned to a project at the present time and if unused will be rolled forward.

Table 10 – New build funding profile (including inflation)

£000's	2026/27	2027/28	2028/29	2029/30	2030/31
Social Housing					
Development Costs	70,612	43,725	36,702	28,783	37,240
Capitalised Staff Costs	1,672	1,725	1,768	1,812	1,857
Capitalised Interest	619	1,074	833	1,120	490
Development Fund	50	-	-	-	-
Grant Income	(41,633)	(20,411)	(22,838)	(14,330)	(17,697)
Net Cost	31,320	26,113	16,465	17,385	21,890
Units Completed	236	333	130	155	133
Mid Market Rent					
Development Costs	5,933	13,107	18,044	3,360	3,939
Grant Income	(1,358)	(11,213)	(5,308)	-	(3,685)
Net Cost	4,575	1,894	12,736	3,360	254
Units Completed	29	33	-	79	40

2.7 Donations to Wheatley Foundation/Think Yes spend and other provisions

WH East's main contribution is to the Wheatley Foundation of £3.0m over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. The majority of the Foundation's income is received from the other subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 87% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to continue our commitment to the Community Improvement Partnership, working with police and fire services, in addition to Group Protection and to fund several projects that will benefit customers and communities across the Group. These initiatives include projects such as the Here For You Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered to be an investment in creating strong and sustainable communities and providing better opportunities for our customers. It is anticipated that this will contribute to the sustainability of the income stream for WH East over the long term.

WH East's provision over the next five years is summarised in the below table. The projections assume funding for our contribution to the work the Foundation undertakes in 2026/27 and 2027/28, is partly met through use of Foundation cash reserves linked to the higher donations made to the Foundation in 2025/26. The donations include contribution to the Helping Hand Fund in 2026/27 and 2027/28. An allocation for Think Yes spend is also include in this category.

Table 11 – Wheatley Foundation donations and Think Yes

Initiatives £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
Donation to Wheatley Foundation	-	602	809	770	787
Think Yes	10	10	10	10	10
Total	10	612	819	780	797

IT Capital Investment

In total, across the Group the financial projections provide for a five year IT capital investment programme of £33.6m. This investment is in recognition of the key role technology has in the continuation in the delivery of the key strategic aims in delivery of the Group's strategy for 2026-2031. WH East makes a capital contribution towards the overall Group IT capital costs. The table below details WH East's contribution of £3.7m including inflation, over the next 5 years.

Table 12 – IT Capital Contribution (including inflation)

IT Capital Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31
	Year 1	Year 2	Year 3	Year 4	Year 5
IT Capital Contribution	816	723	723	724	691

The 5 year IT Capital Investment programme is aligned to 7 strategic workstreams, delivering key business strategy outcomes, enabling organisational change, and supporting ongoing investment across staff and customer digital services and platforms. The programme will also enable the planned transition of Wheatley Care to an independent organisation, while maintaining continuity of service, regulatory compliance, secure data separation, and appropriate shared service and integration arrangements.

A core cross cutting priority of the programme is the delivery of a Group wide Data Improvement programme, focused on strengthening core data quality, extending our current system integration, and the delivery of a single, trusted view of the customer and a single, trusted view of asset and compliance data to support regulatory assurance, service delivery, and decision making.

The investment will support a portfolio of projects aligned to transforming and improving service delivery models; enabling organisational change including Care independence; strengthening compliance, assurance and audit readiness; investing in core platforms and systems across business and technical resilience; maintaining and improving Group cyber security; and evolving our digital, voice and face to face channels of delivery.

Strategic Outcomes

The programme will:

- Simplify the Group's technology estate through platform rationalisation and application consolidation, reducing complexity and cost.
- Improve customer, tenant and service user outcomes through clearer, more consistent end to end digital services.
- Strengthen regulatory compliance, audit readiness, and asset safety assurance.
- Enable organisational change, including Care independence, without compromising service delivery.
- Establish trusted, integrated data foundations to support decision making and performance management.
- Maintain secure, resilient and compliant core technology platforms.

Workstream Overview

Digital Workplace and Automation

- Improves staff productivity and service efficiency through modern workplace technology, automation, and AI enabled workflows. Supports compliance through automated processes, and secure workforce access, and a rolling programme of end-user device renewals and updates.

Customer Digital and Self Service

- Delivers improved online and multi-channel services aligned to customer journeys through investment in our core online services and platforms.
- Simplifies and consolidates customer facing platforms, aligning customer journeys across our voice, face-face and digital channels. Delivers a Single View of Customer across housing, repairs, payments and contact services, improving service consistency, insight and engagement for all staff and customers.

Housing and Care Transformation

- Modernises housing service delivery through Group platform consolidation and increasingly digitally enabled processes. Supports Wheatley Care's move to independence, including ongoing staff support and service delivery, secure data access & sharing, and continued compliance with care specific regulatory requirements.

Asset and Repairs Transformation

- Aligns repairs and asset management technology across the Group and delivers a Single View of Asset, integrating repairs, compliance, inspection and safety data to strengthen regulatory assurance and operational performance and enabling simpler, end to end repairs and compliance workflows.

Core Architecture

- Ensures the stability, security and compliance of the Group's core technology estate. Provides the integration, identity and access foundations required to support shared services, organisational separation, and cloud based delivery models.
- Underpins consolidation by reducing legacy infrastructure, completing cloud migration, and standardising core platforms. Enables shared services where appropriate, while supporting secure organisational separation and lower long term operating costs.

Cyber Security

- Strengthens cyber controls, monitoring and assurance to meet increasing regulatory and audit expectations, including Cyber Essentials certification and ongoing protection across Group.

-

Data, AI and Innovation

- Implementation of Group Data Strategy and supporting technology projects supporting the development and delivery of Single view of Customer, Asset and Compliance data and documentation. Consolidation of Group reporting, analytics, and data aggregation platforms. An AI (Artificial Intelligence) programme establishing Group AI strategy, governance and delivery roadmap across staff, manager and line of business platform workflows.

Collectively, the programme ensures that IT investment directly enables service transformation, regulatory compliance, and organisational change, while establishing robust data and integration foundations that support confident decision making, improved outcomes, and long term sustainability.

2.8 Operating Cost Per Unit

Our operating cost per unit, excluding depreciation and finance costs over the five year period are set out in Table 13 below.

Table 13– Projected operating cost per unit (including inflation)

Operating Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Costs	26,485	28,096	29,478	30,224	30,608
Average no. of social rent units	7,629	7,908	8,134	8,277	8,421
Average operating cost per unit £	3,472	3,553	3,624	3,652	3,635
Average operating cost per unit £ (excl. inflation)	3,472	3,466	3,450	3,391	3,293

As with management costs per unit, operating costs per unit steadily reduce by 2030/31, equating to a 5.1% reduction in real terms. Years 3 and 4 report an increase in the average cost per unit, linked to the SHAPS deficit contributions as outlined in section 2.5. Variations in the operating costs per unit can be attributed to specific costs while the additional costs associated with the increased number of units over the period are minimised by value for money and efficiency savings gained through service transformation and investment in technology.

2.9 Interest Rate Assumptions

The new build programme planned requires debt finance to be drawn down over time. In line with the wider Group funding strategy, borrowing is advanced from Wheatley Funding No 1 Limited (“WFL1”) at an assumed blended average funding rate. The blended funding rate reflects a combination of existing bank, bond and private placement funding and prudent assumptions on the cost of future funding, taking into account the proportion of funding at fixed and variable rates, and any monitoring or commitment fees payable by WFL1 to external funders. This is consistent across all Group subsidiaries.

Table 14 – Interest rate assumptions

[illegible]

3. Financial projections – next 5 years
a) Statement of Comprehensive Income

Table 15 –Statement of comprehensive income (including inflation)

Statement of comprehensive income	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	51,412	56,236	60,392	63,948	67,838
Grant Income	30,581	43,665	15,829	30,065	22,579
Other Income	7,017	9,455	6,963	7,593	8,339
Total Income	89,010	109,356	83,184	101,606	98,756
Management and Service Costs	(14,716)	(15,049)	(15,872)	(16,303)	(16,310)
Repair and Maintenance Costs	(10,109)	(10,566)	(10,955)	(11,239)	(11,643)
ER/VR	(70)	(211)	(108)	(111)	-
Wider Role and Think Yes	(10)	(612)	(819)	(780)	(797)
Support Activities	(807)	(829)	(852)	(875)	(899)
Bad Debts	(773)	(829)	(872)	(916)	(959)
Depreciation	(18,871)	(20,799)	(22,580)	(23,521)	(24,765)
Operating Expenditure	(45,356)	(48,895)	(52,058)	(53,745)	(55,373)
Investment Property Valuation	(1,026)	(2,954)	886	(12,169)	(5,903)
Operating Surplus	42,628	57,507	32,012	35,692	37,480
Operating Margin (%)	48%	53%	38%	35%	38%
Finance Costs	(12,028)	(13,120)	(14,897)	(16,323)	(18,012)
Housing Property Valuation Movement	(3,199)	(25,478)	758	(4,100)	(2,206)
Total comprehensive income	27,401	18,909	17,873	15,269	17,262

Rental income

Investment in the new build programme and assumed rental increases will generate 32% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable. Net rental income includes service charge income which is received in relation to services provided to customers including heating, stair-lighting, gardening, support services and equipment.

Grant income

In line with SORP 2018, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base.

Other Income

Other income includes management fees from Livingwell services and shared owners, income from district heating sites, commercial income, rental of office space to Wheatley Solutions, lease income from Lowther Homes for our MMR properties and gift aid income from Lowther Homes following the sale of 133 MMR units in 2025/26 to offset the lost lease income on the disposal. This increases in line with agreed rent rises.

Operating Expenditure

In real terms the management cost per unit decreases over the five year period, linked to ensuring value for money through our procurement process, and efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to demolition costs and ER/VR costs which are “non-recurring” business change expenditure.

As noted in section 2.7, wider role and Think Yes spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £3.0m has been included in the first 5 years of the projections.

Support activities relate to charges paid to Wheatley Care for the delivery of the Harbour service.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year on year variation in the figure is driven by the profile of new build completions in any one year.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2018 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a highly conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario. Valuation adjustments are non-cash.

Over the five year period total comprehensive income is £96.7m.

b) Statement of Financial Position

Table 16 – Statement of Financial Position

Statement of financial position	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Housing Assets	623,479	644,519	694,491	695,682	719,526
Investment Properties	83,729	88,606	89,492	100,252	106,300
Other Fixed Assets	10,848	9,946	8,873	7,906	7,033
Total Fixed Assets	718,056	743,071	792,856	803,840	832,859
Current Assets	12,750	12,750	12,750	12,750	12,750
Current Liabilities	(66,556)	(40,950)	(45,958)	(48,921)	(49,544)
Net Current Assets	(53,806)	(28,200)	(33,208)	(36,171)	(36,794)
Long-Term Liabilities	(308,099)	(339,811)	(366,715)	(359,467)	(370,601)
Net Assets	356,151	375,060	392,933	408,202	425,464
Retained Earnings	356,151	375,060	392,933	408,202	425,464
Total Reserves	356,151	375,060	392,933	408,202	425,464

Housing Assets

The plan assumes Housing and Investment Property assets to increase £96.0m over the five years due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Investment Properties

Investment properties include our mid-market rent properties. The plan assumes Investment Property assets to increase £22.6m over five years due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Other Fixed Assets

Other fixed assets include improvements to our office and environmental equipment purchases. Annual depreciation charges reduce the balance each year.

Net Current Liabilities

Current assets include cash, rent arrears, net of bad debt provision and other debtors. The table shows current assets remaining static across the five years, due to matching debt drawdowns with cash requirements.

Current liabilities fluctuate over the period as a result of the inclusion of grant received in respect of the new build programme. New build grant received is held as deferred income in the balance sheet, either in current or long term liabilities, depending on the forecast completion date of the scheme. Once the units complete, it is released from liabilities and recognised in the Statement of Comprehensive Income. Due to the higher number of completions planned for year 2 and therefore the release of deferred income, the current liabilities value at year 1 is higher than years 2 to 5.

Long-Term Liabilities

Long-term liabilities predominantly relate to the loans due from WHE to Wheatley Funding Limited 1 (“WFL1”) and loans to THFC and Allia. The net balance due to WFL1, THFC and Allia, after deduction of cash balances, increases from £303.4m at March 2026 to £362.0m at March 2031. Peak net debt of £367.2m occurs in year 6 (2031/32).

Retained Earnings

During the five year period from 1 April 2026, retained earnings are projected to increase by the reported total comprehensive income of £96.7m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses linked to our borrowing costs.

c) Cashflow

Table 17 – Cashflow Projections

Cashflow	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Net rental income	59,509	66,762	68,432	72,620	77,265
Operating Expenditure	(27,567)	(29,167)	(30,556)	(31,305)	(31,696)
Net Cash from Operating Activities	31,942	37,595	37,876	41,315	45,569
Core Capital Expenditure	(9,384)	(14,093)	(12,516)	(14,836)	(17,533)
Net Trading Cash	22,558	23,502	25,360	26,479	28,036
New Build Expenditure	(78,268)	(58,557)	(56,515)	(33,955)	(43,037)
Other Fixed Assets	(942)	(853)	(857)	(862)	(834)
Proceeds from sale of property	0	330	0	0	0
Grant income	42,992	31,624	28,146	14,330	21,382
Net cash used in investing activities	(36,218)	(27,456)	(29,225)	(20,487)	(22,489)
Finance costs	(11,280)	(12,743)	(14,497)	(16,535)	(17,575)
Loan Drawdowns	24,940	16,697	39,765	10,543	12,028
Loan Repayments	0	0	(21,403)	0	0
Net Cash from Funding Activities	13,660	3,954	3,865	(5,992)	(5,547)
Net movement in cash	0	0	0	0	0

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 42.7% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by value for money and efficiency savings gained through service transformation and investment in technology.

Net Trading Cash

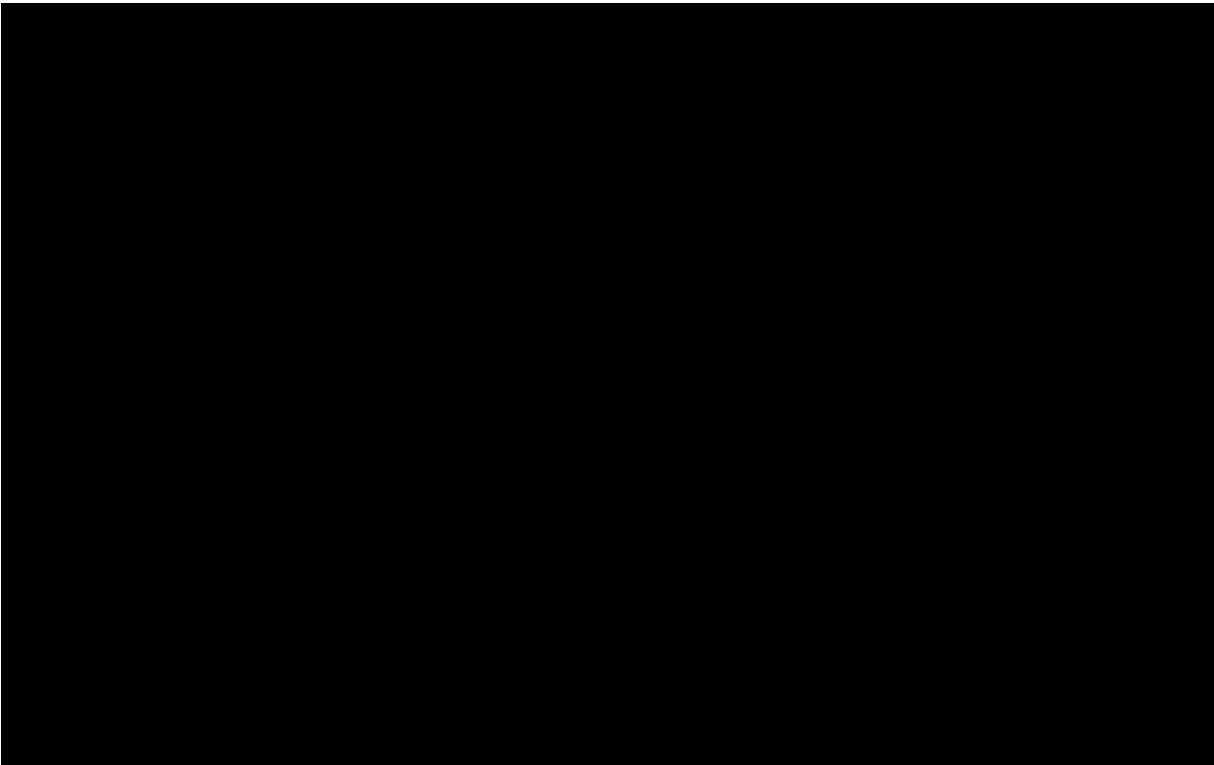
This reflects the cash available after operating activities and investment in our existing homes and assets. As outlined in section 2.6b) core investment reflects the provision required to maintain the quality standard of our existing homes, meet the tenant commitments as well as meet the component replacement cycles together with building provision for our neighbourhood priorities and SHNZS works. The capacity to increase in our investment programme over the five year plan is possible due to operational efficiencies in management costs and operational cashflows generated from rental income.

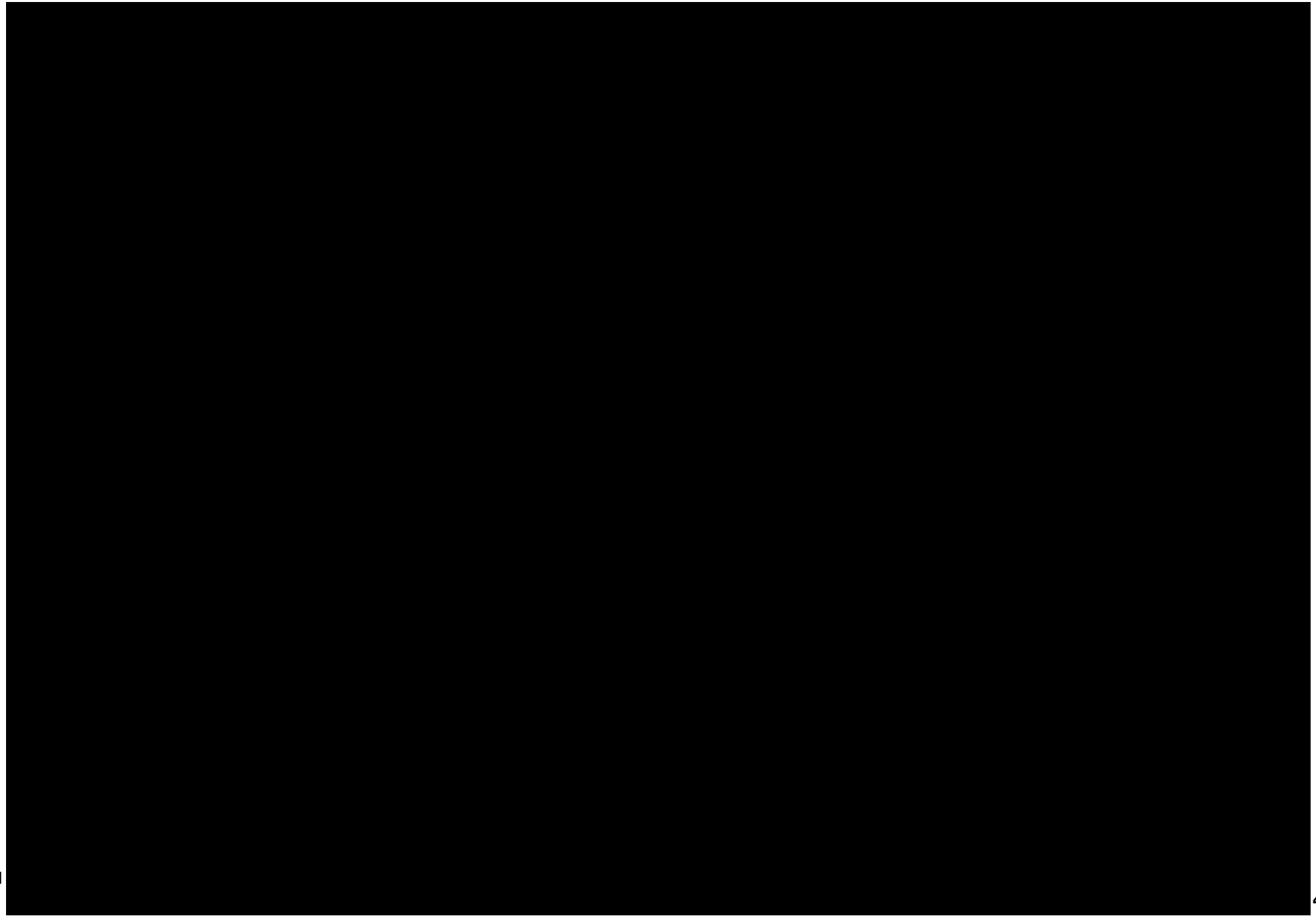
Net Cash used in Investing Activities

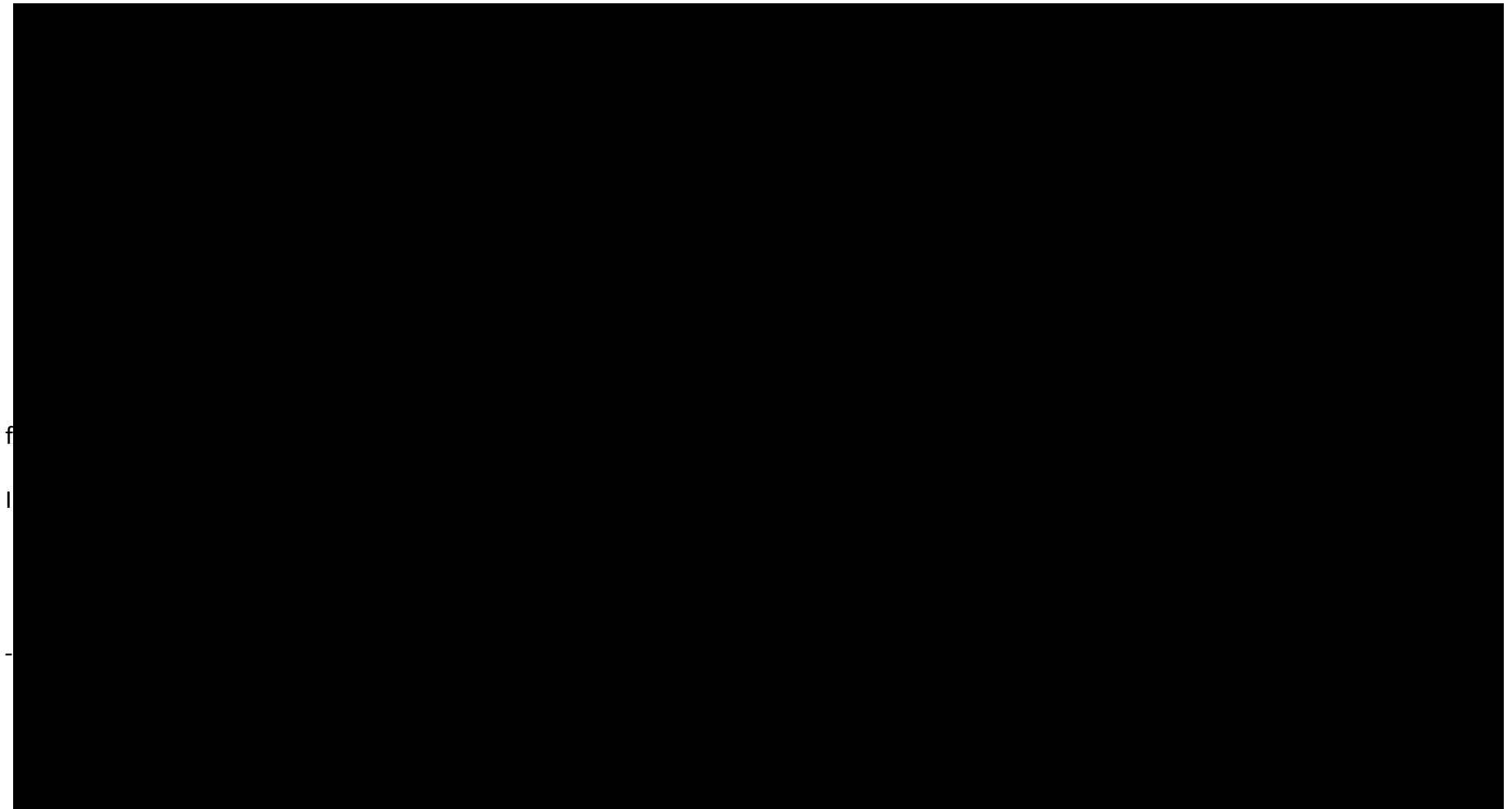
This reflects the new build programme net of grant income received and investment in other assets.

Finance Costs

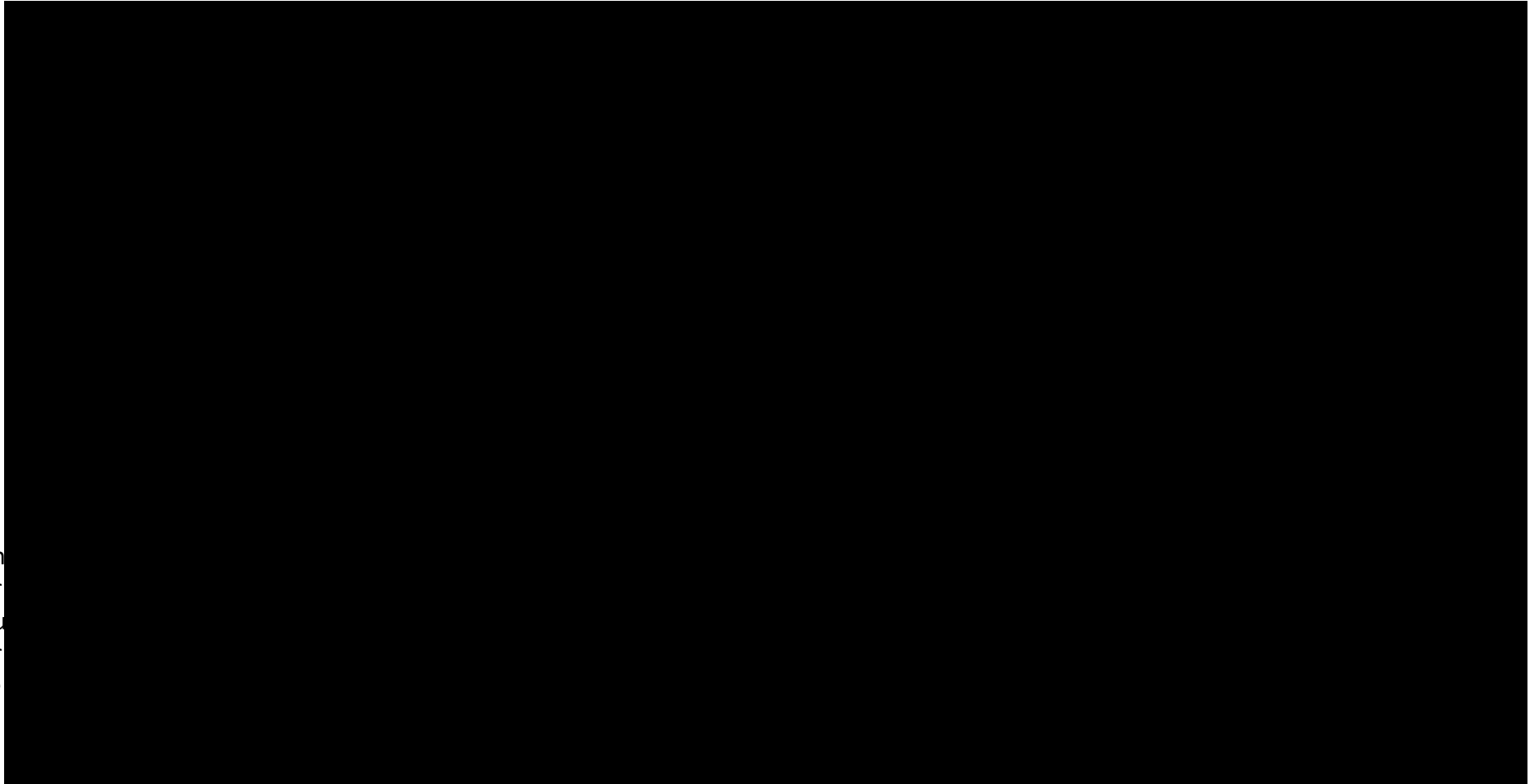
This reflects the interest due on our loans with WFL1, THFC, and Allia. As expenditure is incurred to pay for our new build programme, WH East will use existing cash resources, followed by drawing down money from Group. The projections assume the new build programme is completed in 2032/33, while core programme expenditure continues. Peak net debt is reached in 2031/32, which is year 6 of the plan. Beyond peak net debt year, as no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.





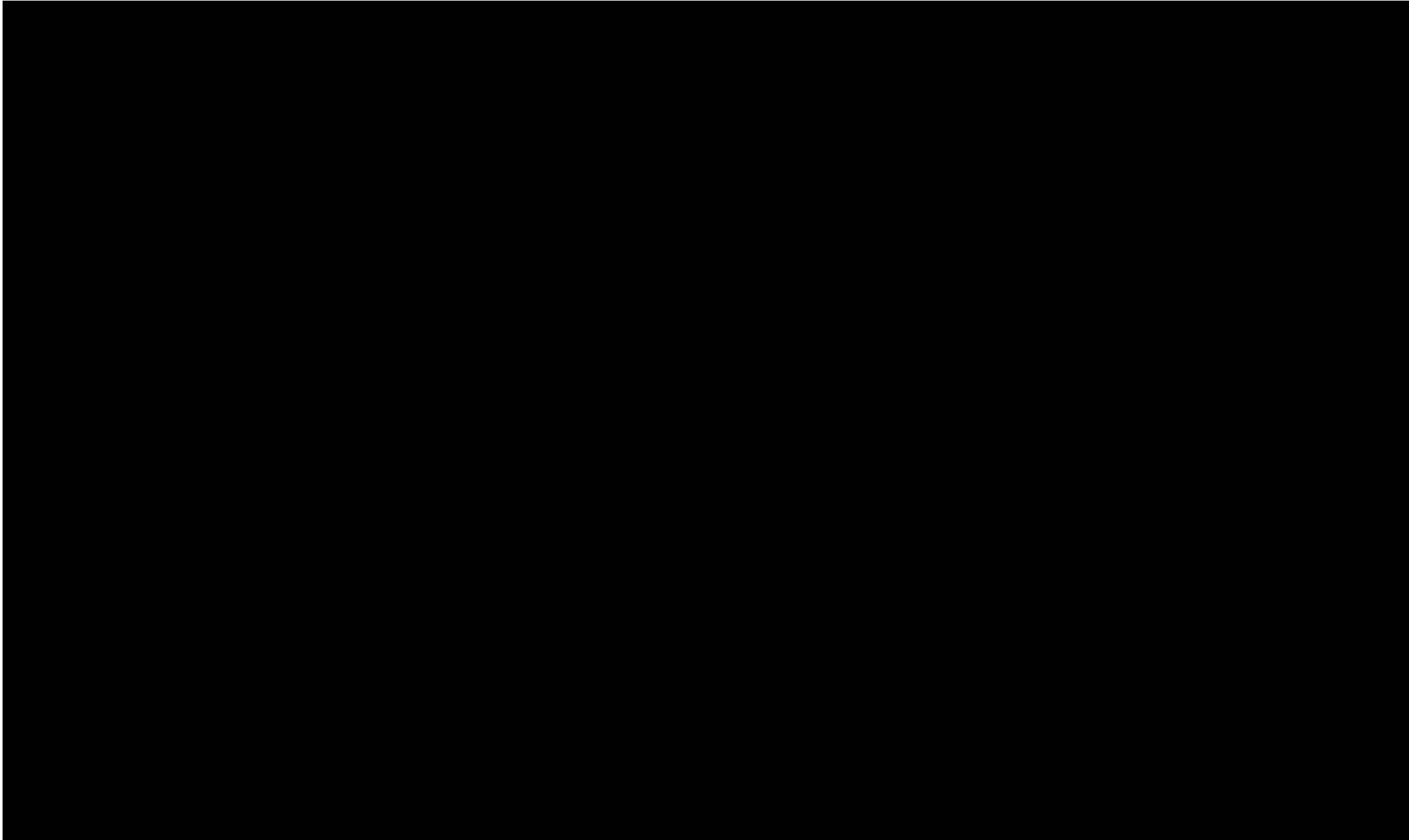


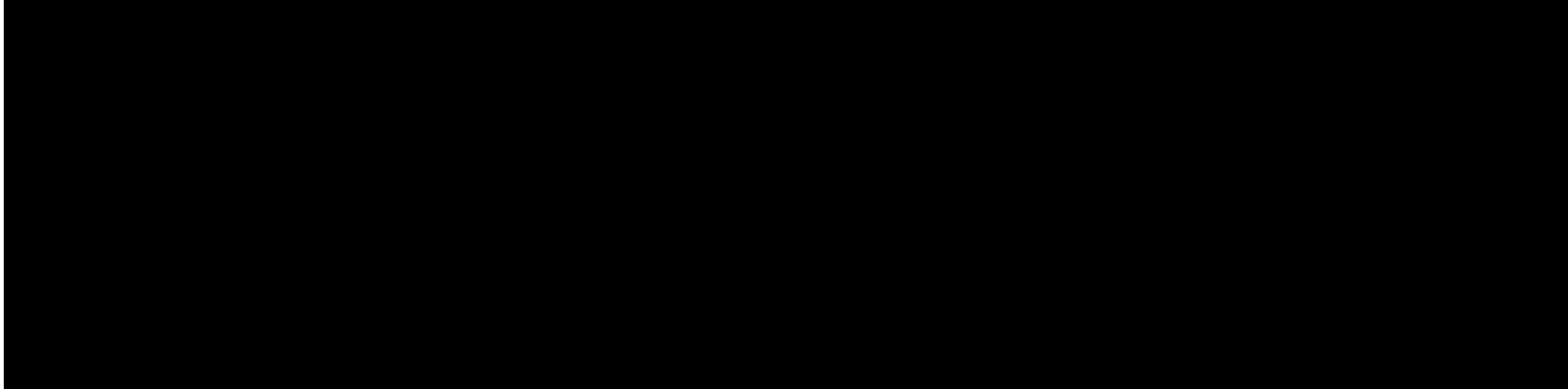
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6. Risk analysis

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Wheatley Homes South Financial Projections 2026/27

1 Headlines

The UK economy has continued to face challenges with weak growth and persistent inflationary pressures. General CPI inflation is at 3.4% at December 2025, above the Bank of England's 2.0% target. In addition, cost inflation is continuing to run higher than general CPI for key areas of housing expenditure such as repairs, driven by increased labour costs, material prices and service demand. The persistence of core inflation indicates that underlying pressures have not yet fully unwound, with longer term forecasts suggesting it will be late 2026 before rates return nearer to the 2% target.

Over the past year, inflation and high government borrowing have caused interest rate volatility. The increase in 30 year gilts means the return investors demand for lending to the government for 30 years is substantially higher. As a result, the Bank of England has taken a cautious approach to rate reductions with the base rate at 3.75% at December 2025. With inflation remaining higher than the 2.0% target, market expectations for further interest rate cuts remain but are spread over a longer period. We have updated our business plan assumptions to reflect expectations for future inflation and interest rates on existing and new funding.

Keeping rents affordable remains a key strategic aim but it is important that we strike an appropriate balance between affordability for our tenants whilst ensuring the ongoing financial viability of our operations and the appropriate levels of investment in our homes and services to customers.

Our rent increases implemented over the past couple of years have focused on growing the financial capacity in our business plan to ensure sufficient funding is available to meet investment in lifecycle replacements and our legislative obligations in our homes. Informed through our tenant engagement, Group Asset Strategy and our more detailed Wheatley Homes South Strategic Asset Investment and Management Plans, we have considered the level of funding required to increase investment in our homes and neighbourhoods. We also have a requirement beyond compliance and lifecycle replacements to start to create more capacity to fund energy efficiency improvements in our homes which will be needed to meet the expected requirement of the new Scottish Housing Net Zero Standard ("SHNZS").

We recognise that economic factors are continuing to put pressure on household income, and we have retained a prudent provision in our rent arrears assumptions and have also assumed that all working age tenants on benefits will have moved to Universal Credit by March 2026. As part of the focus on tackling poverty and the cost-of-living challenges facing our customers, funding has been set aside in The Wheatley Foundation to support customers. This includes Welfare Benefits and Fuel Advice, Home Comforts (our furniture upcycling service) and a provision for the Helping Hand Fund in 2026/27. This fund helps our customers who are facing financial hardship manage their rent accounts.

While the Scottish Government has announced a multi-year Affordable Housing Supply Programme (AHSP) funding commitment of up to £4.9 billion over the next four years intended to support the delivery of approximately 15,000 new homes per year across Scotland, the detailed allocations are still to be confirmed in the Scottish Government Spending Review. We are working with our funders to agree covenant changes to enable us to increase the size of our development programme to support the Scottish Government's strategic aims.

With a focus on the delivery of affordable housing, WH South has plans to deliver 794 affordable homes in the next 5 years, with 757 being for social rent and 37 for mid-market rent and a further 5 market acquisitions are also planned for 2026/27. The programme includes projects which will assist the regeneration of sites, including the development of 292 units at Lochside by 2033/34 with 132 units delivered in the next 5 years.

Over the next five years, we will continue to invest in our staff to ensure they have the skills, attitude, engagement and influence to excel in this hybrid working environment. Our financial plan helps fund a continued focus on staff development in a technology enabled workplace and, in our leadership, apprenticeship opportunities and graduate programmes.

The updated financial projections for 2026/27 and beyond include (including inflation):

- Provision to deliver 794 new build homes for both social rent (757 units) and mid-market rent (37 units), with the acquisition of 5 properties, in the first 5 years of the plan.
- £69.5m of repairs spend in our existing housing stock in the first 5 years.
- £114.4m of investment in our existing housing stock in the first 5 years of the projections.
- Provision of £6.0m for investment in our digital transformation and centres of excellence strategies.
- £4.6m of funding for donations, including The Wheatley Foundation, and Think Yes across the first 5 years of the plan.
- Efficiency savings in our management costs, in real terms, delivered through the achievement of value for money and operational efficiencies helping mitigate the additional costs associated with the increased number of units over the period.

During the development period, our financial forecasts are driven by the profile and relative size of our development programme and the value of grant income and valuation adjustments on completion of new build properties. The forecast total comprehensive income, net assets, cashflow and ratios reflect the higher level of borrowing to support our new build programme. WH South's peak net debt of £262.3m is forecast to be reached in 2032/33 (year 7).

It is important to note that continued control of costs are an important aspect of managing our financial position.

2 Key assumptions

The key financial assumptions in the 2026/27 Business Plan are highlighted below. All figures include VAT and inflation, unless stated otherwise.

2.1 Stock

a) Opening stock numbers

Opening stock numbers in the plan reflect the actual stock reported in the statutory accounts as at 31 March 2025, updated for forecast new build completion in 2025/26.

Table 1 – Split of stock by type

Unit Type	Units 31 March 2025	Forecast Completions 2025/26	Demolitions 2025/26	Units 31 March 2026
General Needs and Supported	10,197	20	-	10,217
Demolition	38	-	(11)	27
Total Social Rent	10,235	20	(11)	10,244
Market Rent	101	-	-	101
Total	10,336	20	(11)	10,345

In 2025/26, 20 social rent properties at Johnstonebridge are forecast to complete and a total of 11 properties demolished. A further 143 properties are marked for demolition over the period to 2033/34.

Our mid-market rent properties offer a low-cost alternative to people in employment who receive a low to moderate salary. These units are built and owned by Wheatley Homes South but are leased to and managed by Wheatley Housing Group's commercial subsidiary, Lowther Homes Limited. Ongoing capital works costs remain the responsibility of Wheatley Homes South and these costs are reflected within the business plan assumptions.

b) Projected new build completions and closing stock numbers

The 2026/27 projections assume a provision to deliver 794 additional new build homes for both social rent (757 units) and mid-market rent (37 units) with a further to 5 acquisitions. This will provide growth in stock numbers of 7.2% over the 5 years including the demolition of units.

The Wheatley Homes South new build pipeline is shaped by our understanding of the regeneration and housing development opportunities that are currently agreed, or may emerge, in our operational local authority area of Dumfries and Galloway. The 2026/27 projections include developments at Lochside and Catherinefield. Lochside is planned to deliver 292 units by 2033/34 with 132 units delivered in the 5 years to by 2030/31. Catherinefield is planned to deliver 173 units over the period 2028/29 to 2030/31 and a further 67 units being completed in 2031/32.

Provision for demolitions over the five year period relates to the final 12 units at Newington (2027/28) and 49 units at Lochside (2030/31).

Table 2 – Housing Stock Numbers

Stock Numbers	2026/27	2027/28	2028/29	2029/30	2030/31
Opening Units – Social Rent	10,244	10,370	10,538	10,705	10,876
New build	122	180	167	168	120
Acquisitions	5	-	-	-	-
Demolition	(1)	(12)	-	-	(49)
Closing Units – Social Rent	10,370	10,538	10,705	10,873	10,944
Opening Units – Market Rent	101	101	108	108	138
New build	-	7	-	30	-
Closing Units – Market Rent	101	108	108	138	138

2.2 a) Rent and Service Charge Income

The rent and service charge increase supports the continued investment in our existing homes and our services while remaining comparable with the Sector.

The plan assumes an average weekly rent based on the current rent and, subject to Board approval, a 6.9% rent increase in April 2026. In addition to rental income, Wheatley Homes South receives income from service charges. Based on current charges, forecast income is £421k in year 1.

Temporary Accommodation, Young Persons Project and the Sheltered Housing services will transfer to the independent Wheatley Care from 1 April 2026. Service charge income currently received by WH South of £239k will be invoiced by and paid to Wheatley Care to support the service delivery with this cost included within Support Activities. The associated grant funding for the services will be paid directly to Wheatley Care. Wheatley Care will continue to deliver these services within our properties. Staff engaged in the delivery of the Care services will transfer to Wheatley Care under TUPE arrangements, ensuring continuity of service and employment. WH South is not financially impacted by this change.

Table 3 shows the rent and service charge growth assumptions over the next five years noting that future years' rent increase levels are considered annually by the Board.

Table 3 – Rent and Service charge increase assumptions

Rent Increase	2026/27						
Rent and service charge	6.9%						

b) Other Income

Other income includes rental of garage and garage site rents, leased properties, commercial income from rental of offices and shops, lease income from Lowther Homes for our MMR properties. WH South lease 24 properties across three sites to other organisations with income increases in line with the rent increase. The 16 commercial units are managed by Lowther Homes in exchange for a management fee. WH South also receives income from Wheatley Solutions for the use of the WH South office space.

Table 4 – Other income summary

Other Income £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Leased Properties	191	202	211	220	229
Garage & Garage Sites (net of voids)	263	280	291	305	318
MMR	478	499	514	529	545
Commercial Properties (net of voids)	50	51	53	54	55
Office lease income	124	126	129	132	135
Total Income	1,106	1,158	1,198	1,240	1,282

£1.1m is expected to be generated by WH South in 2026/27 from other income streams, rising to £1.3m by year 5 of the projections (2030/31), an increase of 15.9% in annual income. This is driven, in the main, by the completion of 37 new build MMR units which will be leased to Lowther Homes.

2.3 Cost Inflation assumptions

The financial planning assumptions for 2026/27 have been set against a backdrop of stabilising inflation following significant volatility in prior years. Recent market forecasts and Bank of England projections indicate inflation will remain above the long-term 2% target until at late 2026. In addition, key cost drivers for housing expenditure including repairs and utilities continue to exert upward pressure on operating costs.

The financial projections have been aligned to focus activities to benefit our customers most in need with provision made to strengthen the support provided through the Helping Hand Fund. The general cost inflation rate assumed for running costs/overheads within the financial projections are shown in the table below.

Table 5 - Inflation assumptions

Inflation Assumptions %	2026/27	2027/28	2028/29	2029/30	2030/31
General cost inflation	3.0%	2.5%	2.5%	2.5%	2.5%
Pay uplift	4.0%				

2.4 Operating Performance

The percentage of rent lost to voids and bad debts has been based on historical performance together with our performance expectations going forward.

Table 6 – Void rent loss, bad debt and arrears assumptions

	Current Year	2026/27	2027/28	2028/29	2029/30	2030/31
Routine voids %	0.6	1.0	1.0	1.0	1.0	1.0
Bad Debts %	0.5	1.5	1.5	1.5	1.5	1.5
Arrears (£'000) – gross	2,793	2,828	2,828	2,828	2,828	2,828

Void losses are assumed at 1.0% over the five years for core rented stock. This is prudent compared to our current year performance to December 2025 of 0.6%. For the 143 properties assumed to be demolished a higher void rate has been assumed. This has been estimated based on current empty and unlettable units and projected clearances.

The provision for bad debts has been assumed at a constant 1.5% of gross rental income in 2026/27 which is also prudent compared to our performance of 0.5% in the current year to December 2025. Business plan assumptions on the movement in arrears have been updated to take into account the economic challenges facing our customers together with our experience to date with Universal Credit. The 2026/27 Business Plan arrears reflect the assumption that all working age tenants on benefits move to UC by end of March 2026.

2.4 Other Grant Income**Table 7 – Other grant income including inflation and other uplifts**

Other Income £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Aids & Adaptations Grant	540	540	540	540	540
RHI Grants	27	10	8	0	0
Total Income	567	550	548	540	540

Other grant income is comprised of the following:

- Aid and Adaptations – The capital investment spend on aids and adaptation is 100% funded by the Scottish Government. In line with prior year awards WH South expect to receive £540k each year to cover the spend.
- RHI grant - £27k of income is projected to be received in 2026/27 reducing to £8k by year 3 in line with grant applications.

2.6 Management Costs

WH South's employee cost assumptions reflect costs in relation to delivering the direct staff structure including any costs associated with changes to the structure. Additionally, WH South pays an appropriate share of the salaries of the Compliance and Investment, New Build, Environmental Service (NETs) and Wheatley 360 staff teams. The year-on-year movements in staff costs reflect the business planning assumptions for pay uplifts and the timing of work force planning savings.

Running costs include day to day expenditure and an appropriate share of the Environmental Service and Wheatley 360 running costs but exclude Initiatives. Running costs include cost efficiencies and following a robust and competitive retender of the Group's Property Insurance, 2026/27 costs include a c35% reduction in Property Insurance premiums, with WH South's share of savings £149k. Overall, running costs are projected to increase linked to the growth in the number of new build properties, but on an individual cost per unit, will reduce over the five year period.

The plan assumes recharges from Group, which includes employee and running costs for central services such as the Customer First Centre, Employee Relations, IT and Finance. Table 8 sets out the overall management costs that are assumed in the plan.

Table 8 – Management cost assumptions

Management Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Employee Costs	4,891	4,827	4,787	4,843	4,850
Running Costs	2,408	2,504	2,722	2,893	3,034
Wheatley Solutions Recharges	5,970	6,085	6,232	6,374	6,516
Total	13,269	13,416	13,741	14,110	14,400
Average Cost per Unit £	1,280	1,273	1,284	1,298	1,316
Average Cost per Unit £ (excluding inflation)	1,280	1,242	1,222	1,205	1,192

Overall, in real terms, management costs per unit are expected to steadily reduce over the 5-year period reflecting additional costs associated with the increased number of units can be managed through continued improvements in efficiency in the operating model. Keeping costs within these limits is required to be able to re-invest in our business and grow our asset base.

2.7 Asset management and growth

Scottish legislation for social housing includes the Housing (Scotland) Act 2014 and the recently passed Housing (Scotland) Bill which introduces new statutory duties for landlords across the social rented sector.

This includes new powers for Ministers to set enforceable expectations around damp and mould remediation (Awaab's Law provisions), a clearer responsibility for social landlords to help prevent homelessness and to strengthen tenants' rights against eviction for rent arrears. For social landlords, these changes represent a move from discretionary good practice to mandatory compliance.

a) Repair Costs

Repair costs remain a central part of our projections with our customer satisfaction surveys consistently showing a direct link between the repairs service customers receive and their satisfaction levels. A significant proportion of the planned maintenance budget is to enable us to comply with legislative requirements as a landlord (e.g. fire door safety, gas servicing, electrical inspections, emergency lighting, window safety catches, TMVs, HIU inspections).

The provision for repairs recognises the demand that we have experienced in 2025/26. The provision for planned maintenance recognises the life cycles, growth from the additional stock and legislative requirement. Table 9 summarises the routine and planned maintenance assumptions.

Table 9 – Planned and Routine maintenance costs

Repair Costs £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Routine Maintenance	9,725	10,251	10,637	11,097	11,483
Planned Maintenance	3,101	3,179	3,258	3,340	3,423
Total	12,826	13,430	13,895	14,437	14,906

b) Capital Investment

The Core Investment programme includes provision to deliver the 5-Year Strategic Investment Plans and meet the tenant commitments in the first two years specific approaches to key stock types to extend their useful lives. Our projections also recognise the growing statutory duties, and they continue to maintain the delivery of our neighbourhood plans and a programme of environmental improvements and continue to build capacity to fund a programme of energy efficiency improvements to meet the zero targets in the SHNZS.

Table 10 summarises the capital investment programme for the next five years. Investment in existing stock in 2025/26 is forecast to be £15.5m. Over the next five years investment will continue with a further £114.4m including inflation, of planned investment in existing stock. The capacity to increase in investment programme over the five year plan is possible due to operational efficiencies in management costs and operational cashflows generated from rental income.

Capitalised void costs include the costs of carrying out the programme of void works as well as the costs of clearing the properties carried out by a specific voids team in our Group Environmental service. The in-house service gives us greater control over the void turnaround process.

Table 10 – Capital investment programme (including inflation)

Capital Investment £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Core Investment	6,745	12,249	17,689	18,841	20,566
Capitalised repairs	1,684	1,726	1,769	1,814	1,859
Medical Adaptations	540	540	540	540	540
Capitalised Voids	3,760	3,854	3,951	4,050	4,151
Capitalised Employee Costs	1,349	1,382	1,380	1,413	1,449
Total	14,078	19,751	25,329	26,658	28,565

c) New Build Programme

The new build programme is outlined in Section 1 reports 794 new units (757 for social rent and 37 for mid-market rent) with a further 5 acquisitions in the first 5 years of the plan. Table 11 outlines the investment in new build homes over the next five years. Note that in-year development costs and unit completions do not necessarily correlate, with costs being incurred over more than one year for many sites.

In 2026/27, a further provision of £50k has been included for a development fund. The development fund can go towards projects of strategic importance to help where there is a small funding gap. It has not been assigned to a project at the present time and if unused will be rolled forward.

Demolition Costs

The financial projections assume that the final 12 units at Newington will be demolished in 2027/28 and 49 units at Lochside in 2030/31. The costs associated will be capitalised, in line with our accounting treatment of regeneration sites. At this stage, the programme is an assumption for business planning purposes only, and the proposed demolition projects will be presented to the Board for approval to consult on, and formally classify for demolition, as the programme develops taking account of, for example, the availability of alternative rehousing accommodation.

Table 11 outlines the investment in new build homes over the next five years.

Table 11 – New build funding profile (including inflation)

New Build Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Development Cost	39,912	44,777	57,992	42,978	29,407	215,066
Grant Income	(24,654)	(27,171)	(37,162)	(21,126)	(17,134)	(127,247)
Net Development Cost	15,258	17,606	20,830	21,852	12,273	87,819
Acquisitions (Net of Grant)	300	-	-	-	-	300
Demolition	-	95	-	-	600	695
Development Fund	50	-	-	-	-	50
Capitalised Employee Costs	1,360	1,403	1,437	1,474	1,510	7,184
Capitalised Interest	630	778	679	772	752	3,611
Net Cost	17,598	19,882	22,946	24,098	15,135	99,659
Units Completed (social, MMR and acquisitions)	127	187	167	198	120	799

2.8 Donations to Wheatley Foundation/Think Yes spend

WH South's main contribution is to The Wheatley Foundation of £4.4m over the next 5 years. The Wheatley Foundation is a charitable trust established with the aim of delivering community benefits. Most of the Foundation's income is received from the subsidiaries within the Group in the form of donations from the RSLs and through gift aid contributions from Lowther Homes. Over the five year financial projections 87% of forecast income in the Foundation is from Group entities. The income recognised in the Foundation will be used to continue our commitment to the Community Improvement Partnership, working with police and fire services, in addition to Group Protection and to fund several projects that will benefit customers and communities across the Group. Projects include the Helping Hand Fund, Wheatley Works, educational bursaries, Home Comforts service as well as the provision of Welfare Benefit Advisers. These projects are considered an investment in creating strong and sustainable communities and providing better opportunities for our tenants. It is anticipated that this will contribute to the sustainability of the income stream for WH South over the long term.

WH South's contribution over the next five years is summarised in the below table. The projections assume funding for our contribution to the work the Foundation undertakes in 2026/27 and 2027/28, is partly met through use of Foundation cash reserves linked to the higher donations made to the Foundation to 2025/26. The donations include the contribution to the Helping Hand Fund in 2026/27 and 2027/28. An allocation for Think Yes spend is also include in this category.

Table 12 – The Wheatley Foundation donations and Think Yes

Initiatives £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Donation to The Wheatley Foundation	-	899	1,197	1,138	1,164
Think Yes	40	40	40	40	40
Total	40	939	1,237	1,178	1,204

b) IT Capital Investment

In total, across the Group the financial projections provide for a 5 -year IT capital investment programme of £33.6m. This investment is in recognition of the key role technology has in the continuation in the delivery of the key strategic aims in delivery of the Group's strategy for 2026-2031. WH South makes a capital contribution towards the overall Group IT capital costs. The table below details WH South's contribution over the next 5 years.

Table 13 – IT Capital Contribution (including inflation)

IT Capital Programme £'000	2026/27	2027/28	2028/29	2029/30	2030/31	Total
IT Capital Contribution	1,338	1,186	1,186	1,187	1,134	6,031

The 5-year IT Capital Investment programme is aligned with seven strategic workstreams, delivering key business strategy outcomes, enabling organisational change, and supporting ongoing investment across staff and customer digital services and platforms. The programme will also enable the planned transition of Wheatley Care to an independent organisation, while maintaining continuity of service, regulatory compliance, secure data separation, and appropriate shared service and integration arrangements. A core cross cutting priority of the programme is the delivery of a Group wide Data Improvement programme, focused on strengthening core data quality, extending our current system integration, and the delivery of a single, trusted view of the customer and a single, trusted view of asset and compliance data to support regulatory assurance, service delivery, and decision making.

The investment will support a portfolio of projects aligned to transforming and improving service delivery models. These will include enabling organisational change including Care independence; strengthening compliance, assurance and audit readiness; investing in core platforms and systems across business and technical resilience; maintaining and improving Group cyber security; and evolving our digital, voice and face to face channels of delivery.

Strategic Outcomes

The programme will:

- Simplify the Group's technology estate through platform rationalisation and application consolidation, reducing complexity and cost.
- Improve customer, tenant and service user outcomes through clearer, more consistent end to end digital services.
- Strengthen regulatory compliance, audit readiness, and asset safety assurance.
- Enable organisational change, including Care independence, without compromising service delivery.
- Establish trusted, integrated data foundations to support decision making and performance management.
- Maintain secure, resilient and compliant core technology platforms.

Workstream Overview**Digital Workplace and Automation**

- Improves staff productivity and service efficiency through modern workplace technology, automation, and AI enabled workflows. Supports compliance through automated processes, and secure workforce access, and a rolling programme of end-user device renewals and updates.

Customer Digital and Self Service

- Delivers improved online and multi-channel services aligned to customer journeys through investment in our core online services and platforms.
- Simplifies and consolidates customer facing platforms, aligning customer journeys across our voice, face-face and digital channels. Delivers a Single View of Customer across housing, repairs, payments and contact services, improving service consistency, insight and engagement for all staff and customers.

Housing and Care Transformation

- Modernises housing service delivery through Group platform consolidation and increasingly digitally enabled processes. Supports Wheatley Care's move to independence, including ongoing staff support and service delivery, secure data access & sharing, and continued compliance with care specific regulatory requirements.

Asset and Repairs Transformation

- Aligns repairs and asset management technology across the Group and delivers a Single View of Asset, integrating repairs, compliance, inspection and safety data to strengthen regulatory assurance and operational performance and enabling simpler, end to end repairs and compliance workflows.

Core Architecture

- Ensures the stability, security and compliance of the Group's core technology estate. Provides the integration, identity and access foundations required to support shared services, organisational separation, and cloud based delivery models.
- Underpins consolidation by reducing legacy infrastructure, completing cloud migration, and standardising core platforms. Enables shared services where appropriate, while supporting secure organisational separation and lower long term operating costs.

Cyber Security

- Strengthens cyber controls, monitoring and assurance to meet increasing regulatory and audit expectations, including Cyber Essentials certification and ongoing protection across Group.

Data, AI and Innovation

- Implementation of Group Data Strategy and supporting technology projects supporting the development and delivery of Single view of Customer, Asset and Compliance data and documentation. Consolidation of Group reporting, analytics, and data aggregation platforms. An AI (Artificial Intelligence) programme establishing Group AI strategy, governance and delivery roadmap across staff, manager and line of business platform A workflows.

Collectively, the programme ensures that IT investment directly enables service transformation, regulatory compliance, and organisational change, while establishing robust data and integration foundations that support confident decision making, improved outcomes, and long term sustainability.

2.9 Operating Cost per Unit

Our operating costs per unit, excluding depreciation and finance costs over the five year period are set out in Table 14 below.

Table 14 - Projected operating cost per unit

Operating costs	2026/27	2027/28	2028/29	2029/30	2030/31
Operating Costs (£'000)	27,709	29,199	30,238	31,668	32,470
Average no. of social rent units in-year	10,370	10,538	10,705	10,873	10,944
Average operating Cost per Unit (£)	2,668	2,771	2,825	2,913	2,967
Average operating Cost per Unit (£) (excl inflation)	2,668	2,616	2,579	2,604	2,588

As a result of the assumed efficiencies in management costs, our operating costs per unit, excluding depreciation and finance costs, decrease over the five year period, with an increase noted in year 4 for demolition costs to clear the Lochside units.

2.10 Interest Rate assumptions

Table 15 – Interest rate assumptions

[illegible]

3. Financial projections – next 5 years

3.1 Statement of Comprehensive Income

Table 16 – Statement of comprehensive income (including inflation)

STATEMENT OF COMPREHENSIVE INCOME	Forecast				
	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Year 4 2029/30	Year 5 2030/31
	£'000	£'000	£'000	£'000	£'000
Net Rental Income	58,926	63,181	67,238	71,532	75,035
Grant Income	20,799	29,581	23,918	31,101	18,017
Other Income	1,106	1,158	1,198	1,240	1,282
Total Income	80,831	93,920	92,354	103,873	94,334
Management Costs	(13,269)	(13,416)	(13,741)	(14,110)	(14,400)
Repairs and Maintenance Costs	(12,826)	(13,430)	(13,895)	(14,437)	(14,906)
Demolition and ER/VR Costs	(417)	(211)	(108)	(628)	(620)
Wider Role and Strategic Initiatives	(40)	(939)	(1,237)	(1,178)	(1,204)
Support Activities	(239)	(224)	(230)	(235)	(222)
Bad Debts	(918)	(979)	(1,027)	(1,080)	(1,118)
Depreciation	(16,220)	(18,071)	(20,070)	(21,804)	(23,481)
Operating Expenditure	(43,929)	(47,270)	(50,308)	(53,472)	(55,951)
Investment Property Valuation	233	(2,091)	126	(5,247)	153
Operating Surplus	37,135	44,559	42,172	45,154	38,536
Operating Margin	46%	47%	46%	43%	41%
Net Finance Costs	(7,305)	(7,712)	(8,921)	(10,247)	(11,473)
Housing Property Valuation Movement	(10,868)	(17,091)	(30,124)	(21,974)	(21,853)
Total comprehensive income	18,962	19,756	3,127	12,933	5,210

Rental Income

Investment in the new build programme and assumed rental increases will generate 27% growth in rental income over the next 5 years ensuring the preservation of appropriate levels of investment in our homes and services to customers while keeping rents affordable.

Grant income

In line with SORP, the projected Statement of Comprehensive Income shows recognition of grant income upon completion of the properties. The result of this is operating margin increasing or decreasing in line with the level of grant income. Depreciation will increase in line with an increased asset base. Grant income also includes grants and funding received for medical adaptations.

Other income

Other income includes garage and garage site rents, mid-market rent lease income and commercial property rents. This increases in line with agreed rent rises.

Operating Expenditure

In real terms the management cost per unit decreases over the five year period, linked to ensuring through our procurement process, and efficiency savings resulting from continued investment in back office services, particularly through the use of technology and improved working practices.

Non-recurring costs have been shown as a separate line as these are included in the projections for a finite length of time only. They primarily relate to demolition costs and ER/VR costs which are “non-recurring” business change expenditure.

As noted in section 2.8, wider role and strategic initiatives spend refers to revenue funding for our wider role activities in the communities that we serve. Funding of £4.6m has been included in the first 5 years of the projections.

Support activities relate to costs incurred for services at our supported housing properties.

Investment Property Valuation Movement

Mid-market properties are held on the Statement of Financial Position as Investment Properties. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income. The year-on-year variation in the figure is driven by the profile of new build completions in any one year and the recognition of new build grant income.

Finance Costs

Interest payable on our borrowings increases over the five years as debt increases, to fund the new build programme.

Housing Property Valuation Movement

Social rent properties are held on the balance sheet at valuation. These properties are valued annually, with any increase or decrease in valuation recognised within the Statement of Comprehensive Income, below the operating surplus line. The year-on-year variation in the figure is driven by the profile of new build completions in any one year and the recognition of new build grant income.

Total Comprehensive Income

The completion of new units has a significant impact on the reported total comprehensive income. Recognition of grant income in relation to completed units increases the reported operating surplus; however, this is offset by a downward valuation of housing properties in the year of completion. Under SORP 2018 new build grants are not considered when calculating valuation movements. In general, the gross development cost, i.e. excluding grant, of these newly completed properties will be higher than the EUV-SH valuation and results in a downward valuation. We have adopted a conservative approach to valuation adjustments in the projections and the downward valuation adjustments presented are a prudent scenario.

Over the five year period total comprehensive income is £60.0m.

3.2 Statement of Financial Position**Table 17 – Statement of Financial Position**

STATEMENT OF FINANCIAL POSITION	Forecast				
	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Housing assets	542,962	573,120	609,927	631,684	648,680
Investment Properties	12,424	13,115	13,240	15,865	16,018
Other Fixed Assets	6,042	6,024	5,741	5,500	5,238
Total Fixed Assets	561,428	592,259	628,908	653,049	669,936
Current Assets	13,221	13,254	13,287	13,322	13,356
Current Liabilities	(39,968)	(25,893)	(31,966)	(30,754)	(44,030)
Net Current Liabilities	(26,747)	(12,639)	(18,679)	(17,432)	(30,674)
Long term liabilities	(187,268)	(212,451)	(239,933)	(252,388)	(250,823)
Provisions	(171)	(171)	(171)	(171)	(171)
Net Assets	347,242	366,998	370,125	383,058	388,268
Retained Earnings	347,242	366,998	370,125	383,058	388,268
Total Reserves	347,242	366,998	370,125	383,058	388,268

Housing Assets

The plan assumes Housing Property assets to increase £105.7m over five years due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Investment Properties

Investment properties include our commercial properties (i.e. shops and offices) and our mid-market rent properties. The plan assumes Investment Property assets to increase by £3.6m over five years due to the construction and delivery of new properties and an assumed increase in the value of our existing stock as a result of investment.

Other Assets

Other Fixed Assets include our fixtures and fittings and investment in IT equipment. Annual depreciation charges reduce the balance each year.

Net Current Liabilities

Current assets include cash, rent arrears, trade and other debtors.

Current liabilities fluctuate over the period as a result of the inclusion of grant received in respect of the new build programme. New build grant received is held as deferred income in the balance sheet, either in current or long term liabilities, depending on the forecast completion date of the scheme. Once the units complete, it is released from liabilities and recognised in the Statement of Comprehensive Income. Due to the high number of completions over the five year period, the value of grant in current liabilities has increased, in particular in years 1 and 5, ahead of increased completions in year 2 and 6.

Long Term Liabilities

Long-term liabilities relate to the loan due to Wheatley Funding Limited 1 ("WFL1") and other long term loans and deferred income. The net balance due to WFL1 increases from £97m at March 2026 to £182m at March 2031, funding new build development. Peak net debt of £262.3m occurs in year 7 (2032/33).

Reserves

During the five year period from 1 April 2026, retained earnings are projected to increase by the reported total comprehensive income of £60.0m. The increase to reserves reflect the performance over the five year period, as well as property valuation movements, which offset losses the impact of increased borrowing costs.

3.3 Statement of Cashflow**Table 18 – Statement of cashflow**

Cash Flow	Forecast				
	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Year 4 2029/30	Year 5 2030/31
	£'000	£'000	£'000	£'000	£'000
Operating Activities					
Turnover (excl. Grant)	59,650	63,877	67,924	72,198	75,704
Operating Expenditure	(26,621)	(28,046)	(29,034)	(30,407)	(31,167)
Net Cash from Operating Activities	33,029	35,831	38,890	41,791	44,537
Core Capital Expenditure	(13,371)	(19,027)	(24,586)	(25,897)	(27,785)
Net Trading Cash	19,658	16,804	14,304	15,894	16,752
New Build Expenditure	(42,073)	(46,275)	(59,429)	(44,452)	(31,517)
Other Capital Expenditure	(2,388)	(2,003)	(2,024)	(2,046)	(2,014)
Grant Income	25,104	27,171	37,162	21,126	17,134
Net Cash used in Investing Activities	(19,357)	(21,107)	(24,291)	(25,372)	(16,397)
Funding Activities					
Finance Costs	(6,536)	(7,209)	(8,523)	(10,030)	(11,181)
Working capital movements	(1,292)	(287)	(42)	-	-
Loan Drawdowns	14,459	18,975	25,136	19,508	10,826
Loan Repayments	(6,932)	(7,176)	(6,584)	-	-
Net Cash from Funding Activities	(301)	4,303	9,987	9,478	(355)
Net Movement in Cash	-	-	-	-	-

Net Cash from Operating Activities

The plan assumes cash from operating activities to increase by 34.8% in five years. Rent increases and the completion and handover of new build properties, creates additional rental and lease income; the positive movement being further assisted by value for money and efficiency savings gained through service transformation and investment in technology.

Net Trading Cash

This reflects the cash available after operating activities and investment in our existing homes and assets. As outlined in section 2.7b) core investment reflects the provision required to maintain the quality standard of our existing homes, meet the tenant commitments as well as meet the component replacement cycles together with building provision for our neighbourhood priorities and SHNZS works. The capacity to increase in our investment programme over the five year plan is possible due to operational efficiencies in management costs and operational cashflows generated from rental income.

Net Cash in Investing Activities

This reflects the new build programme net of grant income received and investment in other fixed assets.

Net Cash from Funding Activities

Finance Costs reflects the interest due on our loan with WFL1 and on our existing facilities with THFC and Allia. Interest on the Allia facilities is rolled up onto the outstanding debt and settled at the capital repayment date so are excluded from cash interest costs. The projections assume the new build programme is completed in 2033/34, while core programme expenditure continues. Peak net debt is reached in 2032/33, which is year 7 of the plan. Beyond 2034/35, no further debt is expected to be drawn, debt levels gradually decrease. Annual finance costs are therefore strongly linked to any increase or decrease in debt.

In the first five years of the plan, we anticipate to drawdown £88.9m of funding. This is due to significant investment in our new build programme, in line with our strategic objectives.

The loan repayments reflect the repayment terms of three out of the four Allia loans held. Drawdowns relate to debt assumed to be drawn from WFL1.

4. [Redacted]

[Redacted]

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	[Redacted]	[Redacted]
	[Redacted]	[Redacted]
	[Redacted]	[Redacted]
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5. [Redacted]

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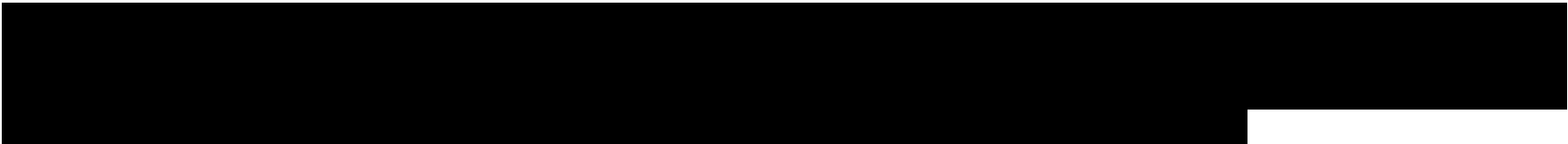
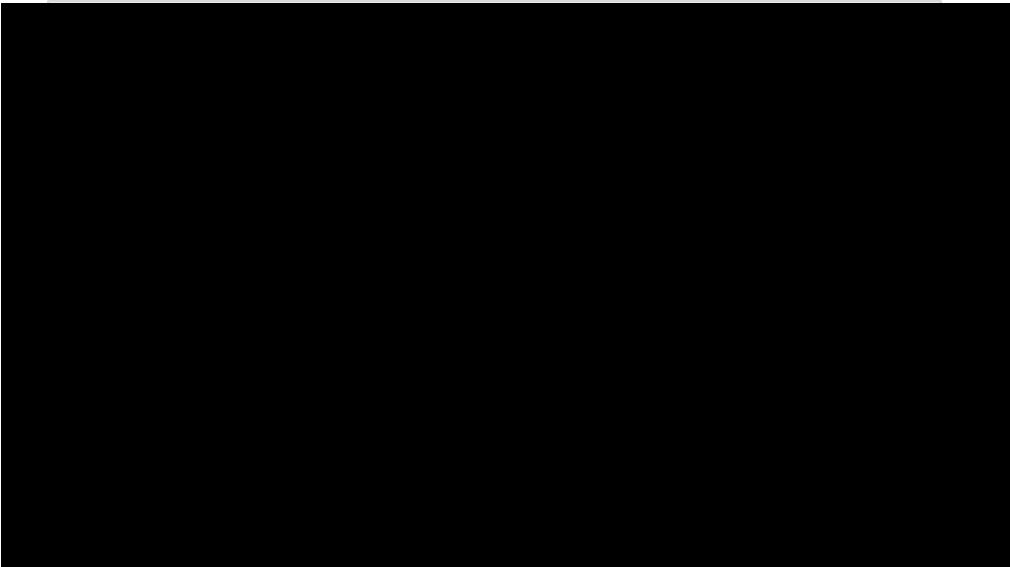
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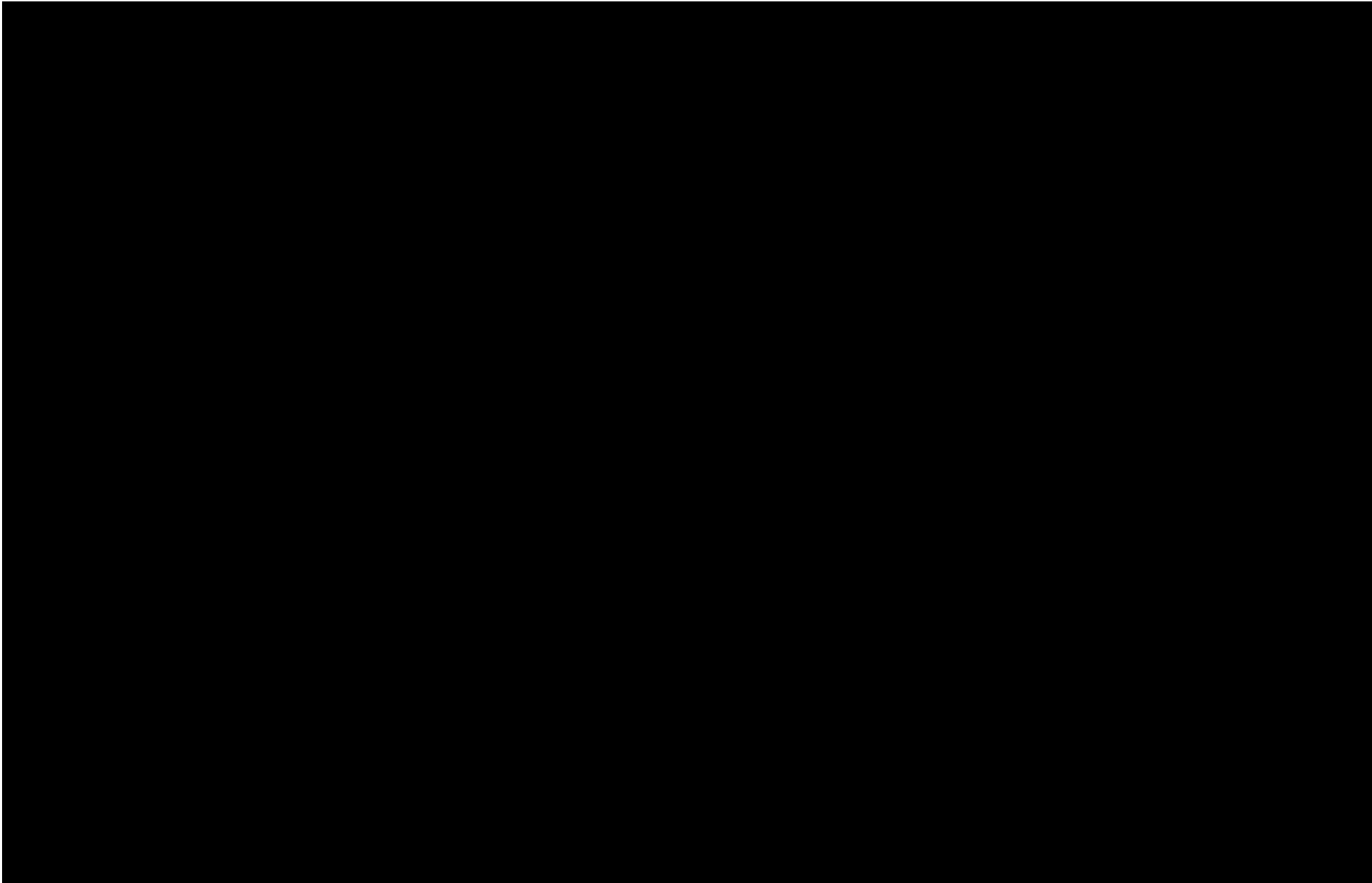


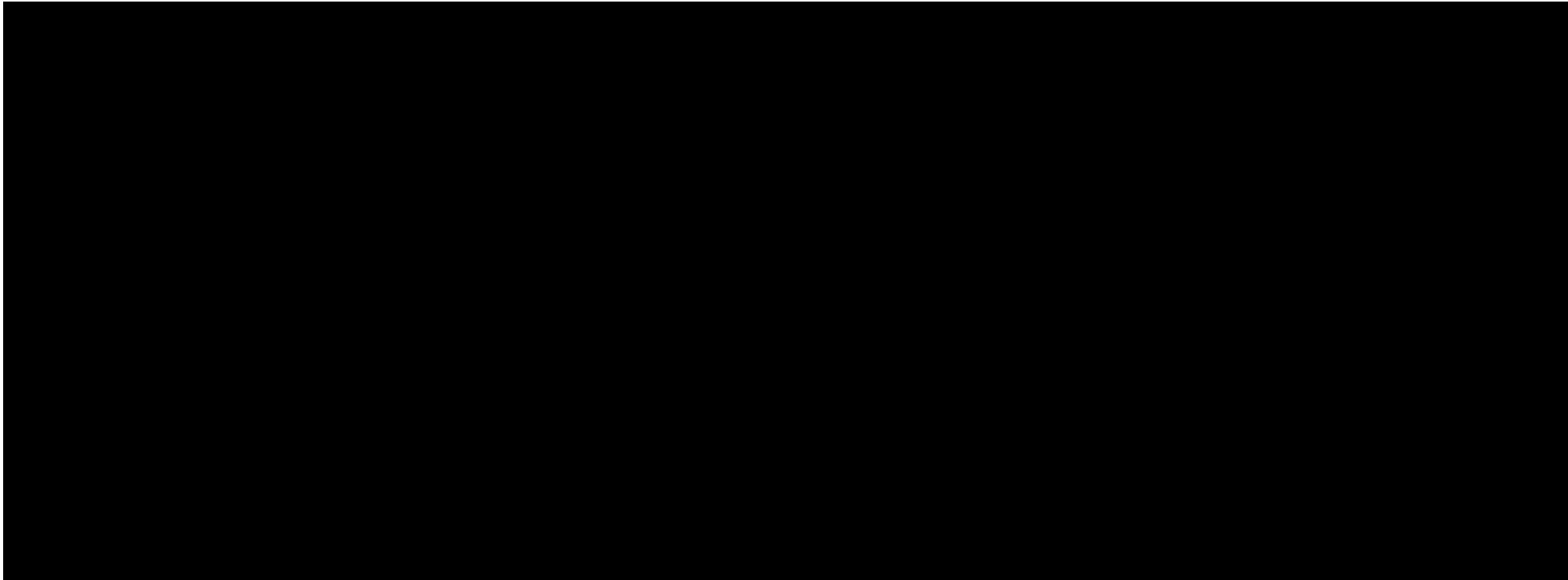
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Report

To: Wheatley Housing Group Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: Wheatley Care strategic partnership update

Date of meeting: 25 February 2026

1. Purpose

- 1.1 To provide the Board with an update on the progress made on the strategic partnership with Wheatley Care and the next steps to effect the associated legal changes.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the establishment, disposal or dissolution of subsidiaries is reserved to the Group Board for approval. The individual legal entity constitutions are the principal governance instruments through which the necessary changes are required to alter the legal status of a subsidiary.
- 2.2 Changes to existing contractual arrangements between subsidiaries within the Group is authorised based on whether the matter is reserved to a Board under its Terms of Reference, delegated to officers and/or the relevant Scheme of Financial Delegation.

3. Background

- 3.1 At the Board's meeting on 12 November 2025 approval was given to terminate our Parent status of Wheatley Care, with an aim of concluding by 1 April 2026, and entering a strategic partnership with Wheatley Care at that date.
- 3.2 An update was provided at the meeting on 17 December confirming that the key workstreams were progressing as planned and that the risk mitigations considered at the November meeting were operating effectively.

4. Discussion

- 4.1 We remain on track to conclude a strategic partnership with Wheatley Care from April 2026. Across the key workstreams—staff and stakeholder engagement and consultation, defining contractual arrangements with an independent Wheatley Care, contract alterations/novations, and the provision of independent legal advice—no issues have been identified that create any new or increased risk to the strategic partnership.

- 4.2 A more detailed update on the steps and associated approvals with concluding the partnership in each of these key workstreams is set out below:

Staff, trade union and stakeholder engagement and consultation

- 4.3 We have now concluded all staff, trade union and stakeholder engagement and consultation. The stakeholder engagement has included the Care Inspectorate, Scottish Social Services Council and all local authorities where Wheatley Care operates. There has been no adverse feedback or issues identified during this engagement and consultation.
- 4.4 The arrangements required to effect the TUPE transfers are in place. Staff within Wheatley who will provide services to Wheatley Care post transfer have been engaged and senior leaders are clear on what services will remain as part of the strategic partnership.

Contract novation

- 4.5 We have reached an in-principle agreement with Dumfries and Galloway Council ("**DGC**") to novate three contracts from Wheatley Homes South to Wheatley Care. No issues are anticipated in finalising the legal changes to effect the novations by April.
- 4.6 We have confirmed with the City of Edinburgh Council the changes to the contract arrangements for Dunedin Harbour Hostel. This will remove Wheatley Homes East as a delivery partner for the remainder of the contract from 1 April 2026.
- 4.7 These changes are an important protection for Wheatley as it releases us from any contractual obligations linked to a service delivered by Wheatley Care.

Contractual relationship

- 4.8 As part of the strategic partnership, there are three areas where we have agreed we want to retain an ongoing relationship with Wheatley Care:
- 1) Wheatley Care will deliver Livingwell services to Wheatley RSLs for Livingwell/The Dell;
 - 2) Accommodation to be leased by Wheatley Care for staff office and service delivery purposes, together with nomination rights for specific tenancies linked to care and support contracts; and
 - 3) Services that Wheatley Care will purchase from Wheatley Solutions.
- 4.9 To reflect the nature of the change in relationship, we require commercial contracts in place for each of these three areas. These contracts are being negotiated with Wheatley Care and are continuing to progress with the intention that they are concluded by April. We have engaged legal advisors, as have Wheatley Care, in the development of these contracts. The contracts will be legally robust, commercially arm's-length and include appropriate service specifications and performance measures.

Livingwell services

- 4.10 The contractual arrangements are based on an existing, well-established service. In line with our Scheme of Delegation, the contract awards for Livingwell will be approved by the relevant RSL Boards at their March meetings.

Lease agreements

- 4.11 Lease agreements, which have been drafted by our legal advisors on our behalf, are progressing well. Wheatley Care are receiving independent legal advice on the terms. We do not anticipate any issues in concluding the leases by April, and expect the terms will not be materially different from the current arrangements.

Wheatley Solutions

- 4.12 In order to manage our risk exposure and reflect Wheatley Care's desire to have key services in-house, there are certain services currently provided by Wheatley Solutions which will no longer be so under the contract for services:
- Finance, Governance and HR – to be brought in-house immediately by Wheatley Care; and
 - Internal Audit, data protection and legal – we are not appropriately insured to carry any risks providing such services beyond activity live prior to April.
- 4.13 A contract for services between Wheatley Solutions and Wheatley Care is progressing. We have taken advice from our legal advisors in the drafting of the contract. The draft contract was reviewed by the Wheatley Solutions Board at its meeting on 16 February, and it provided feedback on areas where we may wish to refine the wording. It agreed to delegate to its Chair agreeing the final version.
- 4.14 As we would expect, we have also received points of clarification on elements of the draft contract from Wheatley Care following their legal advice. We are engaging with Wheatley Care on updates to the contract to reflect their feedback and the feedback from the Wheatley Solutions Board. We do not expect any of the issues raised to be sufficiently material that they will prevent the contract from being concluded by April.
- 4.15 We will also ensure that there are accompanying Data Sharing Agreements in place for each contract to ensure that we are compliant with our data protection obligations.

Governance process

- 4.16 Following engagement between our own and Wheatley Care's legal advisors, we have agreed on the process by which we will cease to be the Parent of Wheatley Care. The process is as follows:
- 1) The Wheatley Care Board approve a written resolution to be sent to the Company's sole member (Wheatley) to approve the adoption of new Articles of Association ("Articles") of the Company;
 - 2) Wheatley approves a special resolution to adopt the new Articles; and
 - 3) The updated Articles remove Wheatley as a member and in doing so as the Parent.

4.17 The practical effect of this is that everything occurs simultaneously and that an additional Board meeting will be required to pass the special resolution. The draft minute for this meeting is attached at Appendix 1. The minute identifies a number of operational deliverables for which the necessary arrangements will be put in place.

4.18 Given that this is a procedural matter, it is proposed that this additional meeting is convened virtually on or around 1 April 2026

5. Customer Engagement

5.1 We have engaged with customers as part of our communication and engagement plan. No issues or concerns have been raised by customers or, where appropriate, their representatives.

6. Environmental and sustainability implications

6.1 There are no environmental or sustainability implications arising from this report.

7. Digital transformation alignment

7.1 We will continue to provide IT support services to Wheatley Care as well as allow them to benefit from group-wide IT contracts and independent expert advice, such as cyber security for the period of the contract.

8. Financial and value for money implications

8.1 Wheatley Care represents a small part of the Group in financial terms. It is not a party to the RSL Borrower Group and while it generates a small surplus each year, the changes proposed, which would see Wheatley Care cease to be a subsidiary, will not have a material effect on the financial position of the Group.

9. Legal, regulatory and charitable implications

9.1 We have taken legal advice on the procurement risk associated with the award of the contracts for Livingwell. The advice has confirmed that due to the short duration of the contracts, an initial duration of 18-24 months, there is a low risk of a procurement challenge.

9.2 We are continuing to take legal advice in relation to future contractual arrangements with Wheatley Care to provide assurance that they are legally robust and commercially arm's-length.

10. Risk Appetite and assessment

10.1 Our risk appetite in relation to governance is cautious, defined as a "Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward."

10.2 As part of agreeing the transition to a strategic partnership, the Board identified key risks it wished to be considered throughout the process to give the partnership effect. An update on these risks is attached at Appendix 2.

11. Equalities implications

11.1 There are no equalities implications associated with this report.

12. Key issues and conclusions

12.1 The process for us to transition from a governance partnership to a strategic partnership with Wheatley Care remains on track. As we would expect at this stage, there are ongoing negotiations on the terms of the contractual arrangements. Our risk mitigations have been effective and no material issues have emerged as part of the implementation process. Subject to the relevant approvals by this Board and our RSL Boards, the transition will take effect in April as planned.

13. Recommendations

13.1 The Board is asked to:

- 1) Note the progress to date;
- 2) Agree the proposed approach set out in paragraphs 4.16-4.18 to legally effect the change; and
- 3) Note that final contractual arrangements will be agreed by the relevant RSLs and Wheatley Solutions.

LIST OF APPENDICES:

Appendix 1: Draft Board minute

Appendix 2: Key risks and mitigation

Risk	Mitigation(s)	Position
Local Authority partners are unclear why there is a change in the relationship between care and the Wheatley Group and this adversely impacts their perception of us	▪ There will be direct engagement with all Local Authorities to explain the rationale for the change ▪ Local Authorities will be reassured that all existing obligations will continue to be met by Wheatley Care ▪ Senior Wheatley Care staff will reiterate in discussions it is an amicable arrangement ▪ Direct CEO to CEO engagement with Glasgow City Council	▪ All local authorities engaged with no adverse feedback ▪
Wheatley Care Trade Union partners have an adverse reaction to the strategic partnership and express concerns to staff/stakeholders	▪ Trade Unions will be directly engaged before we commence to full staff consultation to explain proposals ▪ Trade Union feedback will be used to shape the staff consultation messaging ▪ Senior Wheatley Care staff will reiterate in discussions it is an amicable arrangement and gives Wheatley Care greater autonomy to grow	▪ Trade Union feedback was positive , and they agreed to proceed with staff consultation.
Staff respond adversely to the proposed strategic partnership	▪ A detailed staff engagement and consultation plan has been developed ▪ Staff consultation will be tailored to different staff groups ▪ Consultation messaging will strongly reiterate there will be no changes in staff's day to day job or exiting Terms and Conditions ▪ Retention of the Wheatley Care name, but with sunset clause	▪ The staff consultation concluded without any adverse reaction (eg no collective issues raised through Trade Unions or request to escalate concerns to the Executive or a governing body)
An independent Wheatley Care is not financially viable	▪ Initial cash reserves of £2.9m ▪ Independent financial due diligence for Wheatley Care will test the business plan of the independent Wheatley Care ▪ Projections demonstrate the business will continue to generate a surplus	▪ No issue has been raised with us by Wheatley Care as a result of their independent financial due diligence (which include a review of their post April business plan).

Wheatley Care does not have sufficient senior management capacity to operate independently

- A new Executive Structure will be in place for Day 1 of the strategic partnership
- Key functions will be 'in-house' rather than reliant on Wheatley Solutions
- Existing Wheatley Care MD and Senior Team are highly experienced
- Wheatley Group remain available for advice/mentoring

- A new Executive Structure has been agreed alongside arrangements for key functions such as finance and HR to be brought in house. These will be in place for April.

Report

To: Wheatley Housing Group Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: Group Chair succession

Date of meeting: 25 February 2026

1. Purpose

- 1.1 To seek Board approval for the approach and process to appoint the Group Chair Designate in advance of the current Group Chair's retirement in September 2026.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the appointment of the Group Chair is reserved to the Group Board. As part of this, the Board is asked to agree the role of the Group Chair and the selection and appointment process.

3. Background

- 3.1 The Scottish Housing Regulator's ("**SHR's**") Regulatory Framework sets out constitutional requirements that each Registered Social Landlord ("**RSL**") must comply with.
- 3.2 This includes specific requirements in relation to the Chairperson's role, which reinforce the need for a clear, planned and compliant succession process. The requirements are that:
- The Chairperson's role is set out formally;
 - The Chairperson is responsible for the leadership of the governing body and ensuring its effectiveness in all aspects of its role; and
 - There is a clear process to select the Chairperson, who cannot be an executive member, and must not hold office continuously for more than five years.
- 3.2 The current Group Chair will retire at the 2026 Annual General Meeting, having served continuously in the role for five years.

4. Discussion

- 4.1 Our Board recruitment and succession approach has a longer-term focus, seeking to ensure, so far as possible, that we have suitably skilled and experienced Board members with the skills, experience and remaining tenure to support succession of the Group Chair from within the Board.
- 4.2 Our succession planning assumption for the current Group Chair is that the appointment will be drawn from amongst the existing Board members. The feedback from Board members was that an internal-only process was a strong preference on the basis that:
- There are appointable candidates with the necessary skills, experience and remaining tenure;
 - It ensures continuity and stability, with a Chair who already understands our strategy, culture, and governance context;
 - It reduces risk and onboarding time, as existing Board members have a proven track record, established relationships, and known leadership behaviours;
 - It provides a more efficient and cost-effective approach than undertaking a full external recruitment process; and
 - It aligns with good succession-planning practice, recognising existing Board talent and supporting cohesive Board leadership.
- 4.3 It was recognised that, while an internal-only process is preferred, it must be sufficiently robust and timed to allow the Board to pivot to an external process should no appointable candidate emerge
- 4.4 Based on the above, the proposed approach, process and timing for the succession of the Group Chair is set out below:

Group Chair role

- 4.5 An updated role profile for the Group Chair is attached at Appendix 1. The role profile will form the basis for assessing a candidate's suitability for the role. The Board is asked to provide feedback on and agree on the role profile.

Application process

- 4.6 Candidates will be asked to provide a CV alongside an expression of interest setting out the following:
- Why they are interested in the role;
 - How their skills and experience make them suitable for the role; and
 - What they would consider to be their key priorities if appointed.

It is proposed that the closing date for expressions of interest shall be Friday, 3rd April 2026.

Selection process

- 4.7 It is proposed that the Board will undertake the selection process directly, with time to be scheduled as part of the April meeting. The proposed process is:
- The Board is provided with all expressions of interest;
 - The candidate(s) will set out to the Board the key elements of their expression of interest (in a format of their choosing eg presentation/speech);
 - The Board will be invited to ask the candidate(s) questions it considers appropriate to establish their suitability; and
 - In the event of multiple candidates, the Board will select and agree to appoint its preferred candidate.

Appointment

- 4.8 Subject to the outcome of the selection process, any internal candidate shall be formally appointed at the April Board meeting and take up the role following the 2026 Annual General Meeting. In the event that an internal candidate must relinquish an existing role upon appointment the process for filling any such role shall be remitted to the Group Remuneration, Appointments, Appraisal and Governance Committee.
- 4.9 In the event that the Board does not consider any candidate to be appointable options and a timeline for an external process shall be discussed immediately following this decision.
- 4.10 This will be on the basis of a process completing by the 2026 AGM and the vacancy created by the existing Group Chair's retirement being allocated to an incoming Group Chair. This will have implications for the wider skills and experience make up of the Board which will require consideration as part of the candidate profile.

Timetable

- 4.11 Based on the process above, the timetable for the Group Chair succession is as follows:

Action	Date
Group Board agreed role profile and process	25/2/26
Closing date for expressions of interest	3/4/26
Board candidate interviews	30/4/26
Appointment/process refresh	30/4/26

5. Customer Engagement

- 5.1 There are no customer engagement implications associated with this report.

6. Environmental and sustainability implications

- 6.1 There are no environmental and sustainability implications associated with this report.

7. Digital transformation alignment

7.1 There are no digital transformation implications associated with this report.

8. Financial and value for money implications

8.1 There are no financial or value for money implications associated with this report.

9. Legal, regulatory and charitable implications

9.1 The proposed approach takes account of and meets the requirements of the SHR Regulatory Framework constitutional requirements.

10. Risk Appetite and assessment

10.1 Our risk appetite in relation to governance is “cautious”, which is defined as a “preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward”.

10.2 The proposed approach is consistent with our risk appetite, whilst allowing sufficient contingency to account for the risk that the internal process does not yield an appointable candidate and an external process is required.

11. Equalities implications

11.1 The process will take into account any adjustments required by applicants to ensure a fair process

12. Key issues and conclusions

12.1 The Board is asked to agree the approach and process for appointing a Group Chair Designate ahead of the current Group Chair’s retirement at the 2026 AGM, in line with the Group Standing Orders and the Scottish Housing Regulator’s requirements.

12.2 Board feedback supports an internal-only process, reflecting the availability of suitably skilled candidates, the benefits of continuity and stability, and alignment with the Group’s cautious governance risk appetite.

12.3 The proposed role profile, selection process and timetable provide a clear, transparent and compliant framework, with appropriate contingency should the internal process not yield an appointable candidate, enabling an orderly and timely succession decision.

13. Recommendations

13.1 The Board is asked to:

- 1) Provide feedback on and approve the Group Chair role profile; and
- 2) Agree that the process be internal-only on the basis of the process set out in paragraphs 4.6-4.11

LIST OF APPENDICES:

Appendix 1: Group Chair role profile

Role and essential functions of the Group Chair

The role of the Group Chair is to provide clear leadership of the Group Board in its responsibilities for setting the strategic vision and direction of the Group. It is demanding and requires significant time and energy.

Essential functions include the following:

1. Chair Group Board and General Meetings and manage efficient conduct of their business. Ensure accurate, timely, clear information; sufficient time to consider critical or contentious issues; realistic decision deadlines; and facilitate contributions from all Board Members. Ensure Board discussions are inclusive and aligned to the Group's strategic objectives and risk appetite.
2. Establish a constructive working relationship with the Group Chief Executive, providing both support and challenge and encouraging personal development. Foster constructive relations, a culture of openness and constructive challenge between across the Board and the Group Executive team.
3. Ensure that the Group Board appropriately delegates authority to Committees, the Group Chair, Group Chief Executive or others to enable its business to be carried on effectively between meetings; and ensure the Group Board monitors the use of such delegated powers.
4. Action delegations to the Group Chair, seeking views of all Board Members before any important decision is taken, and taking any necessary advice from the Group Chief Executive.
5. Ensure regular review of the Group Board's composition and lead the appraisal processes for both Board and Board Members. Ensure action is taken on skill mix and that development needs are identified and met.
6. Ensure regular appraisal of the Group Chief Executive's performance.
7. Ensure that the Group Board complies with its chosen codes of governance, conduct, sound controls, management of risk and other good practice. Ensure that the Group Board receives professional advice when it is needed.
8. Represent the Group on appropriate occasions and act as an ambassador for the Group's values and purpose.

Experience

1. **High-profile senior leadership** – within an organisation of a similar scale and complexity, whether in the commercial, public or voluntary sectors. A track record of achievement and of motivating and leading senior teams to deliver strategic objectives.
2. **Experienced as a Chair** – knowledge of good governance practice in one or more sectors, and of dealing with governance issues and ensuring high performance and good decision-making.
3. **Evidenced strong business acumen** – background of general and financial management, including of complex budgets, and a good awareness of funding and treasury matters.
4. **Successful work in political environments** – where the effective handling of high profile and sensitive issues was achieved and key decisions influenced positively.
5. **Effective work with a wide range of stakeholders** – national and local politicians, investors, funders, commercial partners, government bodies/agencies, local communities, customers.
6. **Active interest in the housing and/or care and support sectors** – awareness of current national and policy issues in these areas.

Abilities, skills and knowledge

1. **Non-Executive leadership** – develop strategic vision and give a clear sense of strategic direction, working collaboratively with and building consensus in the Group Board. Able to show clear analytical intellect and guide rational, risk-balanced decisions.
2. **Working with the Executive** – appreciate the respective roles of a Chair and Chief Executive. Able to support and add value for Executives through periods of organisational change and growth as well as to challenge appropriately and hold them to account.
3. **Communication** – liaise effectively with a wide range of stakeholders, presenting arguments with knowledge and understanding of wider strategic context. Able to represent the Group, speak in public and promote its aims and objectives to varied audiences.
4. **Politics and government** – achieve the delivery of results and outcomes at national level and in complex political environments.
5. **Stakeholders and partners** – operate effectively at all levels and to develop positive relationships that generate confidence and respect. Given the Group's major borrowing, the ability to represent the Group and work with lenders and investors.
6. **Tenants and customers** – a commitment to ensuring strong tenant and customer voice in governance, scrutiny and strategic decision-making

Personal style and behaviour

1. **Supports the Group's values, ethos and social objectives** – shares its passion for making homes and lives better and promotes its dedication to excellence in everything it does. Models behaviours that reinforce an inclusive culture.
2. **A strong leader** – with credibility and enthusiasm to inspire and motivate the Boards, Executives and staff of the Group. Listens to others but is decisive when required. Fosters a learning culture and is committed to raising standards throughout the organisation.
3. **Working with stakeholders** – a personal and professional credibility that will command confidence at all levels. Ability to assess and interpret a wide range of stakeholder interests and requirements and balance them effectively. Demonstrates sound judgment under pressure and during periods of scrutiny
4. **A team player and ambassador** – able to act and think corporately and with a collaborative, open, engaging and enthusing style that engages people at all levels and promotes positive relationships Group-wide and with partners.
5. **Probity and integrity** – actively models the professional conduct expected in good governance. Committed to accountability, openness, transparency and equality of opportunity including awareness of the impact of diversity and disability issues.

Report

To: Wheatley Housing Group Board

By: Anthony Allison, Group Director of Governance and Business Solutions

Approved by: Steven Henderson, Group Chief Executive

Subject: Performance report

Date of Meeting: 25 February 2026

1. Purpose

- 1.1 The purpose of this report is to provide an update on performance against targets and strategic projects for 2025/26 to the end of quarter three.

2. Authorising and strategic context

- 2.1 The Group Board agreed an updated programme of strategic projects and performance measures and targets for 2025/26 at its meeting in April 2025. Under the Group Standing Orders, the Board also has an ongoing role in monitoring the performance of subsidiaries across the Group against the agreed measures.

3. Background

- 3.1 This report outlines our performance against targets and strategic projects for 2025/26. Unless specified otherwise, results for all measures are based on year-to-date (“**YTD**”) figures. This includes progress with those measures that will be reportable to the Scottish Housing Regulator (“**SHR**”) as part of the Annual Return on the Charter (“**ARC**”) 2025/26.

4. Discussion

Headline performance at quarter three:

- 4.1 Headline performance and areas of focus to the end of quarter three are:
- Strong performance across emergency repairs timescales (in the context of increased volumes), tenancy sustainment, homelessness lets and compliance;
 - Improvement in Customer First Centre (“**CFC**”) resolution and abandonment, non-emergency repair timescales with gross rent arrears improving but Universal Credit migration remains a material risk to arrears performance;
 - Our focus on damp and mould remains and preparations are underway for Awaab’s Law equivalent in Scotland; and
 - One strategic project is slipping and three are overdue; while all are progressing, delivery timelines in two are dependent on external parties.

- 4.2 The following sections present a summary of key measures and strategic projects. Strategic and Other key measures can be found in Appendices 1 and 2 respectively, SPSO and ARC results in Appendix 3 and strategic projects are in Appendix 4. Several of the Scottish averages 2024/25 are referenced through this paper for the relevant Charter indicators, alongside an update to quarter three.



Delivering Exceptional Customer Experience

Customer First Centre (“CFC”)

- 4.3 For the year-to-date results as of the end of quarter three, our core CFC measures are set out in Table 1 below:

Table 1

Measure	2025/26		
	Value Rolling YTD (unless stated)	Target	Status
Group - CSAT score (customer satisfaction)	4.49 (rolling year)	4.50	
Group - Call abandonment rate - those waited over 30 secs and abandoned	6.67%	5.40%	
Group - % of contacts to CFC resolved within CFC	89.93%	95%	

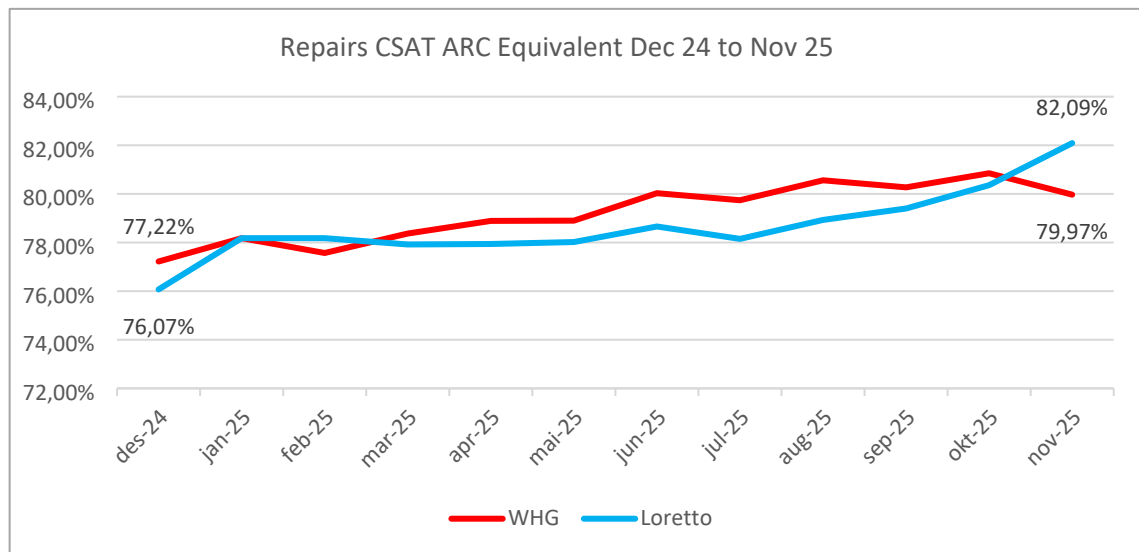
- 4.4 Customer satisfaction with the CFC remains positive, with a rolling 12-month CSAT score of 4.49 at the end of quarter three, marginally below target but improving. In-month performance met target in November.
- 4.5 Call abandonment after 30 seconds improved to 6.67%, despite increased seasonal demand, and continued to improve in-month in December. While performance is improving, we are not currently forecasting achievement of the year-end target, and actions remain focused on sustaining in-month improvement.
- 4.6 Resolution of contacts within the CFC improved to 89.93%, reflecting better case ownership and improved transfer arrangements with specialist teams. Repeat contact rates have reduced materially over the past year, from 19.79% to 14.8%, indicating improved first-time resolution.
- 4.7 Customer feedback collection was suspended in November due to a cyber-related incident at the external provider. There was no data breach or system impact, and options to restore feedback collection are being progressed.

Repairs Satisfaction

- 4.8 Tenant satisfaction with our repairs service and individual repair experiences continues to be a key driver when it comes to overall customer satisfaction. In addition to our independent satisfaction surveys undertaken at least every three years, we also use in-house surveys on an ongoing basis throughout the year to assess and monitor how well we are doing.

- 4.9 Our digital survey of customers, through MyVoice surveys gauges their satisfaction 1-2 weeks after the repairs have been completed (known as “**Repairs CSAT**”). Due to the cyber related incident referred to earlier, the digital repairs surveys were suspended in November with options for restoration being progressed, with performance until November as follows:

Chart 1, West Repairs MyVoice Trend (in-month)



Volume of Emergency Repairs

- 4.10 Table 2 shows our position against the strategic result to reduce the volume of emergency repairs by 10% by 2026 compared to the updated baseline year of 2022/23. This target was set recognising that it was not within our control as some repairs must be treated as emergencies under policy, and that volumes are demand-led, including by issues such as severe weather.
- 4.11 The target for Group for 2025/26 is a reduction of 3.34%. At the end of quarter three the variance was 10.21%. As set out in the table below, taking into account repairs volumes the proportion of repairs treated as emergencies are static from the same point last year.

Table 2

	Emergency Repairs			All Responsive Repairs		Percentage of Responsive Repairs that are Emergencies	
	YTD Q3 24/25	YTD Q3 25/26	Variance	YTD Q3 24/25	YTD Q3 25/26	YTD Q3 24/25	YTD Q3 25/26
WHG	48,159	54,434	10.95%	161,548	170,876	29.81%	31.27%
WHS	8,553	8,823	3.17%	29,719	31,528	28.78%	27.98%
WHE	6,698	7,488	11.79%	16,610	18,731	40.33%	39.98%
Loretto	3,128	3,587	14.67%	9,961	10,810	31.4%	33.18%
Group	66,538	73,332	10.21%	217,838	321,945	30.68%	31.62%

Repairs Timescales

- 4.12 Our Group RSL average time taken for emergency repairs was 2.71 hours at the end of quarter three, with the average time to complete non-emergency repairs was 7.89 days, an improvement from 8.36 days at the end of quarter two. Although above the 7.5-day target, performance has continued to improve each month in quarter two, from 8.19 days in October, and 8.06 in November to the quarter three performance of 7.89 days.
- 4.13 The 2024/25 Scottish average for emergency repair timescales is 3.9 hours and 9.1 working days for non-emergency timescales; all our RSLs meet or exceed these benchmarks. Our Group RSL and Lowther timescale performance to the end of quarter three is set out in Table 3 below:

Table 3

Repairs completion timescales (Charter)	Emergency (hours)		Non-emergency (days)	
	Target	Value	Target	Value
WHG	3.00	2.70	7.5	7.55
WHS	3.00	2.64	7.5	8.89
WHE	3.00	2.81	7.5	9.10
Loretto	3.00	2.82	7.5	8.39
Group RSLs	3.00	2.71	7.5	7.89
Lowther Factoring	3.00	3.32	No target	18.90
Lowther Residential	3.00	2.97	7.5	8.74
Group including Lowther	3.00	2.75	7.5	8.60

Damp and Mould

- 4.14 Damp and mould remains a key operational priority. Inspection and remedial performance remains strong, with 70% of inspections completed within our target timescale of two working days at an average of 2.6 days, remedial repairs on average being completed within 10.15 days and an overall average end-to-end completion time of 12.88 days, below the 17-day target. Preparations for the Scottish equivalent of Awaab's Law are progressing as set out in detail in a separate agenda item.
- 4.15 The vast majority of cases (over 96%) are assessed as low severity. More complex cases, particularly those related to condensation, can require additional investigation and extend timescales.

Table 4

By Severity Category		
Cat 3 – Mild	Cat 2 – Moderate	Cat 1 – Severe
96.59%	3.32%	0.09%

- 4.16 In terms of end-to-end damp and/or mould, performance must be submitted to SHR for the first time in the ARC 2025/26. We are required to report these damp and/or mould cases to SHR broken down by causation, shown in Table 5 below.

Table 5

Damp and/or Mould Cases Q3		By Causation		
		Condensation	Structural	Other
Number complete	6,894	4,462	195	2,237
Average days	12.88 days	13.82 days	6.36 days	11.57 days

- 4.17 The breakdown of causation shown in Table 6 below.

Table 6

Percentage of cases by Causation Category		
Causation	Structural	Other
64.72%	2.83%	32.45%

- 4.18 Cases caused by condensation require more extensive investigations to determine the underlying cause and may need the development of a comprehensive ventilation strategy, such as the installation of additional ventilation fans. Structural cases in damp and mould are a small proportion of overall cases and have often had an easily identifiable cause, such as a missing roof tile, and therefore have quicker resolution times. Of those categorised as 'Other', this has included issues caused by leaks, external flooding, or where additional technical support may be required to understand the issue.

Tenancy Sustainment

- 4.19 We continue to support our new customers to sustain their tenancies with our RSL group exceeding targets in both the Charter and revised measures (the revised measure excludes deaths and transfers to other homes within the Group). Current performance at the end of quarter three for our RSL group remains high at 92.92% for the Charter measure and 94.60% for the revised measure, as shown in Table 7 below.

Table 7

Tenancy Sustainment	Charter – All lets	2025/26 Target - Charter	Charter – Homeless Lets	Revised	2025/26 Target - Revised
WHG	93.89%	90%	94.43%	95.04%	91%
WHS	89.90%	90%	87.96%	92.15%	91%
WHE	93.98%	90%	93.48%	96.89%	91%
Loretto	91.25%	90%	91.11%	93.55%	91%
Group	92.92%	90%	93.10%	94.60%	91%

- 4.20 WHG, WHE, and Loretto continue to perform better than target for both targeted measures. WHS remains better than target for the revised measure and only two of 971 new lets short of target for the Charter measure, an improvement from 5 lets short of target at the end of quarter two. WHS has shown improvement in tenancy sustainment over the lifetime of the 5-year strategy, with their Charter result in 2021/22 at 86.04%.

Allocations CSAT

- 4.21 Satisfaction with the process of getting their new home remains at 4.4/5 and is based on 1,148 surveys received. All subsidiaries except WHG remain better than target, as shown in Table 8 below. WHG is however maintaining a positive trend with in-month satisfaction in November was at 4.4/5.

Table 8

Allocations CSAT	2025/26 Rolling year	2025/26 Target
WHG	4.2	4.5
WHS	4.7	4.5
WHE	4.6	4.5
Loretto	4.8	4.5
Lowther Letting	4.5	4.5
Group	4.4	4.5

- 4.22 Supportive and professional Housing Officers and Letting Agents, and a quick and easy sign-up process, remain the key positive themes from satisfied customers. The main area for improvement remains around the condition of the property at move in, although positively, the volume of dissatisfaction due to these issues has reduced during this reporting year.

Complaints Handling Timescales

- 4.23 Our complaints handling Charter timescale performance remains strong to quarter three as shown in Appendix 3. Our Stage 1 complaints continue to be responded to in less than four days on average while Stage 2 complaints take on average less than 16 days for each of our subsidiaries. Both measures remain well within their respective targets of 5 and 20 days and are better than the Scottish averages for 2024/25. Our full complaint measures, both Charter and SPSO, are included in Appendix 3.
- 4.24 The refreshed complaints policy is scheduled for RSL Board review at their March meetings and will be presented to this Board thereafter. Alongside this, we will provide each subsidiary a more detailed year-end review and analysis of their complaints volumes, types and themes at their May meetings.



Making the Most of Our Homes and Assets

Development Programme

- 4.25 Our target is to deliver a total of 621 new homes in 2025/26. At the end of quarter three we have handed over 507 homes, above the target of 351 expected by this point in the year. More detail is provided in Table 9 below.

Table 9

Sites	Handovers (YTD)	Target (YTD)	Difference/handovers to 31st December
WHG	146	0	146
Calton Village Ph 2 (Social)	65	0	65
Shawbridge Arcade (MMR)	75	0	75
King's View – North Toryglen (Social)	3	0	3
Acquisitions/Buy Backs	3	0	3
Loretto	44	68	(24)
East Lane (Social)	0	24	(24)
South Crosshill Road (Social)	44	44	0
WHE	305	267	38
Dalhousie South (Social)	30	30	0
West Craigs (Ph1) (Social)	67	59	8
West Craigs Ph2 (Social)	41	22	19
West Craigs Ph3 (Social)	26	34	(8)
Sibbalds Brae (Social)	4	10	(6)
Winchburgh BB (Social)	33	46	(13)
Bullyeon Rd Ph 3a (Social)	23	0	23
Winchburgh BB (MMR)	0	24	(24)
West Craigs Ph3 (MMR)	35	42	(7)
Lowther	12	16	(4)
Ashgill Road (MMR)	0	16	(16)
Victory Lane, Wallyford (MMR)	12	0	12
Totals	507	351	156

Medical Adaptations

- 4.26 Time to complete medical adaptations remains well within the 25-day target, with the average days at 16.81. More detail is shown in Table 10 below.

Table 10

	Households Waiting	Completed YTD	Average Days YTD	Target
WHE	4	87	20.98	25 
WHS	34	311	19.42	25 
WHG	52	918	15.58	25 
Loretto	4	25	15.20	25 
Group	94	1,341	16.81	25 

Gas Safety

- 4.27 The five gas properties identified in WHS in quarter two where the gas safety certificate had gone beyond its date for renewal will continue to impact gas compliance for WHS for the remainder of the performance year. All other subsidiaries continue to be 100% compliant, with no expired gas certificates.

Compliance

- 4.28 All of our relevant properties are compliant with Legionella assessment requirements. We carried out safety inspections on all passenger lifts with the exception of two in Glasgow. Both lifts are currently undergoing upgrading via our investment programme. Upon completion of this work, they will be commissioned and added back into the inspection programme.
- 4.29 We are making strong progress with the inspection of electrical installation certificates due to expire before the end of 2025/26, with 5,943 (83.79%) already complete. At the end of quarter three, we have 59 properties without a valid Electrical Installation Condition Report (“**EICR**”); an improvement on 66 reported at the end of quarter two. Our housing teams continue to liaise with colleagues to support access to all required customers’ homes in a timely manner and to remind customers of their legal requirements set out in the tenancy agreement where required.

Health and Safety

- 4.30 We have had four RIDDOR incidents this year. Across the Group, 114 days to the end of quarter three have been lost due to work-related accidents. Each RIDDOR incident is thoroughly investigated by both management and the Group Health & Safety team. Where appropriate, changes are made to working practice and instructions or support are provided to affected employees to avoid recurrence.
- 4.31 There have been no Health and Safety Executive or Local Authority environmental team interventions this year, the same position that we have maintained since the measure started in 2021.

Workplace Fires and Flat Entrance Door Checks

- 4.32 We have not had any workplace fires to the end of quarter three and have not recorded any since the measure started in 2021.

- 4.33 We have a rolling programme for carrying out flat entrance door checks in all 9,983 of our properties six floors and higher. We visit all flat entrance doors in properties at and above 18m in each six-month period (April – September and October – March). We will also visit those under 18m annually (in October – March), which comprise an additional 146 in the East (117 in WHE and 29 in Lowther East). This increases the number of doors Group wide from 10,568 in April to September to 10,714 in October to March.
- 4.34 Where we gain access, the full inspections verify that doors close properly, seals are intact, and hardware (hinges, locks, self-closers) function as intended. During the second phase of this year (which started on the 20th of October 2025) to the end of December 2025, we have visited and completed a visual inspection on 6,993 doors (65.27% of the 10,714 required to be inspected across our Group) and gained access to 3,475 of these to complete successful inspections.
- 4.35 This programme continues to present challenges in gaining access to the properties. The Board previously agreed that we would force access to complete the check where there is “clear evidence that the flat entrance door has no qualities of fire resistance, or there is clear evidence that the fire resistance of the door has been compromised due to a repair”. We have had none that fit these criteria in the second phase to the end of December.
- 4.36 In the West, this programme has been delivered by City Building Glasgow who sub-contract this work out. On the 5th of January 2026, this was brought in-house, which should support an improvement in the no access rates as the in-house teams will work closely with the concierge teams.



Changing Lives and Communities

Care Service Quality

- 4.37 Currently 14 out of 17 services have inspection reports rating them Grade 5 or higher. This equates to 82.35% of our services against the 90% target.
- 4.38 The Care Inspectorate Datastore (as of the end of November 2025) indicates that 30.3% of Voluntary or not-for-profit services, considered comparable to Wheatley Care, have achieved an overall grade of 5 or higher. Wheatley Care services consistently exceed the sector average.

Peaceful Neighbourhoods

- 4.39 Our strategic measure is for over 80% of customers across our Group to live in neighbourhoods categorised as peaceful by the end of the strategy period. At the end of quarter three, the Group-wide percentage of tenancies categorised as Peaceful was 72.67%, a reduction from 73.30% in quarter two.

Anti-Social Behaviour (“ASB”)

- 4.40 We aim to resolve 100% of our ASB cases each year to help maintain neighbourhoods where customers feel safe and secure. The Scottish average 2024/25 resolution rate for ASB cases resolved was 93.4%.

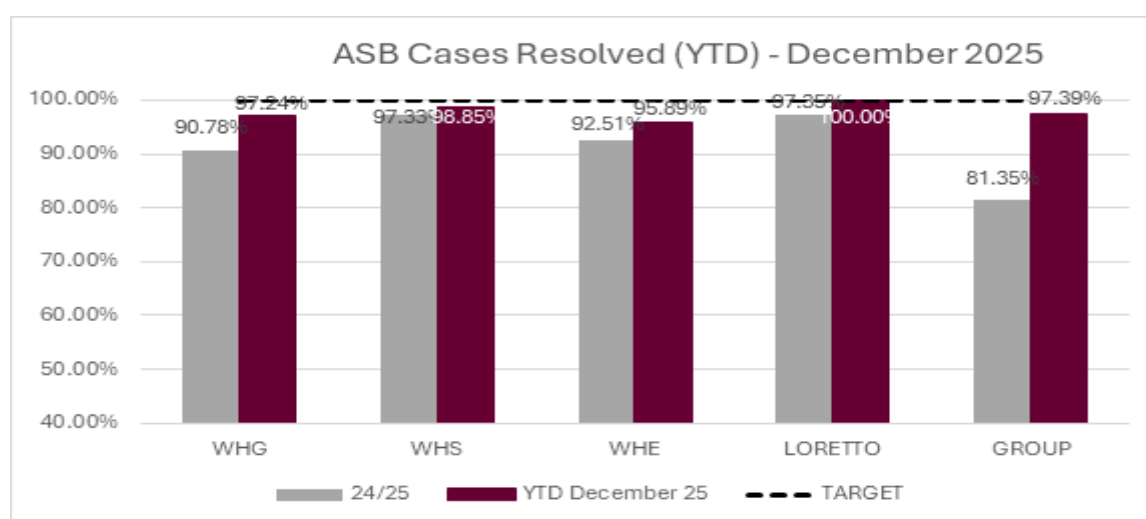
- 4.41 We have seen a positive trend in ASB cases resolved throughout this year. To the end of quarter three 97.39% of ASB reports were resolved as defined by our policy, an increase from 96.41% at the end of quarter two. All subsidiaries were within 10% of target and showing improvement since quarter two.

Table 11

RSL	In-month December result*	YTD result
GROUP OVERALL	100%	97.39%
WHG	100%	97.24%
WHS	100%	98.85%
WHE	100%	95.89%
Loretto	100%	100%

* ASB information is provided 10 working days after period end to allow for as many cases reported to be resolved before the locally agreed timescale (10 working days). All RSLs now submit figures monthly.

Chart 3



- 4.42 We have a strategic objective to reduce repeat ASB by 20% from a baseline year of 2022/23 by the end of our current strategy period. Repeat ASB cases are defined as the number of addresses where two or more ASB complaints have been made over the course of the rolling year.
- 4.43 To the end of quarter three, ASB was recorded at 752 repeat addresses, compared to 700 in quarter three of 2024/25, compared to an upper limit of 652 for this point in the year to be on track to achieve this strategic reduction by the end of 2025/26. It is important to note that only around 1% of our properties have issues with repeat incidences of ASB and we have record year on year reductions: 1,083 in 2022/23, 952 in 2023/24 and 935 in 2024/25.

Accidental Dwelling Fires

- 4.44 We have had 84 accidental dwelling fires to the end of quarter three as follows:
- Table 12

Accidental dwelling fires	2025/26 YTD	2024/25 full year
WHE	17	22
WHS	7	11
WHG	58	57
Loretto	2	5
Group	84	95

- 4.45 We remain on track to achieve, and likely significantly exceed, our strategic target to reduce RSL accidental dwelling fires by 10% by 2025/26.
- 4.46 Our strategy measure aims to ensure that 100% of applicable properties have a current fire risk assessment in place and this continues to be achieved, shown in Table 13.

Table 13

Fire Risk Assessments	2025/26 YTD	2024/25
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

Reducing Homelessness

- 4.47 Our four RSLs have provided 1,955 homes to homeless households in the first three quarters of this year, just 45 lets short of our 2,000-annual target, and shown in Table 14 below. The cumulative total of lets to homeless households since the first year of the strategy is 11,696, significantly exceeding our increased 5-year strategic objective of 11,000 by the end of March 2026.

Table 14

Reducing Homelessness	2025/26 (ARC) - YTD	2024/25 (ARC) – full year
WHG	1,271	1,707
WHS	307	432
WHE	296	412
Loretto	81	122
Group	1,955	2,673

- 4.48 Our percentage of relevant lets made to homeless applicants in this year-to-date is 59.10% (relevant lets exclude Livingwell and sheltered properties, nominations and social work referrals for which we are limited to let to homeless applicants).

Jobs and Opportunities

- 4.49 To the end of quarter three, we are outperforming all targets in relation to jobs, training opportunities, supporting children and young people and alleviating poverty.

Table 15

Indicator	Target (YTD)	Current (YTD)	2024/25
Group - Total number of jobs, training places or apprenticeships created for customers and communities	630	872	1,037
Group - Number of children and young people benefiting from targeted Foundation programmes in Wheatley Communities	850	1,816	3,090

Indicator	Target (YTD)	Current (YTD)	2024/25
Group - Number of people accessing services which help alleviate poverty in Wheatley Communities	6,100	7,909	11,439



Developing our Shared Capability

Sickness Absence

- 4.50 As agreed with the Board, we now report our strategic target to maintain absence below 3% based on Group sickness excluding Care, NETs and repairs staff (which have targets that reflect the nature of these workforce groups).
- 4.51 To the end of quarter three, our Group sickness rate was 3.62%, an increase from 3.34% at the end of quarter two. As shown in Table 16 below, our repairs absence is significantly ahead of target however our NETS and Care absence rates are behind.

Table 16

Sickness Rate	2025/26 YTD	Target	
Group - % Sickness rate excluding Care, Repairs and NETs	3.62%	3%	■
Repairs	4.43%	5%	■
NETs	6.72%	5%	■
Care	6.44%	5%	■

- 4.52 Targeted management support and revised training programmes are being implemented to improve absence management, particularly within NETs.



Enabling our Ambitions

Gross Rent Arrears RSLs ("GRA")

- 4.53 Our GRA at the end of quarter three, as shown in Chart 4 and Table 17 below, is 5.40%. This is an improvement from 5.57% at the end of quarter two and 5.47% at the same point last year. All our RSLs have improved from quarter two. We continue to perform better than the Scottish average of 6.2% for the 2024/25 Charter.

- 4.54 We remain focused on achieving our target of 4.95% for 2025/26, requiring us to utilise strong conversations with customers, efficiently escalate cases and offer targeted support.

Chart 4

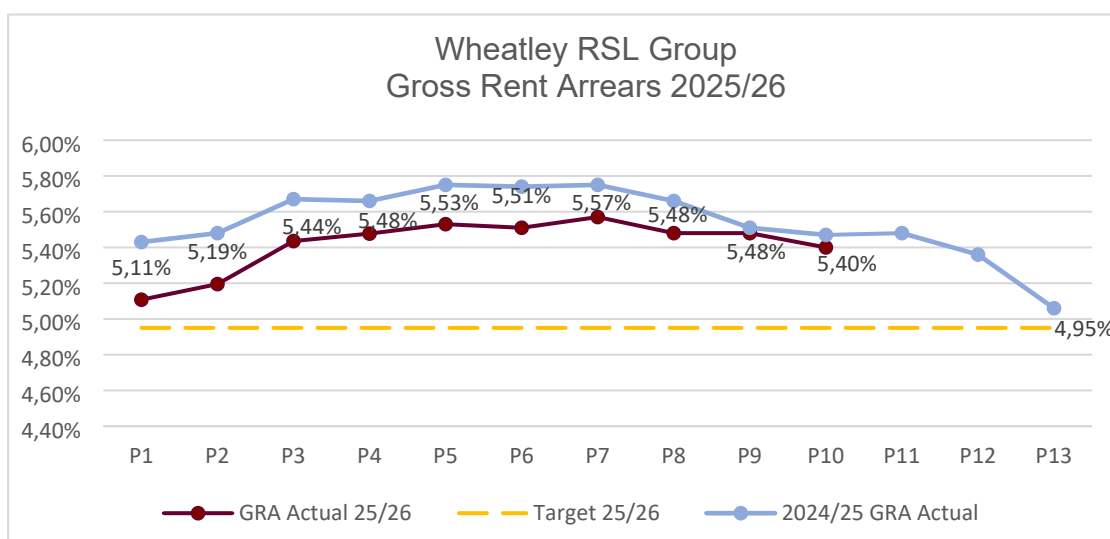


Table 17

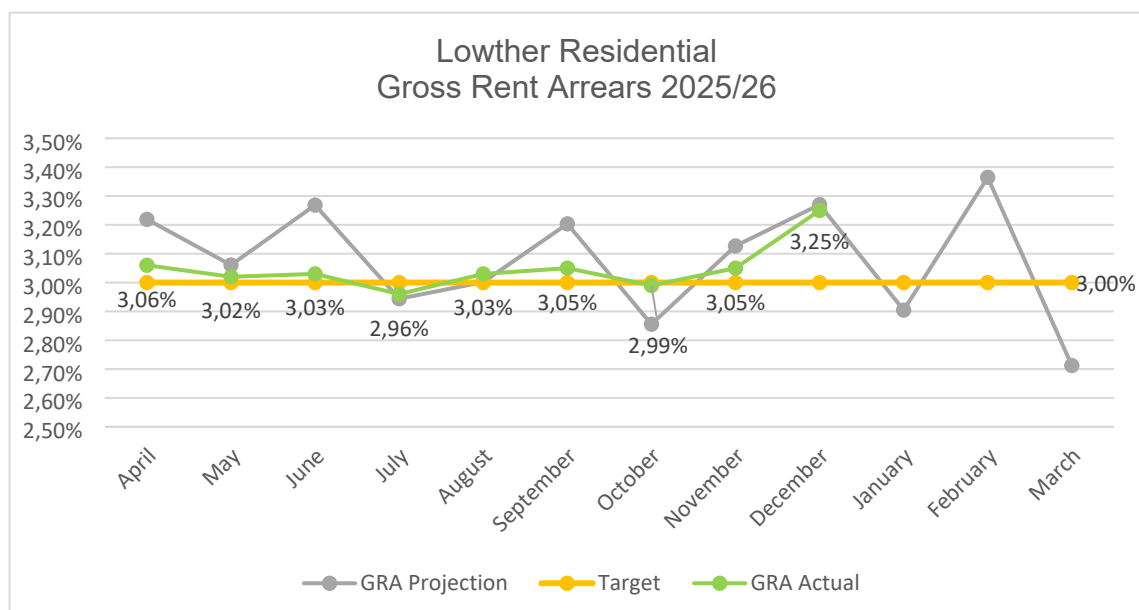
Gross Rent Arrears	Q3 2025/26	2025/26 target	2024/25 Result
WHG	5.78%	5.00%	5.44%
WHS	4.02%	3.90%	3.97%
WHE	5.70%	4.50%	4.99%
Loretto	3.72%	3.60%	3.38%
Group RSLs	5.40%	4.95%	5.06%

- 4.55 A notable impact on our arrears performance this year has been the Department of Work and Pensions' ("DWP") accelerated programme of migrating our customers onto Universal Credit ("UC"). At this time last year, our Group RSLs had 26,151 UC customers, which has now increased to 35,233, 56.61% of our customers. Despite this, our gross rent arrears are lower than at the same point last year.
- 4.56 We continue to focus on the timely use of our rent data, escalation and case management options and staff advice and guidance on progressing individual cases, especially those which have proven to be more complex. This approach is intended to maximise recovery, improve escalation and provide targeted support where it is most needed.
- 4.57 We continue to support customers to move out of debt using a variety of support, from our Housing Officers, Financial Wellbeing Officers and My Great Start, and externally via Discretionary Housing Payments, Managed Payments to Landlord ("MPTL") for UC customers and utilising A Local Information System for Scotland ("ALISS") to find alternative sources of support and funding to meet challenges with paying rent and getting accounts in advance.

Lowther

- 4.58 Lowther Letting gross rent arrears have increased from 3.05% at the end of quarter two to 3.25% at the end of quarter three, as shown in Chart 5. We remain better than the 3.27% projected for this point in the year and the 3.29% level at this point last year. This current increase reflects the usual trends and seasonal pressures seen at the end of quarter three and provides a strong starting point for recovery activity in January.
- 4.59 Our annual rent campaign and targeted contact activity, including proactive contact to customers who missed their December 2024 payment, aimed to support customers early and limit any arrears increase during a typically challenging month.
- 4.60 Lowther agents continue to drive control and improvement through weekly Rent Day sessions, peer review of all cases (ensuring cases are at the correct stage of escalation), Team Leader oversight of high-value arrears cases, close coordination with GDRT and legal colleagues, and continued early intervention. These measures ensure sustained focus and consistent management of the arrears position to ensure that we meet our year-end target and keep customers out of debt.

Chart 5



Lowther Letting

- 4.61 Lowther's letting performance for MMR properties remains within the 10-day target with an average days to relet of 9.12 days to the end of quarter three, an improvement from 9.66 days at the end of quarter two. Average days to re-let for FMR properties has increased to 11.90 days at the end of quarter three from 9.15 days at the end of quarter two. Lowther's letting performance remains good considering the increase in letting activity this year compared to last year – with 206 lets carried out in the first three quarters of last year compared to 472 lets this year so far.

- 4.62 Of the 458 new tenancies to the end of quarter three, all deposits have been processed within the targeted timescales. No late deposits have been reported since the new procedures have been in place since 2022.

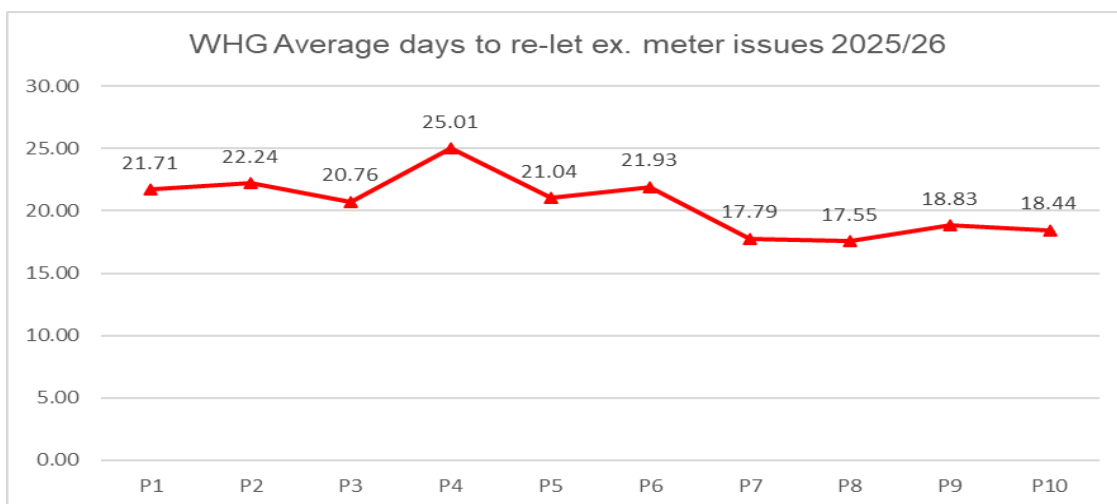
Average Days to Re-Let RSLs (Charter and revised)

- 4.63 Our Charter measure for average time to re-let properties for our RSL Group has shown further improvement in quarter three, with the year-to-date position improving to 20.49 days from 21.67 days at the end of quarter two. This is shown in Table 18. We remain well ahead of the Scottish average of 60.6 days for the 2024/25 Charter.

Table 18

Average days to re-let	25/26 ARC YTD - inc. meter issues		25/26 Target	25/26 Ex. meter issues YTD	24/25 ARC – ex. meter issues	24/25 inc. meter issues
WHG	24.89		16	20.58	21.38	33.49
WHS	8.38		16	7.82	8.31	9.48
WHE	17.13		16	11.96	14.20	17.56
Loretto	12.64		16	9.93	9.72	9.72
RSL Group	20.49		16	16.86	17.53	26.05

- 4.64 Meter issues which are no longer an eligible adjustment under the amended guidance introduced by the SHR this year, include, where a tampered meter results in a property having no power or where the supply has been cut off and we are awaiting reconnection (energy companies are not prioritising this work due to the property being void). Both issues mean we cannot undertake crucial safety checks prior to letting.
- 4.65 WHS and Loretto remain well within the 16-day target for both measures. WHE's improving performance in the last two quarters have moved them to within 10% of target for the Charter measure and they remain better than target when meter issues are excluded.
- 4.66 WHG's current year-to-date for the Charter measure has improved from 26.36 days at the end of quarter two to 24.89 days at the end of quarter three. WHG are also well ahead of the 33.49 days average reported for 2024/25. This indicates that WHG's focus on embedding improvements to their voids process and turnaround times is beginning to translate into improved letting times. This focus will continue to drive further improvements. Excluding meter issues, WHG are at 20.58 days on average for the year-to-date, with the chart below showing a positive improvement trend for in-month performance over the year:



Care Services Breaking Even

- 4.67 There is currently one service in deficit with deficit reducing as the year progresses, and Care is in an overall surplus at the end of quarter three. Our strategic indicators report on all services in deficit, and to the end of quarter three 100% of services (27 of the 27) are breaking even before management fees and meeting the target of 100%. 88.89% are also currently breaking even after management fees, a reduction in performance since quarter two when this measure was 96.3%.



Summary of Strategic Project Delivery

- 4.68 A full update on progress with strategic projects is attached in Appendix 4. Table 19 below summarises the current status of projects.

Table 19

Complete	On track	Slippage	Overdue
1	4	1	3

- 4.69 One project is proposed for reprofiling of the milestones - *MSF strategic asset investment plans*. It is proposed that the project is extended to allow us to ensure that we also align this with the stock condition work underway in relation to Large Panel Systems (further details of this are also included in the 5-year investment programme covered separately at this meeting). This change was discussed by the Wheatley Homes Glasgow Board who agreed with the rationale. The business and investment plans both have sufficient provision for the expected year-one priorities of the MSF plans.
- 4.70 One project has shown slippage:
- Loan note programme* – Based on market conditions the Board agreed a change to our funding strategy which meant we were no longer seeking to progress this project in 2026/27. On this basis it is proposed the Board agree that this project is now considered complete for this reporting year.
- 4.71 Three projects, of which two have external interdependencies, are overdue but progressing:
- Glasgow Regeneration incl. TC:G and TRAs (external interdependency)* - Brighton Street site at Govan/Ibroy is being marketed by JLL. The Activation Agreement is going through the relevant governance approvals having been

agreed by the Wheatley Homes Glasgow Board at its last meeting and scheduled for approval at the March TC:G Board.

Engagement 2.0 - Customer engagement has been at the heart of the development of our 2026-2031 strategy. The level of engagement, in particular digital, has exceeded our expectations and provided us with important insight as we review our customer engagement framework.

Our draft strategy for 2026-31 reaffirms our commitment to engagement and insight yet places stronger emphasis on listening, learning, and delivering what matters most to customers. This means aligning our approach to our strategy objectives and customer priorities, safety, repairs, communication, and affordability.

We therefore slightly delayed the finalisation of our Stronger Voices Framework 2.0 proposals to allow our draft strategy to be finalised and reflect the feedback we have received during its development. It will be presented to the next meeting for Board agreement following feedback from subsidiary Boards.

Lochside regeneration (external interdependency) – The planning application for Findlater has been delayed slightly to allow time for the mini competition for the main works contractor to complete, to afford the preferred bid an opportunity to review the proposed application in advance of submission. The mini competition tender period has now closed, and the review of the bids is underway. We anticipate that the planning application for Findlater will now be submitted in February 2026.

5. Customer engagement

- 5.1 We have several strategic projects that facilitate opportunities for customer engagement, as do new customer feedback channels such as MyVoice. This is directly impacting the way we deliver services, the way they can be drawn down by customers and how customers can share their views on these services.

6. Environmental and sustainability implications

- 6.1 Our Group sustainability framework includes a refined sustainability performance framework overseen by the Wheatley Solutions Board.

7. Digital transformation alignment

- 7.1 Our strategy is underpinned by digital transformation. The strategic projects for 2025/26 have been developed and prioritised with IT, digital and data interdependencies a key factor.

8. Financial and value for money implications

- 8.1 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.

9. Legal, regulatory and charitable implications

- 9.1 The SHR requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance

reporting. We are also required to involve tenants in the scrutiny of performance, which we do through the Group Scrutiny Panel, and to report to tenants on performance by the end of October each year, which we have done.

10. Risk appetite and assessment

- 10.1 This report covers performance across each of our strategic themes and as such has no single agreed risk appetite. Having a strong performance management culture supports our progression from excellence to outstanding for which we have an open risk appetite in relation to operational delivery with a cautious appetite in relation to compliance with law and regulation.

11. Equalities implications

- 11.1 Project monitoring and evaluations consider equality information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.

12. Key issues and conclusions

- 12.1 Performance to the end of quarter three shows strong delivery. Customer satisfaction measures remain positive, emergency repairs performance is strong, compliance remains high, and homelessness lets, tenancy sustainment and new-build delivery continue to exceed expectations.
- 12.2 Operational focus remains on CFC performance, gross rent arrears, and non-emergency repairs timescales, alongside the ongoing impact of Universal Credit migration. While improvement actions are underway and showing early positive trends, these areas will require continued focus for the remainder of the year.
- 12.3 Performance on damp and mould remains robust, with strong end-to-end times and the majority of cases falling into the lowest-severity category. Preparations for the Scottish equivalent of Awaab's Law are progressing.

13. Recommendations

- 13.1 The Board is asked to note the contents of this report and is invited to provide feedback on the priority areas for year-end focus and as we look forward to the first year of our new strategy period, 2026-31.

LIST OF APPENDICES:

Appendix 1: Strategic Results Dashboard
Appendix 2: Other Key Measures Dashboard
Appendix 3: SPSO and ARC Complaints
Appendix 4: Strategic Projects Dashboard

Appendix 1

Group Strategic Results Dashboard – Q3 2025/26



✓ Delivering Exceptional Customer Experience

Measure	2024/25	2025/26		
	Value	Value	Target	Status
CFC CSAT (Group)	4.46	4.49	4.5	⚠
WHG	4.55	4.59	4.5	✓
Loretto	4.58	4.53	4.5	✓
WHE	4.22	4.30	4.5	⚠
WHS	4.58	4.65	4.5	✓
Lowther Letting	4.35	4.34	4.5	⚠
Lowther Owner	4.06	4.09	4.5	⚠
% of contacts to CFC resolved within CFC	89.79%	89.93%	95%	⚠
Call abandonment rate - those waited over 30secs and abandoned (Group)	5.12%	6.67%	5.40%	✗
WHG	3.5%	6.54%	5%	✗
Loretto	5.34%	8.82%	5%	✗
WHE	6.09%	7.93%	5%	✗
WHS	3.29%	4.37%	5%	✓
Lowther	7.25%	9.19%	6.5%	✗
Allocations CSAT (Group)	4.4	4.4	4.5	⚠

Measure	2024/25	2025/26		
	Value	Value	Target	Status
WHG	4.0	4.2	4.5	
Loretto	4.8	4.8	4.5	
WHE	4.6	4.6	4.5	
WHS	4.6	4.7	4.5	
Lowther Letting	4.6	4.5	4.5	



Making the Most of Our Homes and Assets

Measure	2024/25	2025/26		
	Value	Value	Target	Status
New build completions (total for Group)	844	507	351	
WHG - Social Housing	83	68	0	
WHG - Social Housing (market acquisitions)	4	3	0	
WHG - Mid-market	91	75	0	
Loretto - Social Housing	63	44	68	
WHE - Social Housing	312	224	201	
WHE - Mid-market	138	35	66	
WHS - Social Housing	101	0	0	
Lowther - MMR	52	12	16	
Reduce the volume of emergency repairs by 10% by 2025/26 (Group average)	Apr to Dec 24/25 – 66,538	73,332	10.21%	

Measure		2024/25	2025/26		
		Value	Value	Target	Status
	WHG	Apr to Dec 24/25 – 48,159	53,434	10.95%	
	Loretto	Apr to Dec 24/25 – 3,128	3,587	14.67%	
	WHE	Apr to Dec 24/25 – 6,698	7,488	11.79%	
	WHS	Apr to Dec 24/25 – 8,553	8,823	3.17%	



Changing Lives and Communities

Measure		2024/25	2025/26		
		Value	Value	Target	Status
Percentage of Care services graded very good (5) or better by the Care Inspectorate		83.33%	82.35%	90%	
Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average)		74.05%	72.67%	75%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs)		95	84	193 (Annual upper limit)	
	WHG	57	58	Contextual	
	WHS	11	47	Contextual	
	WHE	22	17	Contextual	
	Loretto	5	2	Contextual	
100% of relevant properties have a current fire risk assessment in place (HMOs) (Group)		100%	100%	100%	

Measure	2024/25	2025/26		
	Value	Value	Target	Status
Percentage of relevant lets to homeless applicants (Group RSL)	60.49%	59.10%	Contextual	
WHG	64.62%	60.48%	Contextual	
WHS	45.91%	51.95%	Contextual	
WHE	65.55%	60.44%	Contextual	
Loretto	62.50%	65.79%	Contextual	
Percentage of lets to homeless applicants (Group Charter)	58.61%	56.62%	Contextual	
WHG	63.29%	59.17%	Contextual	
WHS	45.91%	51.95%	Contextual	
WHE	57.38%	52.20%	Contextual	
Loretto	59.51%	55.10%	Contextual	
Number of lets to homeless applicants - 11,000 for Group by 2025/26 (Group RSL Charter)	2,673	1,955	1,500	✓
WHG	1,707	1,271	Contextual	
WHS	432	307	Contextual	
WHE	412	296	Contextual	
Loretto	122	81	Contextual	
% planned jobs, training places or apprenticeships created which are secured by our customers (Group)	73.19%	70.30%	60%	✓
Percentage of Community Benefit job and training opportunities arising through the spend associated with new home construction and our investment programme that have been secured by Wheatley customers (Group)	69.77%	57.14%	30%	
4,000 jobs, training places or apprenticeships created for customers and communities (Group)	1,037	872	630	✓
WHG	533	505	407	✓
Loretto	27	24	3	✓

Measure	2024/25	2025/26		
	Value	Value	Target	Status
WHS	119	81	80	✓
Lowther	73	133	55	✓
WHE	216	105	80	✓
Care	69	24	5	✓
10,000 children and young people benefiting from targeted Foundation programmes in Wheatley Communities (Group)	3,090	1,816	850	✓
20,000 Wheatley customers accessing services which help alleviate poverty (Group)	11,439	7,909	6,100	✓



Developing our Shared Capability

Measure	2024/25	2025/26		
	Value	Value	Target	Status
Group - % Sickness rate excluding Care, Repairs and NETs	3.27%	3.62%	3%	✗
Group Care - % Sickness rate	6.45%	6.44%	5%	✗
Group Repairs Staff - % Sickness rate	4.11%	4.43%	5%	✓
Group NETS - % Sickness rate	5.87%	6.72%	5%	✗
Group CFC - % Sickness rate	5.59%	5.95%	5.5%	⚠

Measure	2024/25	2025/26		
	Value	Value	Target	Status
Reduce gross rent arrears to below 5% by 2026 (Group RSL Charter)	5.06%	5.40%	4.95%	
WHG Combined	5.44%	5.78%	5.00%	
WHG A	5.47%	5.82%	Contextual	
WHG B	4.94%	5.09%	Contextual	
WHS	3.97%	4.02%	3.90%	
WHE Combined	4.98%	5.70%	4.50%	
WHE A	4.88%	5.51%	Contextual	
WHE B	5.78%	7.34%	Contextual	
Loretto Combined	3.38%	3.72%	3.60%	
Loretto A	3.60%	4.11%	Contextual	
Loretto B	3.08%	3.15%	Contextual	
Lowther Letting	3.07%	3.25%	3.00%	
Average time to re-let properties Group RSL Charter – includes meter issues from 2025/26. (2024/25 results including meter issues)	17.53 (26.05)	20.49	16	
WHG	21.38 (33.49)	24.89	16	
WHS	8.31 (9.48)	8.38	16	
WHE	14.20 (17.56)	17.13	16	
Loretto	9.72 (9.72)	12.64	16	
Proportion of Care services breaking even (after management fee)	70.37%	88.89%	100%	
Percentage of Lowther rental customers actively using their online account to make transactions with us	29.21%	28.98%	Contextual	

Measure	2024/25	2025/26		
	Value	Value	Target	Status
Percentage of Lowther rental customers with an online account	73.17%	77.27%	80% (annual target)	
£15 million generated in Gift Aid to Wheatley Foundation and reinvested in communities	£3,400,000	£2,105,000	£2,105,000	

Appendix 2

Other Key Measures Dashboard 2025/26 (includes Compliance)



Measure	2024/25 Value	Value	2025/26 Target	Status
Percentage of new tenancies sustained for more than a year – all lets (Group RSL Charter)	93.27%	92.92%	90%	✓
WHG	93.61%	93.89%	90%	✓
WHS	90.81%	89.90%	90%	⚠
WHE	94.42%	93.98%	90%	✓
Loretto	96.23%	91.25%	90%	✓
Percentage of new tenancies sustained for more than a year – statutory homeless lets (Group RSL Charter)	93.60%	93.10%	Contextual	
WHG	94.57%	94.43%	Contextual	
WHS	89.06%	87.96%	Contextual	
WHE	93.07%	93.48%	Contextual	
Loretto	96.97%	91.11%	Contextual	
Percentage of new tenancies sustained for more than a year – all lets revised (Group RSL non-Charter)	94.83%	94.60%	91%	✓
WHG	95.03%	95.04%	91%	✓
WHS	93.01%	92.15%	91%	✓
WHE	96.15%	96.89%	91%	✓
Loretto	96.20%	93.55%	91%	✓

Measure	2024/25 Value	Value	2025/26 Target	Status
Average time taken to complete emergency repairs (hours) – make safe (Group RSL Charter)	3.25	2.71	3	✓
WHG	3.26	2.7	3	✓
WHS	2.65	2.64	3	✓
WHE	3.80	2.81	3	✓
Loretto	3.50	2.82	3	✓
Average time taken to complete emergency repairs (hours) – make safe (Group including Lowther)	3.31	2.75	3	✓
Lowther Residential	3.81	2.97	3	✓
Lowther Factoring	4.38	3.32	3	✗
Average time taken to complete non-emergency repairs (working days) (Group RSL Charter)	8.25	7.89	7.5	⚠
WHG	7.90	7.55	7.5	⚠
WHS	8.87	8.89	7.5	✗
WHE	9.97	9.10	7.5	✗
Loretto	9.06	8.39	7.5	✗
Average time taken to complete non-emergency repairs (working days) (Group including Lowther)	8.96	8.60	Contextual	
Lowther Residential	9.90	8.74	7.5	✗
Lowther Factoring	19.67	18.90	Contextual	
Average time to complete approved applications for medical adaptations (calendar days) (Group RSL Charter)	24.53	16.81	25	✓

Measure		2024/25 Value	Value	2025/26 Target	Status
	WHG	16.11	15.58	25	✓
	WHS	55.19	19.42	25	✓
	WHE	20.15	20.98	25	✓
	Loretto	17.13	15.20	25	✓
Percentage of reactive repairs completed right first time (Group RSL Charter)		89.76%	98.68%	Contextual	
	WHG	90.17%	98.65%	Contextual	
	WHS	89.49%	98.81%	Contextual	
	WHE	88.11%	98.70%	Contextual	
	Loretto	86.83%	98.62%	Contextual	
Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL Charter)		0	5	0	✗
	WHG	0	0	0	✓
	WHS	0	5	0	✗
	WHE	0	0	0	✓
	Loretto	0	0	0	✓
Percentage of ASB incidents resolved (Group RSL Charter)		100%	97.39%	100%	⚠
	WHG	100%	97.24%	100%	⚠
	WHS	100%	98.85%	100%	⚠

Measure	2024/25 Value	Value	2025/26 Target	Status
WHE	100%	95.89%	100%	
Loretto	100%	100%	100%	
Repeat antisocial behaviour cases in period – number of repeat addresses (Group)	935	752	652	
Percentage of lettable homes that became vacant (Group RSL Charter)	6.84%	6.77%	8%	
WHG	6.62%	6.61%	8%	
WHS	8.51%	7.58%	8%	
WHE	6.31%	6.95%	8%	
Loretto	5.39%	5.73%	8%	
Number of accidental fires in workplace	0	0	0	
Number of RIDDOR incidents reported	11	4	Contextual	
Number of Health and Safety Executive or local authority environmental team interventions	0	0	0	
Number of new employee liability claims received	3	2	Contextual	
Number of open employee liability claims	10	9	Contextual	
Number of days lost due to work related accidents	438	114	Contextual	
Lowther - Number of new eligible tenancies where deposit was collected	525	458	Contextual	
Lowther - % of new eligible tenancies where the deposit was lodged within 30 working days of date of entry	100%	100%	100%	
Lowther - % of new tenancies with Regulation 42 notice issued within 30 working days of date of entry	100%	100%	100%	

Compliance Programme Delivery

2025/26 Q2	WHG	Status	Loretto	Status	WHE	Status	WHS	Status
Legionella - percentage of applicable properties with a valid risk assessment in place	100%		100%		100%		100%	
Percentage of domestic stair and through floor lifts with valid safety inspection	100%		100%		100%		100%	
Percentage of passenger lifts with a valid safety inspection	99.26%		100%		100%		100%	
Percentage of EICR certificates due to expire by end of financial year now renewed	88.01%		84.96%		97.57%		74.66%	
Percentage of properties with an EICR certificate up to 5 years old	99.91%		99.86%		99.87%		99.93%	

Appendix 4 – Q3 2025/26 - ARC and SPSO measures

- 1.1 This appendix provides ARC and SPSO measures up to Q3 2025/26.
- 1.2 For Group RSLs, ARC measures include complaints received from all customers who receive a service provided by the Group RSL or on their behalf. This includes factoring services delivered by Lowther Homes on behalf of RSLs.
- 1.3 For Group RSLs, SPSO measures include all complaints relating to the RSL, irrespective of the source of the complaint.

Charter (ARC) Measures

- 1.4 ARC measures are reported to SHR for each Registered Social Landlord (RSLs) in the Group. Performance is for all RSL customers, including those factored owners who receive a service from Lowther Homes on behalf of RSLs.
- 1.5 Charter RSLs - number of complaints received:

Charter RSLs – complaints received * excluding complaints carried over						
	*2024/25			2025/26 YTD		
	Stage 1	Stage 2	All	Stage 1	Stage 2	All
WHG	4,848	659	5,507	3,761	598	4,359
WHS	478	75	553	350	48	398
WHE	929	142	1,071	719	114	833
Loretto	297	36	333	227	25	252
Group	6,552	912	7,464	5,057	785	4,852

- 1.6 The table below outlines the average time for a full response (working days) for Stage 1 and Stage 2 complaints. All targets are being met for this measure. Performance for all subsidiaries is better than the 2024/25 SHR Scottish average of 5.4 days for S1 complaints and the SHR average of 21.3 days for S2 complaints. Performance is for all RSLs, including Lowther Factored homeowners who receive a factoring service from Lowther on behalf of that RSL.
- 1.7 The Lowther measure shows the results for their tenants (who are not included above) and all factored owners whether or not that service is provided on behalf of RSLs.

Charter - average time for a full response to complaints (working days)				
Subsidiary	2024/25 Stage 1 - 5-day target, Stage 2 – 20-day target		2025/26 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target	
	Stage 1	Stage 2	Stage 1	Stage 2
WHG	3.71 	14.85 	3.97 	15.27 
WHS	3.47 	12.81 	3.22 	14.57 
WHE	3.89 	15.35 	3.92 	15.46 
Loretto	3.59 	15.66 	3.63 	15.90 
Lowther (ARC equivalent measure)	4.10 	13.60 	3.70 	13.00 

- 1.8 The table below outlines the average time for a full response to complaints (working days) overall, for Stage 1 and Stage 2 combined. All subsidiaries are exceeding target.

Charter - average time for a full response to complaints (working days)		
Subsidiary	2024/25 Target – not targeted	YTD 2025/26 – 6 days
WHG	5.06	5.54 
WHS	4.64	4.68 
WHE	5.42	5.50 
Loretto	4.89	5.05 
Lowther (ARC equivalent measure)	5.63	5.21 

SPSO Measures

- 1.9 SPSO measures includes all customers who raise a complaint. We are required to record our performance against the SPSO indicators and report these to the board and senior managers. On request the SPSO can ask that we provide them with details of our complaint handling performance in line with their indicators.

- 1.10 Stages of complaints are defined as:

- *Stage 1 complaints* – are first time reports of dissatisfaction with services.
- *Stage 2 complaints* – directly received as Stage 2, i.e. not escalated from Stage 1. This can be cases which are considered a risk to reputation or requires investigation due to the number of issues raised that could not have been reasonably resolved at Stage 1 as part of a frontline resolution.
- *Escalated complaints* – complaints that were received into the organisation at Stage 1 and later escalated to Stage 2.

- 1.11 A summary of the year-to date figures for each of the indicators are included below.

Indicator 1 - total number of complaints received.

- 1.12 Both Stage 1 and Stage 2 numbers have increased compared to the same period in 2024/25.

- 1.13 Escalated complaints are not counted in the number received but do impact the service, in that they still must be dealt with as a Stage 2 complaint. These have increased compared to the same period last year.

SPSO Indicator 1 - total number of complaints received - YTD						
	2024/25 YTD to December			2025/26 YTD		
	Stage 1	Stage 2 (Direct)	Escalated Complaints	Stage 1	Stage 2 (Direct)	Escalated Complaints
WHG	3,617	29	455	3,761	52	546
WHS	345	3	53	350	4	44
WHE	671	8	98	719	8	107
Loretto	231	1	29	227	4	22
Lowther	435	5	78	439	5	100
Group by Stage YTD	5,299	46	713	5,496	73	819
Group - All Complaints YTD	5,345			5,569		

Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days. Full response has been given to customer/resolution has been reached, including those with outstanding actions. Extensions of time to a complaint will be included in the total count and will be considered "late".

1.14 All subsidiaries are achieving target of 95% for stage 1 and 100% for stage 2 for quarter 3 with the following exceptions:

- Stage 1 – WHG at 94.38% and WHE at 94.56% are performing under the 95% target.
- Stage 2 – WHG at 98.11% is under the 100% target.
- Escalated complaints – WHG at 99.63% is under the 100% target.

SPSO Indicator 2 - number and % of complaints at each stage that were fully closed within timescales of 5 and 20 working days						
Subsidiary	Stage 1 - responded to within 5 working days		Stage 2 - responded to within 20 working days		Escalated complaints - responded to within 20 working days	
	2024/25	YTD 2025/26	2024/25	YTD 2025/26	2024/25	YTD 2025/26
WHG	96.48%	94.38%	100.00%	98.11%	100.00%	99.63%
WHS	95.92%	95.58%	100.00%	100.00%	100.00%	100.00%
WHE	97.35%	94.56%	100.00%	100.00%	100.00%	100.00%
Loretto	99.66%	98.65%	100.00%	100.00%	100.00%	100.00%
Lowther	96.38%	96.23%	100.00%	100.00%	100.00%	100.00%

Indicator 3 - the average time in working days for a full response to the stage.

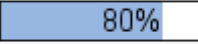
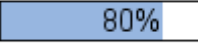
1.15 All subsidiaries are achieving target of 5 days for stage 1 and 20 days for stage 2 for quarter 3.

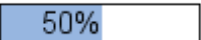
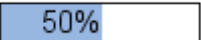
SPSO Indicator 3 - the average time in working days for a full response to the complaints at each stage – YTD 2025/26			
Subsidiary	Stage 1 - responded to within 5 working days	Stage 2 - average time in working days to respond to complaint	Escalated complaints - Average time to respond to complaints after escalation from Stage 1 to Stage 2
WHG	3.97	16.19	15.18
WHS	3.47	13.60	14.67
WHE	3.92	15.44	15.46
Loretto	3.63	16.00	15.88
Lowther	3.71	17.60	13.39

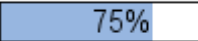
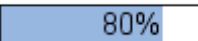
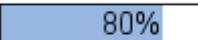
Indicator 4 - the outcome of complaints as a % of overall complaints.

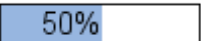
SPSO Indicator 4 - the outcome of complaints as a % of overall complaints YTD 2025/26				
Subsidiary	Stage 1 - upheld	Stage 1 - partially upheld	Stage 1 - not upheld	Stage 1 - resolved
WHG	38.40%	14.21%	30.76%	16.63%
WHS	31.62%	12.25%	41.31%	14.81%
WHE	44.35%	16.45%	27.04%	12.16%
Loretto	42.34%	9.46%	29.73%	18.47%
Lowther	51.00%	13.08%	23.95%	11.97%
	Stage 2 - upheld	Stage 2 - partially upheld	Stage 2 - not upheld	Stage 2 - resolved
WHG	32.08%	32.08%	30.19%	5.66%
WHS	0.00%	20.00%	60.00%	20.00%
WHE	44.44%	33.33%	22.22%	0.00%
Loretto	0.00%	0.00%	100.00%	0.00%
Lowther	40.00%	60.00%	0.00%	0.00%
	Escalated complaints - upheld	Escalated complaints - partially upheld	Escalated complaints - not upheld	Escalated complaints - resolved
WHG	47.13%	22.18%	28.47%	2.22%
WHS	17.65%	17.65%	60.78%	3.92%
WHE	60.78%	28.43%	9.80%	0.98%
Loretto	32.00%	36.00%	32.00%	0.00%
Lowther	62.00%	18.00%	20.00%	0.00%

Appendix 3 - Wheatley Group Board - Delivery Plan 25/26 - Strategic Projects

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Asset Compliance and Data Strategy Programme	31-Mar-2026			01. PIMSS Platform - Architecture and SAAS review	31-May-2025	Yes	This project will continue into quarter 4 and will conclude by the end of 2025/26.
				02. 2 (FRA + Lifts) - process map and to-be design	30-Jun-2025	Yes	
				03. PIMMS/Group 3-year roadmap - review and define with vendor input	31-Aug-2025	Yes	
				04. Group business and Assurance approach review	31-Oct-2025	Yes	
				05. ET end of Programme Update	31-Mar-2026	No	
MSF strategic asset investment plans	28-Feb-2026			01. External consultants appointed to carry out building pathology pathway project	30-Apr-2025	Yes	Our in-house building pathology team, supported by external consultants have undertaken surveys of all 38 MSF sites. It is proposed that the project is extended to allow us to ensure that we also align this with the stock condition work underway in relation to Large Panel Systems. The business and investment plans both have sufficient provision for the expected year one priorities of the MSF plans.
				02. Building pathology pathway project concludes and in-house team in place	31-May-2025	Yes	
				03. Desktop analysis and surveys undertaken of MSFs by in-house building pathology team	30-Sep-2025	Yes	
				04. MSF Strategic Investment and Management plan developed from analysing the findings from asset data, building surveys and qualitative feedback	31-Dec-2025	Yes	
				05. Group Board approval of MSF Strategic Investment and Management Plan and Five-year capital investment plan	28-Feb-2026	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Providing safe, secure tenancies to support independent living (external interdependency)	28-Feb-2026			01. Complete the build and allocation of the 19 West Craigs properties	31-Jul-2025	Yes	Engagement continues with Dumfries and Galloway and Glasgow HSCPs. In early January we welcomed a member of Glasgow HSCP's commissioning team to West Craigs, and plan to invite more key staff from this team to widen knowledge of what the service is achieving. Work with the Development Team is helping to ensure an understanding of what developments are approaching planning committees and potential green light for construction. This will indicate potential for more joint homes and care working in future with Wheatley Homes South and Dumfries and Galloway Council.
				02. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships to showcase the potential for new build supporting hospital discharges into independent living	31-Oct-2025	Yes	
				03. Engage with Glasgow and Dumfries and Galloway Health and Social Care Partnerships and Councils to explore the potential for a similar approach	31-Jan-2026	No	
				04. Update to the Group Board on the engagement and any associated implications for our future development programme	28-Feb-2026	No	
Wyndford regeneration (external interdependency)	31-Mar-2026			01. PAN Community Engagement Event	31-May-2025	Yes	Planning application has been collated and ready for issue. Safedem is reporting to be completed by 31 March 2026
				02. Identify preferred contractor of 380 new homes	30-Jun-2025	Yes	
				03. Submission of detailed planning application	31-Jan-2026	No	
				04. Complete demolition contract	31-Mar-2026	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Lochside regeneration (external interdependency)	31-Dec-2025			01. Community Engagement Event	31-May-2025	Yes	Update provided in the report.
				02. Submission of Masterplan	30-Jun-2025	Yes	
				03. PAN Community Engagement Event (Development Site)	30-Sep-2025	Yes	
				04. Submission of detailed planning application (Development Site)	31-Dec-2025	No	
Glasgow Regeneration incl. TC:G and TRAs	31-Dec-2025			01. Red Road Site Investigation findings & Land Use Proposals to TC:G Board	30-Jun-2025	Yes	Update provided in the report.
				02. Govan/Ibrox TRA activated and Brighton Street site to market (as agreed by TC:G Board)	30-Sep-2025	No	
				03. Review empty or underused assets within our communities (Milton, Cranhill, Drumchapel) and agree a strategy to deliver new homes working with Glasgow City Council	30-Sep-2025	Yes	
				04. Sighthill (affordable homes) on site	30-Nov-2025	Yes	
				05. Red Road remediation and regeneration strategy to TC:G Board	31-Dec-2025	Yes	
Engagement 2.0: Maturing customer engagement and performance measures as part of our customer insight approach	31-Dec-2025			01. Trial a new method of managing engagement - MS Dynamics in WHG South area - and evaluate its impact	30-Jun-2025	Yes	Update provided in the report.
				02. Undertake a review of the existing Stronger Voices framework and operation of the existing structures	31-Jul-2025	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				03. Gather customer perspective and ideas on how our approach to engagement could evolve through the 2026-31 strategy development phase 2	30-Sep-2025	Yes	
				04. Review the existing framework based on the review of its effectiveness to date and feedback from customers	31-Oct-2025	Yes	
				05. Recommendations for Stronger Voices Framework 2.0 in support of our emerging Strategy 2026-31 agreed by RSL and Group Boards	31-Dec-2025	No	
Lowther letting growth strategy	31-Dec-2025			01. Board strategy workshop - Lowther Homes Board agree principles of an asset growth strategy	31-May-2025	Yes	Grant transfers approved. Papers drafted for WH Glasgow, WH East, Lowther, WFL2 and Group Board for final approvals. Security exercise well-advanced. Loan expected to complete before end of FY26
				02. Explore financial models to support agreed options	31-May-2025	Yes	
				03. Explore potential alternative corporate structure options to support growth e.g. equity models or Joint Ventures	31-Oct-2025	Yes	
				04. Agree preferred option(s) with the Lowther Homes Board, for onward recommendation to the Group Board where applicable	31-Dec-2025	Yes	
Loan note programme	31-Mar-2026			01. Procure advisors for establishment of programme	31-Jul-2025	Yes	Update provided in the report.
				02. Draft documentation prepared	30-Nov-2025	No	
				03. Secure FCA approval	31-Dec-2025	Yes	
				04. Loan note programme established	31-Mar-2026	No	

Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance report

Date of Meeting: 25 February 2026

1. Purpose

1.1 The purpose of this paper is to:

- Provide the Board with the financial results for the period to 31 December 2025;
- Provide the Board with the forecast full-year out-turn following the completion of the 9 months to 31 December 2025;
- Seek approval for submission of the RSL Borrower Group's management accounts to 31 December 2025 to our bank lenders as part of our quarterly covenant returns; and
- Seek approval for a £1.7m advanced payment of 2026/27 and 2027/28 SHAPS pension deficit contributions in WHEast and Loretto and donations of up to £4.2m to the Wheatley Foundation from the Group's RSLs.

2. Authorising and strategic context

- 2.1 Under the Terms of Reference, the Group Board is responsible for monitoring performance against agreed targets. This includes the performance of its finances.
- 2.2 The key themes and aims of the 2021-26 strategy, Your Home, Your Community, Your Future set the context for the 2025/26 budget.

3. Background - Financial performance to 31 December 2025

3.1 The results for the period to 31 December, as presented in Appendix 1, are:

£m	Year to Date (Period 9)		
	Actual	Budget	Variance
Turnover	393.4	363.9	29.5
Operating expenditure	(287.6)	(287.5)	(0.1)
Operating surplus	105.8	76.4	29.4
<i>Operating margin</i>	26.9%	21.0%	
Net interest payable	(55.8)	(56.5)	0.7
Surplus	50.0	19.9	30.1
Net Capital Expenditure	120.4	110.3	(10.1)

4. Discussion

- 4.1 The Group is reporting a good position with a statutory surplus £30.1m favourable to budget. The key driver for this is the recognition of £26.1m of new build grant income earlier than budgeted with 504 units completing compared to the 351 budgeted. Within core operations, our property letting performance continues to improve the income position and total expenditure is broadly managed within the budget, with scope in other expenditure lines to offset the higher spend on repairs.
- 4.2 The most notable variance to budget is within repairs and maintenance spend which is reporting an additional spend of £1.8m when compared to the budget. As previously reported, this is driven by an increase in the number of completed jobs in the year and a higher than average cost per job, particularly notable in Wheatley Homes Glasgow. The higher job numbers include action in the first quarter to reduce the number of live jobs. However, since the start of the second quarter we have seen the underlying demand for repairs increase, with job numbers up by c3% compared to the same period last year.
- 4.3 In response a joint working group has been established and led by senior staff from both Wheatley and CBG to deliver a number of agreed actions to address the drivers for increased costs and demand. These include:
- Implementation of a new repairs diagnostic changes to reinforce an approach of 'repair not renew' for works going forward in key areas including kitchens and slabs / paths & fencing;
 - A review of the use of subcontractors, the associated charging and post inspection of works carried out;
 - The establishment of a joint quality assurance team with CBG to interrogate the scope of works for larger jobs more costly jobs;
 - The implementation of new process for approval of higher value work;
 - The extension of the validation process to verify quantities and charges; and
 - The development of a new joint dashboard to provide weekly performance data and forward looking forecasting implications.

The actions and outcomes are being monitored by the Executive team.

- 4.4 Other key variances against budget include:
- Net rental income continues to report a favourable variance against budget with lower void levels at 1.09% compared to a budget of 1.38% resulting in all RSLs and Lowther performing favourably to budget. Rental income is also benefitting from the earlier than budgeted completion of new homes;
 - Employee costs (direct and group services) are £0.1m favourable with vacancies within Wheatley Care and the timing of changes compared to the budgeted structures in Wheatley Solutions contributing to the surplus and offsetting the additional direct employee costs in WH Glasgow, WH East and Wheatley Foundation; and
 - Running costs £0.1m favourable. The cost efficiencies and the timing of expenditure in direct running costs and across Wheatley Solutions are offset by additional costs in Wheatley Foundation, with the additional external funding for these reported in Other Income.

4.5 Capital investment net spend is £10.1m higher than budget, the key drivers are:

- New build grant income is £1.3m less than budget due to changes in the timing of the cash receipts compared to what was expected when the budget was set. Within WH Glasgow, grant income is £11.6m less than budget mainly due grant being received in March 2025 for North Toryglen and Shawbridge Arcade, both front funded projects with grant budgeted to be received in 2025/26. Within WH East, new build grants received are £8.7m more than budget due to grant claims made at Deans South Ph2, Charlesfield and Winchburgh being ahead of budget. Loretto has received £4.4m more grant income than budgeted due to the timing of claims for Bank street, Forfar Avenue and Dargavel 3A.
- New build spend is £13.7m higher than budget and includes the accelerated spend of £9.4m in the WH East at Charlesfield, Winchburgh and Longniddry and £3.5m in Loretto with accelerated spend at Forfar Avenue and Dargavel 3A, linked to the availability of grant funding. This accelerated spend is partly offset by the timing of spend at South Crosshill where there was higher spend in 2024/25. In Lowther, the new build variance mainly relates to the timing of grant received and spend at Bellgrove.
- Net investment spend was £0.6 higher than budget. Within the core investment programme spend is £1.7m favourable to budget reflecting the timing of compliance works and component replacements at this point in the year with all tenant commitments forecast to be delivered by the end of the year. In voids, an additional £1.9m of void spend is mainly attributable to Glasgow. The level of spend is linked to a number of properties being returned in poorer condition and requiring more extensive work. The joint working group with CBG established for repairs is also delivering agreed actions that are both short term to control voids spend within forecast in 2025/26 and longer-term service delivery changes that are addressing the drivers for increased costs.

Q3 Forecast

£m	Q3 Forecast		
	Budget	Forecast	Variance
Turnover	512.0	524.7	12.7
Operating expenditure	(383.2)	(384.7)	(1.5)
Operating surplus	128.8	140.0	11.2
<i>Operating margin</i>	25.2%	26.7%	
Net interest payable	(80.3)	(79.4)	0.9
Statutory surplus	48.5	60.7	12.1
Net Capital Expenditure	154.7	180.1	(25.4)

4.6 The Group Q3 forecast full year out-turn shows a statutory surplus of £60.7m, which is £12.1m favourable to budget. Grant income of £8.1m recognised on the early handover of completed units (681 units compared to budgeted 601 units) is contributing to the favourable position. Excluding new build grant income, the strong operating performance is expected to continue with additional rental income reported from the early handovers, reduced void losses and favourable bad debt position reflecting the strong letting performance. The favourable letting performance is accommodating the higher repairs costs, noting the actions being taken which are outlined in section 4.3 above.

4.7 The Group's forecast underlying surplus after excluding grant income on new build completions and capital investment is forecast to be £5.0m, £0.1m favourable to budget. The strong letting performance generating, additional net rental income and reduced bad debts, and reduced loan interest due to the decreased variable lending rate accommodates the additional operating costs, capital voids and investment spend in line with our tenant commitments to provide high quality housing and invest to improve the energy efficiency of our homes. Details of the forecast variances are shown in Appendix 1.

4.8 The forecast variations to budget on individual lines are managed within the headroom in our covenant Golden Rules. The full-year out-turn projections show us remaining compliant with borrowing covenants and we will meet our Trading Cashflow Golden Rule of 110% at 31 March 2026.

[REDACTED]

[REDACTED]

[REDACTED]

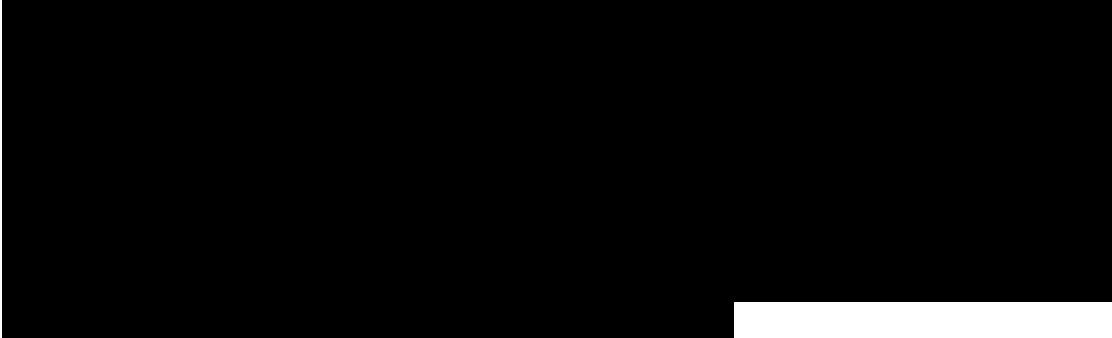
[REDACTED]

[REDACTED]

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4.12 WH East and Loretto have legacy liabilities in the SHAPS Defined Benefit Pension Scheme. Both schemes have been closed since 2014. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation saw the funding level reduce from 98% to 90% and the Scheme deficit increase from £27.3m to £79.5m.

- 4.13 Since the 2021 valuation, there have been significant increases in UK Government Bond (gilt) yields and interest rates. The impact of this has been to reduce the overall size of the Scheme assets and liabilities. This means that additional employer contributions are required to address the deficit, and the Scheme has advised members that deficit recovery contributions will restart from 1 April 2026.
- 4.14 Deficit contributions will be made by all members and will be payable for four years until 31 March 2030. WH East and Loretto's combined share of the annual contribution is £0.9m per annum from 2026/27. There are however options available to make an advance payment of one or more years of contributions due. Any advance payment would also attract a discount.
- 4.15 Utilising some of the capacity in our Trading Cash position, we are seeking approval to make a one-off payment of £1.7m in March 2026 to cover the pension deficit contributions for the first two years (2026/27 and 2027/28). The annual payment would then resume in 2028/29 and in 2029/30. This would generate a discount resulting in a saving of £0.1m. This proposal is reflected in the 2026/27 financial projections.
- 4.16 In addition to the advanced deficit contributions, we are also seeking approval to make an advance payment of up to £4.2m of donations to the Wheatley Foundation from Group RSLs. This will be used to create financial capacity in the RSLs in 2026/27 and 2027/28 to deliver higher levels of repairs and investment in our existing properties and allow the Foundation to continue to fund projects which directly contribute towards the aims and objectives of our RSLs such as Wheatley 360 and Group protection and helping tenants facing financial pressures to maintain their rent accounts. The Foundation will invest surplus cash funds in a money market account until they are needed.
- 4.17 
-  
- 4.19 The £4.2m advance donation to the Foundation while a payment out of the RSL Borrower Group remains within the wider Group so will not change our overall consolidated year end position.

5. Customer Engagement

- 5.1 This report relates to our financial reporting and there are no direct customer implications arising from this report.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications arising from this report.

7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from this report.

8. Financial and value for money implications

- 8.1 As noted above.

9. Legal, regulatory and charitable implications

- 9.1 As noted above.

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level".
- 10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

- 11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

- 12.1 This paper reports a strong financial performance position for the period to 31 December 2025 with a Group statutory surplus £30.1m higher than budget driven by the early recognition of £26.1m of new build grant. Operationally all income and expenditure lines are managed in line with or favourably to budget with the exception of repairs and maintenance which reports higher costs arising from an increase in job numbers and a higher number of more costly jobs. An agreed set of actions to manage the drivers of the higher average repairs spend have been implemented, led by senior staff at both Wheatley and CBG and overseen by the Executive Team.
- 12.2 This paper provides the most recent full year out-turn showing continued compliance with our covenants and Golden Rules. This paper sets out a proposal to use up to £5.9m of the £9.6m of available financial capacity within the 2025/26 forecast results to make advanced SHAPS deficit contributions of £1.7m and donations of up to £4.2m to the Wheatley Foundation from the Group RSLs. This would reduce the Trading Cash golden rule cover from 113% to 105%, still ensuring we do not borrow to fund day to day expenditure and at the same time providing additional financial provision in the RSLs in 2026/27 and 2027/28 to meet the growing demand for repairs and fund investment projects that directly support our strategic aims and objectives.

13. Recommendations

13.1 The Board is requested to:

- 1) Note the Group management accounts for the period ended 31 December 2025;
- 2) Note the forecast full-year out-turn for 2025/26 at Appendix 1;
- 3) Approve the RSL Borrower Group accounts at Appendix 2 for submission to the Group's lenders; and
- 4) Approve the £1.7m advanced payment of 2026/27 and 2027/28 SHAPS pension deficit contributions in WH East and Loretto and donations of up to £4.2m to the Wheatley Foundation from the Group's RSLs agreeing that the RSL Borrower Group will deliver a Trading Cash cover outwith the Golden Rule policy parameters but will remain within the interest cover covenant Golden Rule policy limits.

LIST OF APPENDICES:

Appendix 1: Group Financial Report to 31 December 2025

Appendix 2: RSL Borrower Group Financial Report to 31 December 2025

Appendix 1: Wheatley Group Financial Report To December 2025 (Period 9)

1. Income & Expenditure	
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1a) Wheatley Group – Period to 31 December 2025

	Period to 31 December 2025			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	288,585	287,105	1,480	382,279
Grant income New Build	64,984	38,926	26,058	80,845
Grant income Other	4,956	4,373	583	5,114
Other Income	34,860	33,459	1,401	43,770
Total Income	393,385	363,863	29,522	512,008
EXPENDITURE				
Employee Costs	74,552	74,621	68	99,863
ER/VR	120	120	-	1,025
Running Costs	39,232	39,357	125	53,446
Repairs & Maintenance	77,699	75,857	(1,842)	98,778
Bad debts	2,518	4,020	1,502	5,336
Depreciation	93,534	93,534	-	124,714
Demolition Programme	3	-	(3)	-
Total Expenditure	287,658	287,509	(149)	383,162
NET OPERATING SURPLUS	105,727	76,354	29,373	128,846
	26.9%	21.0%		25.2%
Net interest payable	(55,760)	(56,460)	700	(80,301)
STATUTORY SURPLUS	49,967	19,894	30,073	48,545

Key highlights:

Statutory surplus of £49,967k is reported, £30,073k favourable compared to budget with additional grant income of £26,058k recognised on the early handover of completed units contributing to the favourable position. Excluding new build grant income, operating performance continues to be strong with additional net rental income reported from the early handovers and reduced rent void losses reflecting the letting performance. While overall there is an unfavourable expenditure position compared to budget of £0.1m the lower spend on staff, running costs and bad debts help accommodate the additional repair costs incurred in the YTD.

- Within net rental income £646k has been generated from new build units completing ahead of schedule and within Lowther higher rents at re-let (not budgeted). In addition, rent loss on voids is £834k favourable with voids at 1.09% compared to the budgeted 1.38%.
- Grant income recognised is £26,058k favourable to budget due to the earlier than budgeted completion of units in the YTD. Overall, 504 units have completed compared to the budgeted 351 units.
- Other grant income includes £445k of unbudgeted adaptations grant in WH South and WH East (with corresponding higher costs in Investment spend), unbudgeted grant from GCC for contribution to cover the costs of customers downsizing. Additional renewable heat incentive grant funding has also been received in WH South.
- Other income is £1,401k favourable to budget, with the West Craigs service in Wheatley Care, which commenced in July and was not included in the 2025/26 budget, contributing £427k of unbudgeted income in the YTD. Additional external funding of £280k received in Foundation and higher income from commercial rent from masts and from solar panels in WH Glasgow, in WH Glasgow is also contributing to the variance.
- Employee costs (direct and group services) reflect the favourable position in Wheatley Care due to vacancies and in Wheatley Solutions due to the timing of changes compared to the budgeted structures. This is partly offset by additional direct employee costs in WH Glasgow and Foundation due to changes in the budgeted structure and in WH East with additional costs to cover staff absences.
- Running costs (direct and group services) are £125k favourable. Within direct running costs, the RSLs are reporting a favourable position to budget offset by the additional costs in Wheatley Foundation matched with additional external funding in Other Income. Within Wheatley Solutions costs are £169k favourable with several departments reporting lower costs.
- Revenue repairs and maintenance includes higher spend reported in responsive repairs of £2,293k of which there is an additional YTD spend of £2,174k in Glasgow linked to a targeted reduction in the number of live responsive repair jobs since the start of the financial year and an increase in the jobs completed in the period to December compared to last year, resulting in an additional 4,043 jobs. Cyclical and compliance spend is £451k favourable to budget mainly due to the reprofiling of cyclical works and the timing of spend for communal utilities. A joint working group with CBG has been established and is delivering agreed actions that are both short term to control repairs spend within forecast in 2025/26 and longer-term service delivery changes that are addressing the drivers for increased costs and demand. It is reporting in to the WHG Executive team.

Net Interest payable is £700k favourable to budget linked to the timing of loan drawdowns, lower variable rate payable and additional interest received in WFL1, WH South and the Foundation than budgeted.

1a) Wheatley Group – Period to 31 December 2025

Capital Investment	Period to 31 December 2025			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
CORE PROGRAMME				
SHNZ	0	0	0	0
Empty Homes	270	270	0	270
Adaptations	2,567	2,122	445	2,454
Other Capital grants	0	0	0	0
Grant Income	2,837	2,392	445	2,724
Core Investment Programme	41,094	42,753	1,659	60,707
SHNZ	0	0	0	0
Empty Homes	363	363	0	468
Adaptations	2,773	2,870	97	3,768
Voids	14,352	12,461	(1,891)	15,709
Capitalised Repairs	9,512	8,629	(883)	11,621
Total Core Investment	68,094	67,076	(1,018)	92,273
NET CORE INVESTMENT SPEND	65,257	64,684	(573)	89,549
NEW BUILD				
New Build Grant Income Received	59,695	58,434	1,261	83,697
New Build investment	108,103	94,377	(13,726)	136,829
NET NEW BUILD INVESTMENT SPEND	48,408	35,943	(12,465)	53,132
OTHER FIXED ASSET INVESTMENT SPEND	6,794	9,701	2,907	12,033
TOTAL NET CAPITAL INVESTMENT SPEND	120,459	110,328	(10,131)	154,714

Key highlights:

Within net core investment in tenants' homes spend is £573k higher than budget:

- The core investment programme spend is £1,659k favourable to budget reflecting the timing of compliance and component replacements; namely window & doors, PPM and rewires spend in WH South; Internal common works, lift replacement and lowrise in WH Glasgow; windows and doors and central heating in Loretto; and window replacements in Lowther. This is partly offset by additional spend in WH Glasgow on the kitchen programme and in WH East for gas boiler replacements to accommodate additional scaffolding costs. All tenant commitments are forecast to be delivered by the end of the financial year.
- The additional void spend is mainly attributable to Glasgow where YTD spend is £1,793k higher than budget. Higher spend is linked to the review of the void standard and voids requiring more extensive work. The joint working group established with CBG will deliver agreed actions that are both short term to control voids spend within forecast in 2025/26 and longer-term service delivery changes, it reports to the WHG Executive team.
- Capitalised repairs includes additional spend of £465k in the WH East which includes remedial works following 2 fires (Gorgie Park Road and Earl Gray Street) totalling £130k. It also includes £441k of spend on larger damp and mould remediation damp and mould works. We have reinforced the repair not renew message and we saw a slow down in spend in P9 across the RSLs.
- Adaptation spend YTD is mainly grant funded. Both WH Glasgow and Loretto have now utilised the full grant with budgeted spend. The additional funded spend in WH South and WH East has been offset by lower than budgeted spend in WH Glasgow and Loretto, due to timing of job requests in the YTD.

Net new build:

- New build grant income received is £1,261k higher than budget. Within WH Glasgow, grant income is £11,599k lower than budget mainly due to grant being received in March 2025 for North Toryglen and Shawbridge Arcade, both front funded projects with grant budgeted to be received in 2025/26. Delayed starts to Cook Street and Abbotshall Avenue is partly offset by the Albion Street start date being brought forward. Within WH East, new build grants received are £8,653k more than budget due to grant claims made at Deans South Ph2, Charlesfield and Winchburgh being ahead of budget and in line with the accelerated progress and spend to date. Within Loretto, new build grants received are £4,433k more than budget due to the timing of claims for Bank street, accelerated claims at Forfar Avenue and at Dargavel 3A due to an earlier than budgeted start on site. In Lowther grant claims for Bellgrove are £492k ahead of budget in line with spend.
- New build spend is £13,726k ahead of budget and includes the accelerated spend of £9,448k at WH East at Charlesfield, Winchburgh and Longniddry and £3,450k in Loretto with higher spend at Forfar Avenue which has started onsite ahead of the budgeted date and an earlier start date at Dargavel 3A, linked to the availability of grant funding. This accelerated spend is partly offset by the timing of spend at WH Glasgow's project at South Crosshill where there was accelerated spend in 2024/25. It also includes the accelerated spend at Bellgrove in Lowther.
- Other fixed assets investment expenditure reflects the timing of spend on corporate estate and IT capital projects.

Wheatley Group Financial Report To December 2025 (Period 9)

RSL Borrower Group

2a) RSL Borrower Group – Period to 31 December 2025

	Period to 31 December 2025			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	269,804	268,781	1,023	357,255
Grant income New Build	64,060	36,942	27,118	78,861
Grant income Other	4,956	4,373	583	5,114
Other Income	13,047	12,392	654	16,806
Total Income	351,867	322,488	29,378	458,036
EXPENDITURE				
Employee Costs	54,181	54,155	(26)	71,747
ER/VR	120	120	-	1,025
Running Costs	27,969	28,239	270	39,811
Repairs & Maintenance	71,465	69,704	(1,761)	91,069
Bad debts	2,160	3,600	1,440	4,781
Depreciation	93,534	93,534	-	124,714
Demolition Programme	3	-	(3)	-
Total Expenditure	249,433	249,352	(80)	333,148
NET OPERATING SURPLUS	102,434	73,136	29,298	124,888
	29.1%	22.7%		27.3%
Net interest payable	(53,778)	(54,274)	496	(77,400)
STATUTORY SURPLUS	48,656	18,862	29,794	47,488

Key highlights:

The financial performance of the RSL Borrower Group reflect similar drivers to those reported for the full Group. A statutory surplus of £48,656k is reported, £29,794k favourable compared to budget with additional grant income of £27,118k recognised on the early handover of completed units. Excluding new build grant income, additional net rental income reported from the early handovers and reduced rent void losses reflect the strong letting performance. While overall there is an unfavourable expenditure position compared to budget of £0.1m the lower spend on staff, running costs and bad debts help accommodate the additional repair costs incurred to date.

- Net rental income is £1,023k favourable to budget. Gross rental income is £379k favourable, due to the earlier than budgeted handovers in WH East where 240 units have completed compared to the budgeted 201 units, in Loretto where at East Lane 24 units due to complete in June 2025, completed earlier than budgeted in 2024/25 and at South Crosshill 44SR units completed earlier than the budgeted November 2025. In Glasgow 65 units have completed at Calton Ph2 ahead of schedule and 3 units at North Toryglen. In addition, rent loss on voids is £644k favourable with voids at 1.08% compared to the budgeted 1.32%.
- Grant income recognised is £27,118k favourable to budget due to the earlier than budgeted completion of units in the YTD. Overall, 492 units have completed compared to the budgeted 335 units, with a further 24 units at East Lane completing early in 2024/25
- Other grant income includes £445k of additional adaptations grant in WH South and WH East (with corresponding additional spend) in Investment, unbudgeted grant from GCC for contribution to cover the costs of customers downsizing and the installation of bike storage infrastructure. Additional renewable heat incentive grant funding has also been received in WH South.
- Other income is £654k higher than budget, with higher than budgeted MMR rental income in line with the timing of new build completions and rent uplifts on MMR relets, and higher income from commercial rent from masts and from solar panels in WH Glasgow, due to good weather over the Summer.
- Employee costs (direct and group services) are £26k unfavourable to budget at P9. The variance relates to changes in the budgeted structure within the Housing, NETs team and My Repairs with a new in-house neighbourhood improvement team established during the year.
- Running costs (direct and group services) are £270k favourable. Within direct running costs all RSLs are reporting a favourable position to budget. Group services running costs are £130k favourable to budget due to cost efficiencies and the timing of spend across several departments in Wheatley Solutions including The Academy, IT and Finance.
- Revenue repairs and maintenance includes higher spend reported in responsive repairs of £2,212k of which there is an additional YTD spend of £2,174k in Glasgow linked to a targeted reduction in the number of live responsive repair jobs since the start of the financial year and an increase in the jobs completed in the period to December compared to last year, resulting in an additional 4,043 jobs. Cyclical and compliance spend is £451k favourable to budget mainly due to the reprofiling of cyclical works and the timing of spend for communal utilities. A joint working group with CBG has been established and is delivering agreed actions that are both short term to control repairs spend within forecast in 2025/26 and longer-term service delivery changes. The working group reports to the WHG Executive Team
- Bad debts are £1,440k favourable to budget. A prudent approach is taken when setting the budget.

Net Interest payable is £496k favourable to budget linked to the timing of loan drawdowns, lower variable rate payable and additional interest received in WFL1 and WH South than budgeted.

2a) RSL Borrower Group – Period to 31 December 2025

Key highlights:

Within net core investment in tenants' homes spend is £704k higher than budget:

- The core investment programme spend is £1,327k favourable to budget reflecting the timing of compliance and component replacements; namely window & doors, PPM and rewires spend in WH South; Internal common works, lift replacement and lowrise in WH Glasgow and windows and doors and central heating in Loretto. This is partly offset by additional spend in WH Glasgow on the kitchen programme and in WH East for gas boiler replacements to accommodate additional scaffolding costs. All tenant commitments are forecast to be delivered by the end of the financial year.
 - The additional void spend is attributable to Glasgow where YTD spend is £1,793k higher than budget. Higher spend is linked to the review of the void standard and voids requiring more extensive work. A Working Group has been established and is delivering agreed actions that are both short term to control voids spend within forecast in 2025/26 and longer-term service delivery changes that are addressing the drivers for increased costs.
 - Capitalised repairs includes additional spend of £465k in the WH East which includes remedial works following 2 fires (Gorgie Park Road and Earl Gray Street) totalling £130k, and £441k on larger damp and mould remedial works. We have reinforced the repair not renew message and we saw a slow down in spend in P9 across the RSLs.
 - Adaptation spend YTD is mainly grant funded. Both WH Glasgow and Loretto have now utilised the full grant with budgeted spend. The additional funded spend in WH South and WH East has been offset by lower than budgeted spend in WH Glasgow and Loretto, due to timing of job requests in the YTD.
- Net new build:
- New build grant income is £768k higher than budget. Within WH Glasgow, grant income is £11,599k lower than budget mainly due to grant being received in March 2025 for North Torglen and Shawbridge Arcade, both front funded projects with grant budgeted to be received in 2025/26. Delayed starts to Cook Street and Abbotshall Avenue is partly offset by the Albion Street start date being brought forward. Within WH East, new build grants received are £8,653k more than budget due to grant claims made at Deans South Ph2, Charlesfield and Winchburgh being ahead of budget and in line with the accelerated progress and spend to date. Within Loretto, new build grants received are £4,433k more than budget due to the timing of claims for Bank street, accelerated claims at Forfar Avenue and at Dargavel 3A due to an earlier than budgeted start on site.
 - New build spend is £12,615k ahead of budget and includes the accelerated spend of £9,448k at WH East at Charlesfield, Winchburgh and Longniddry and £3,450k in Loretto with higher spend at Forfar Avenue which has started onsite ahead of the budgeted date and an earlier start date at Dargavel 3A, linked to the availability of grant funding. This accelerated spend is partly offset by the timing of spend at WH Glasgow's project at South Crosshill where there was accelerated spend in 2024/25.

Other fixed assets investment expenditure reflects the timing of spend on corporate estate and IT capital projects.

Capital Investment	Period to 31 December 2025			Full Year
	Actual £'000	Budget £'000	Variance £'000	Budget £'000
CORE PROGRAMME				
SHNZ	0	0	0	0
Empty Homes	270	270	0	270
Adaptations	2,567	2,122	445	2,454
Other Capital grants	0	0	0	0
Grant Income	2,837	2,392	445	2,724
Core Investment Programme	40,786	42,113	1,327	59,357
SHNZ	0	0	0	0
Empty Homes	363	363	0	468
Adaptations	2,773	2,870	97	3,768
Voids	13,946	12,220	(1,726)	15,388
Capitalised Repairs	9,406	8,559	(847)	11,517
Total Core Investment	67,274	66,125	(1,149)	90,498
NET CORE INVESTMENT	64,437	63,733	(704)	87,774
NEW BUILD				
New Build Grant Income Received	50,429	49,661	768	75,681
New Build investment	98,569	85,954	(12,615)	129,128
NET NEW BUILD INVESTMENT	48,140	36,293	(11,847)	53,447
OTHER FIXED ASSET INVESTMENT	6,640	9,566	2,926	11,855
TOTAL NET CAPITAL INVESTMENT	119,217	109,592	(9,625)	153,076

2b) RSL Borrower Group underlying surplus – Period to 31 December 2025

The Wheatley Group and RSL Borrower Group operating Statement (Income and Expenditure Account) are prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2018).

However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.

The table below therefore shows a measure of underlying surplus in the RSL Borrower Group which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation but including capital expenditure on our existing properties.

An underlying surplus of £14,528k has been reported for the period to 31 December 2025. The favourable variance of £2,667k to budget reflects the strong letting performance generating, additional net rental income and reduced bad debts, and reduced loan interest due to the decreased variable lending rate accommodates. This offsets the impact of the increased job numbers and cost of repairs and voids in the period to December 2025.

Borrower Group Underlying Surplus				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net Operating Surplus	102,434	73,136	29,298	124,888
add back:				
Depreciation	93,534	93,534	0	124,714
less:				
Grant Income	(64,060)	(36,942)	(27,118)	(78,861)
Net interest payable	(53,778)	(54,274)	496	(77,400)
Total Core investment	(63,602)	(63,593)	(9)	(85,690)
Underlying surplus	14,528	11,861	2,667	7,651

1b) Wheatley Homes Glasgow – Period to 31 December 2025

	Period To December 2025			Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INCOME				
Rental Income	181,916	181,731	185	241,420
Void Losses	(1,974)	(2,300)	326	(3,034)
Net Rental Income	179,942	179,431	511	238,386
Grant Income New Build	25,997	360	25,637	25,685
Grant Income Other	2,736	2,694	42	2,863
Other Income	9,683	9,232	451	14,913
Total Income	218,358	191,717	26,641	281,847
EXPENDITURE				
Employee Costs - Direct	28,709	28,618	(91)	37,846
Employee Costs - Group Services	11,524	11,597	73	15,388
ER / VR	84	84	0	1,025
Direct Running Costs	11,411	11,453	42	16,402
Running Costs - Group Services	6,481	6,573	92	8,942
Revenue Repairs and Maintenance	52,185	50,309	(1,876)	64,808
Bad debts	1,448	2,180	732	2,907
Depreciation	62,682	62,682	0	83,576
Demolition	0	0	0	0
TOTAL EXPENDITURE	174,524	173,497	(1,027)	230,894
NET OPERATING SURPLUS / (DEFICIT)	43,834	18,220	25,614	50,953
Net operating margin	20.1%	9.5%	10.6%	18%
Net Interest Payable	(36,941)	(37,165)	224	(54,695)
STATUTORY SURPLUS / (DEFICIT)	6,893	(18,945)	25,838	(3,742)

INVESTMENT	Period To December 2025			Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
Total Capital Investment Income	21,405	33,004	(11,599)	46,313
Investment Programme Expenditure	47,387	45,869	(1,518)	62,937
New Build Programme	42,315	41,794	(521)	62,305
Other Capital Expenditure	4,310	7,240	2,930	8,625
TOTAL CAPITAL EXPENDITURE	94,012	94,903	891	133,867
NET CAPITAL EXPENDITURE	72,607	61,899	(10,708)	87,554

Key highlights:

A net operating surplus of £43,834k, £25,614k favourable to budget and a statutory surplus of £6,893k, £25,838k favourable to budget, is reported. The financial performance reflects early completion of new build units and related grant recognition, the strong letting performance, offset in part by higher repair costs.

- Net rental income is £511k favourable to budget with the variance mainly related to lower than budgeted voids at 1.08% for the YTD compared to the budgeted YTD rate of 1.27%. In addition, we have benefitted from additional rental income following the early completion of 68 SR units (65 units at Calton Village PH2 and 3 at North Torglen).

- Grant income recognised to date relates to 65SR completions at Calton Ph2 (budgeted for January 2026), 3SR completions at North Torglen and 75MMR completions at Shawbridge Arcade (budgeted for March 2026). In addition, grant income includes grant for 14 property acquisitions.

- Other grant income is £42k higher than budget following receipt of two unbudgeted grants 1) grant from GCC to cover the costs of customers downsizing and 2) grant from Cycling Scotland for the installation of bike storage infrastructure.

- Other income is £451k higher than budget, with higher than budgeted MMR rental income, in part due to the early new build completions, higher commercial rent from masts and higher income from solar panels, due to good weather in Q1.

- Total employee costs (direct and group services) are £18k unfavourable to budget. Direct employee costs are £91k unfavourable to budget. The variance relates to changes in the budgeted structure within the Housing, Nets team and My Repairs including the establishment of an in-house neighbourhood improvement team. Group services are £73k favourable to budget due to the timing of changes compared to the budgeted structures in Wheatley Solutions.

- Total running costs (direct and group services) are £134k favourable to budget. Group services running costs are £92k favourable to budget due to several departments reporting lower costs across Wheatley Solutions.

- Revenue repairs and maintenance spend is £1,876k unfavourable to budget. YTD, responsive repairs are £2,174k higher than budget, linked to higher average spend and completed job numbers. 130,918 responsive repair jobs have been completed, compared to 126,875 in the same period last year. Included in this is a reduction in outstanding jobs. Higher responsive spend is partly offset by a YTD saving on cyclical of £333k, with the programme being re-profiled. Compliance spend is £35k unfavourable, mainly due to acceleration of EICR checks and higher spend related to Fire doors.

Net interest payable is £224k favourable to budget due to the lower variable interest rate payable than assumed in the budget.

- Capital investment income is £11,599k lower than budget driven by grant being received early in March 2025 for North Torglen and Shawbridge Arcade. In the year, grant income has been impacted by the delayed starts at Cook Street and Abbotshall Avenue which is partly offset by the Albion Street start date being brought forward.

- Investment spend is £1,518k higher than budget, with lower spend of £158k on core programme fully offset by void spend being £1,793k over budget YTD due to an increase in the number of higher specification voids and the average cost per void YTD.

- New build spend is £521k higher than budget, mainly due to the early start of the Albion Street development following GCC grant availability in 2025/26, the timing of spend at Calton Ph2 and North Torglen, partly offset by timing of payments for onsite developments including Abbotshall and Shawbridge Arcade and the delayed site start at Cook Street.

- Other capital expenditure reflects the timing of IT project and office premises spend.

2d) Loretto Housing – Period to 31 December 2025

	Period To 31 December 2025		
	Actual £k	Budget £k	Variance £k
INCOME			
Rental Income	14,032	13,925	107
Void Losses	(276)	(316)	40
Net Rental Income	13,756	13,609	147
Grant Income New Build	4,466	7,349	(2,883)
Grant Income Other	73	37	36
Other Income	97	87	10
Total Income	18,392	21,082	(2,690)
EXPENDITURE			
Employee Costs - Direct	1,169	1,163	(6)
Employee Costs - Group Services	761	766	5
ER / VR	0	0	0
Direct Running Costs	1,364	1,427	63
Running Costs - Group Services	440	446	6
Revenue Repairs and Maintenance	3,471	3,501	30
Bad debts	117	200	83
Depreciation	5,855	5,855	0
TOTAL EXPENDITURE	13,177	13,358	181
OPERATING SURPLUS / (DEFICIT)	5,215	7,724	(2,509)
Net operating margin	28.4%	36.6%	-8.3%
Net Interest Payable	(2,938)	(3,010)	72
STATUTORY SURPLUS / (DEFICIT)	2,277	4,714	(2,437)

	Period To 31 December 2025		
	Actual £k	Budget £k	Variance £k
INVESTMENT			
Total Capital Investment Income	5,429	996	4,433
Investment Programme	2,170	3,122	952
New Build Programme	8,264	4,814	(3,450)
Other Capital Expenditure	242	227	(15)
TOTAL CAPITAL EXPENDITURE	10,676	8,163	(2,513)
NET CAPITAL EXPENDITURE	5,247	7,167	1,920

Key highlights:

A net operating surplus of £5,215k, £2,509k unfavourable to budget and a statutory surplus of £2,277k, £2,437k unfavourable to budget is reported. The unfavourable variance reflects the earlier than budgeted recognition of grant income following the early completion of 24 units at East Lane in March 2025.

- Rental income is £107k favourable to budget due to 24 East Lane units, budgeted to complete in July 2025, completing ahead of schedule in March 2025 and 44 units at South Crosshill completing early in the YTD. In addition, void losses are 1.97% in the year to date compared to the budgeted 2.27%.
- Grant income relating to new build is £2,883k unfavourable reflecting the early completion of 24 East Lane units in March 2025, which were budgeted to complete in the current year.
- Grant Income other is £36k favourable to budget due to the receipt of unbudgeted grant income from Cycling Scotland to install bike shelter infrastructure.
- Total employee costs (direct and group services) are £1k unfavourable to budget. The variances on both direct employee costs and Group services recharges reflect the timing of changes compared to the budgeted structures.
- Total running costs (direct and group services) are £69k favourable to budget due to the timing of spend and cost savings in council tax on voids, office utilities, landlord services and across several departments within Wheatley Solutions.
- Revenue repairs and maintenance are £30k favourable to budget. In the YTD, responsive repairs are £62k higher than budget, linked to higher average spend and completed job numbers. YTD 8,536 responsive repair jobs have been completed, compared to 8,184 in the same period last year, linked to a reduction in outstanding jobs. Compliance spend is £5k favourable to budget due to YTD underspend on communal utilities and solar panels. Higher responsive spend is fully offset by a YTD saving on cyclical of £87k, due to the programme being re-profiled.
- Bad debts are £83k favourable to budget. A prudent approach was taken when setting the budget.

Net Interest payable is £72k lower than budget, due to the timing of loan drawdowns and a reduced lending rate compared to the budget.

Net capital expenditure of £5,247k is £1,920k lower than budget.

- Capital investment income (grant) is £4,433k higher than budget due to the timing of claims for Bank Street, accelerated claims at Forfar Avenue and at Dargavel 3A due to the earlier than budgeted start.
- Investment programme expenditure of £2,170k relates to core programme works, capitalised repairs and voids. A favourable variance is reported due to the timing of core programme works, (noting the favourable variance will reduce as spend increases to fulfil the tenant commitments), offset by higher spend on capitalised repairs in the YTD, linked to the increase in completed jobs.
- New build spend is £3,450k higher than budget due to spend at Forfar Avenue which has started onsite ahead of the budgeted date and an earlier start date at Dargavel 3A, linked to the availability of grant funding. This overspend is partly offset by the timing of spend at South Crosshill where there was accelerated spend in 2024/25.
- Other capital expenditure of £242k mainly relates to Loretto's contribution to Wheatley Group IT costs. An overspend is reported due to the unbudgeted installation of bike shelter infrastructure at two sites, noting grant income was received for this.

1d) Wheatley Homes East – Period to 31 December 2025

	Period to 31 December 2025			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	35,273	35,221	52	47,147
Void Losses	(470)	(514)	44	(685)
Net Rental Income	34,803	34,707	96	46,462
Grant Income	33,597	29,233	4,364	37,011
Other Grant Income	502	441	61	588
Other Income	3,686	3,536	150	5,982
TOTAL INCOME	72,588	67,917	4,671	90,043
EXPENDITURE				
Employee Costs - Direct	3,986	3,956	(30)	5,258
Employee Costs - Group Services	2,207	2,221	14	2,944
ER/VR	36	0	(36)	0
Direct Running Costs	3,699	3,732	33	5,172
Running Costs - Group Services	1,277	1,295	18	1,759
Revenue Repairs and Maintenance	6,801	6,747	(54)	8,794
Bad Debts	379	381	2	489
Depreciation	13,227	13,227	0	17,636
TOTAL EXPENDITURE	31,612	31,559	(53)	42,052
NET OPERATING SURPLUS	40,976	36,358	4,618	47,991
<i>Net Operating Margin</i>	<i>56%</i>	<i>54%</i>	<i>3%</i>	<i>53%</i>
Net Interest payable & similar charges	(8,589)	(8,602)	13	(11,299)
STATUTORY SURPLUS	32,387	27,756	4,631	36,692

	Period to 31 December 2025			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	13,236	4,526	8,710	2,126
Investment Programme Expenditure	8,038	7,339	(699)	9,156
New Build & Other Investment	32,697	23,249	(9,448)	34,945
Other Capital Expenditure	550	642	92	945
TOTAL CAPITAL EXPENDITURE	41,285	31,230	(10,055)	45,046
NET CAPITAL EXPENDITURE	28,049	26,704	(1,345)	42,920

Key highlights:

Net operating surplus of £40,976k is £4,618k favourable to budget. Statutory surplus for the period is £32,387k, £4,631k favourable to budget. The earlier than budgeted handover of new build completions, generating additional rental income and grant income recognised, and additional adaptations grant funding are contributing to the favourable variance.

- Gross rental income is £52k favourable to budget reflecting additional rental income from the new build completions. Void losses are £44k favourable to budget with voids losses of 1.3% compared to the budget of 1.5%.
- Grant income recognised of £33,597k is £4,364k favourable to budget. 305 properties have completed to date with 267 budgeted. Completed units were at West Craigs Ph1 & 2 (108SR), West Craigs Ph3 (26SR & 35MMR), Builyeon (23SR), Winchburgh BB (33SR), Dalhousie South Ph 1 (30SR), Wallyford (30MMR), St Crispins (12SR), Deans South (4SR) and Sibbalds Brae (4SR).
- Other grant income includes adaptation grant £61k ahead of budget due to increased funding approved for the year, with additional adaptation spend reported in Investment spend.
- Other income of £3,686k is £150k favourable to budget reflecting the higher than budgeted lease income from Lowther and includes the 35MMR properties at West Craigs Ph3 and 30MMR units Wallyford that completed ahead of budget.
- Total employee costs are £16k unfavourable to budget with group employee costs favourable to budget by £14k due to the timing of changes compared to the budgeted structures in Wheatley Solutions. Direct employee costs are £30k unfavourable due to additional agency costs to cover staff absences at the supported Livingwell sites.
- Total running costs are £51k favourable to budget mainly due to timing of spend across various expenditure lines and savings within Wheatley Solutions.
- Revenue repairs and maintenance spend are £54k unfavourable to budget. Responsive repairs are £33k favourable to budget driven by a reduced average cost YTD. Cyclical maintenance is £87k higher than budget with an increased spend on electrical safety checks and compliance works.

Net interest payable of £8,589k includes interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. Loan interest is favourable to budget due to lower variable rate vs budget.

Net capital expenditure of £28,049k is £1,345k higher than budget.

- Capital investment income is £8,710k higher than budget due to grant claims made at Deans South Ph2, Charlesfield and Winchburgh being ahead of budget, in line with the accelerated progress and spend on site.
- Investment programme spend is £699k higher than budget. Higher capitalised repairs of £465k are reported including £130k of remedial works following two fires, £55k of specialist works in relation to damp & mould works at one property in Granton and £138k for five high value rot and roof repairs. Core programme is £220k higher than budget driven by increased spend on district heating and on boilers. Adaptation spend is £57k ahead of budget in line with the additional adaptation grant income.
- New build spend of £32,697k is £9,448k higher than budget due to the profiling and acceleration of spend at sites including Charlesfield Road, Winchburgh and Longniddry.
- Other capital expenditure relates to WH East contribution to Wheatley Group IT costs.

1e) Wheatley Homes South – Period to 31 December 2025



OPERATING STATEMENT	Period to Dec 2025			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	41,521	41,486	35	54,778
Void Losses	(218)	(452)	234	(600)
Net Rental Income	41,303	41,034	269	54,178
Grant Income	0	0	0	6,244
Other Grant Income	1,645	1,201	444	1,542
Other Income	866	826	40	2,364
TOTAL INCOME	43,814	43,061	753	64,328
EXPENDITURE				
Employee Costs - Direct	4,025	4,020	(5)	5,344
Employee Costs - Group Services	2,617	2,634	17	3,492
Direct Running Costs	2,244	2,246	2	3,348
Running Costs - Group Services	1,514	1,536	22	2,086
Revenue Repairs and Maintenance	9,008	9,147	139	12,496
Bad debts	216	839	623	1,119
Depreciation	11,770	11,770	0	15,695
Demolition and compensation	3	0	(3)	0
TOTAL EXPENDITURE	31,397	32,192	795	43,580
NET OPERATING SURPLUS	12,417	10,869	1,548	20,748
Net operating margin	28%	25%	3%	32%
Interest receivable	83	68	15	90
Interest payable & similar charges	(5,401)	(5,565)	164	(7,311)
STATUTORY SURPLUS	7,099	5,372	1,727	13,527
INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	13,954	14,285	(331)	19,930
Capital Investment spend	9,678	9,795	117	13,908
New Build Programme	19,244	19,928	684	27,229
Other Fixed Assets	1,538	1,457	(81)	1,983
TOTAL INVESTMENT EXPENDITURE	30,460	31,180	720	43,120
NET CAPITAL EXPENDITURE	16,506	16,895	389	23,190

Key highlights :

Net operating surplus of £12,417k, £1,548k favourable to budget and a statutory surplus of £7,099k, £1,727k favourable is reported. The favourable position reflects the letting performance and the overall favourable expenditure position to budget.

- Net rental income is £269k higher than budget. Void losses are £234k favourable to budget, with a void loss rate of 0.5% vs 1.1% in budget. Rental income is favourable to budget after successful negotiations with DGC to increase the service charge income at Young Persons Project (YPP).
- Other grant income is £444k favourable to budget and includes additional aids & adaptations grant (with corresponding higher costs) and higher renewable heat incentive (RHI) grant funding.
- Other income is £40k favourable to budget reflecting the settlement of an insurance claim from 2023/24.
- Total employee costs (direct and group services) are £12k favourable to budget due to timing of changes to the budgeted structures in Wheatley Solutions.
- Total running costs (direct & group services) are £24k favourable to budget due to the timing of spend and cost savings across several departments within Wheatley Solutions.
- Repairs costs are £139k favourable to budget. Responsive repairs are £9k unfavourable due to an increase in job numbers vs budget in December. Gas planned maintenance is £231k favourable to budget, with the works to date costing less than the allocated budget and other compliance spend is £83k higher than budget due to additional asbestos removal jobs.

Interest payable of £5,401k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders. The favourable position is due to lower drawdowns than budgeted to date and a lower variable lending rate than budgeted.

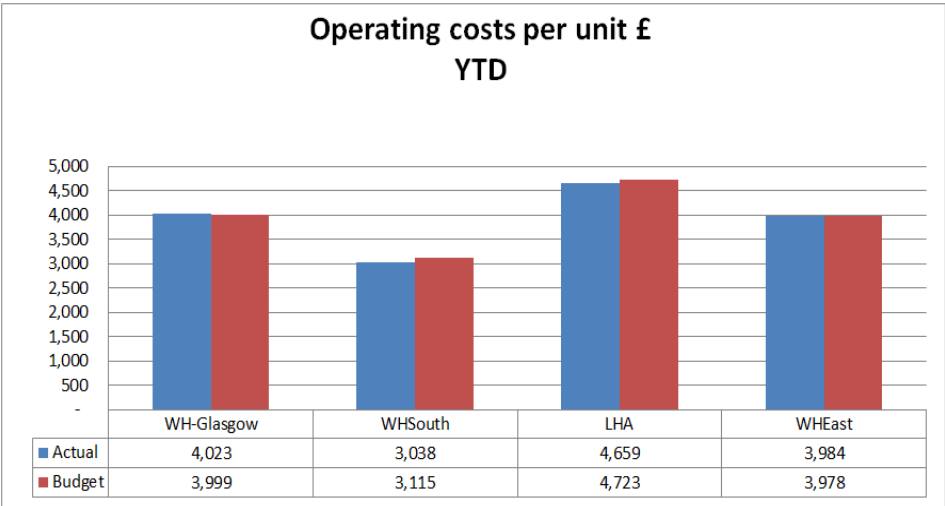
Net capital expenditure of £16,506k is £389k lower than budget.

- Capital investment income is £331k lower than budget. New build grant income is less than budget with a delayed start at Leswalt partly offset by additional grant income due to accelerated spend at Ashwood Drive. Adaptations grant income is £388k higher, in line with additional spend reported in capital investment spend.
- Total capital investment spend of £9,678k is £117k lower than budget due to timing of spend on core programme (windows & doors, PPM and rewires) partly offset by higher environmental spend due to an increase in demand and additional funded aids & adaptations spend.
- New Build expenditure, reflecting the movement in grant income, is £684k lower than budget due to the delayed start at Leswalt, offset by accelerated spend at Ashwood Drive and College Mains.
- Other capital expenditure of £1,538k is £81k higher than budget due to accelerated spend on the office at Ashwood Drive, partly offset by reduced costs due to the timing of IT project spend.

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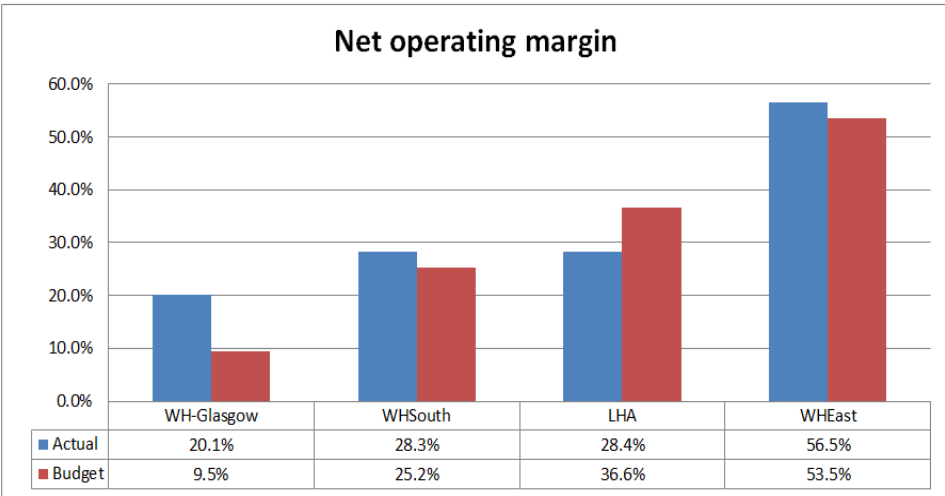
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3) Summary of RSL operating costs and margin v budget



Operating costs per unit:

- At December 2025 operating costs per unit are lower than budget for WH South and Loretto and marginally higher for WH Glasgow and East. Within WH Glasgow the higher than budgeted repair costs including the reduction in the number of live jobs and an increase in the average cost per job is driving the higher unit cost variance.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.



Net operating margin

- Net operating margin is favourable to budget in WH Glasgow, WH East and WH South due to the earlier than budgeted recognition of grant income on completions and the strong letting performance in the YTD. In Loretto the operating margin is lower than budgeted due to grant on new build completions recognised early in 2024/25 following the early completion of units.
- Similar to operating costs, the favourable variances across expenditure lines is improving margins in the RSLs.

Report

To: Wheatley Housing Group Board

By: Ranald Brown, Director of Assurance

Subject: Group assurance Update

Date of Meeting: 25 February 2026

1. Purpose

- 1.1. This report provides the Wheatley Housing Group Board (the Board) with an update for noting of the internal audit work reported to the August and November Group Audit Committee meetings.
- 1.2. Subsidiary specific content has also been reported to the February Subsidiary Board meetings for noting.

2. Authorising and strategic context

- 2.1. As documented in the Group Standing Orders, the Board reserves the overriding responsibility for compliance by the Group with registration criteria, performance standards, guidance and regulatory requirements of the Scottish Housing Regulator. The responsibility to manage and monitor subsidiary compliance arrangements and operational performance is also delegated to each subsidiary Board. The activities undertaken by the Assurance Team provide independent assurance to support each Board in this role.
- 2.2. The Group Audit Committee is responsible for monitoring the Group's assurance activities, including approval of the Internal Audit Annual Report, and monitoring results as presented in quarterly Assurance Updates.

3. Background

- 3.1. In May and August 2025, the Group Audit Committee approved delivery of the following reviews, as part of the rolling Internal Audit Plan:

Development projects budget management	Arrears management	Lowther Annual Assurance Statement	Purchase Card analytics	Business Continuity Planning
Damp and Mould process	Group Policy Framework	Faster Payments analytics	Legislative compliance mapping (Phase 1 of 2)	Health & Safety local audits
	Electrical Testing Certificates analytics	Helping Hand Fund analytics	Follow up of management actions	

3.2. The Internal Audit team has now completed these reviews, and details of the findings are set out in the report at **Appendix 1**.

4. Discussion

4.1. The tables below summarise the results of all internal audit work completed in the period May to October 2025.

Assurance Reviews

Review Title	Relevant Subsidiaries	Control Objective Assessment	No of actions by type	
Management of Development project budgets	All subsidiaries except Care and Foundation		P - 2	CI - 2
Arrears Management	Loretto, WH-E, WH-G, WH-S		P - 1	CI - 4
Lowther annual Assurance Statement validation	Lowther		P - 0	CI - 3
Purchase Cards data analytics	All subsidiaries		P - 0	CI - 4
Business Continuity Planning	All subsidiaries		P - 1	CI - 2
Damp and Mould process	Loretto, Lowther, WH-E, WH-G, WH-S and Solutions		P - 6	CI - 5
Group Policy Framework	All subsidiaries		P - 0	CI - 4
Faster Payments analytics	All subsidiaries		P - 0	CI - 3

Advisory Reviews

Review Title	Relevant Subsidiaries	No of actions by type	
Legislative compliance mapping annual review (phase 1 of 2)	All subsidiaries	P - 1	CI - 1
Health & Safety local audits	All subsidiaries	P - 1	CI - 3

Focused Reviews

Review Title	Relevant Subsidiaries	No of actions by type	
Electrical Testing Certificates data analytics	Loretto, Lowther, WH-E, WH-G, WH-S and Solutions	P - 3	CI - 2

Review Title	Relevant Subsidiaries	No of actions by type	
Helping Hand Fund analytics	Foundation, Loretto, WH-E, WH-G, WH-S	P - 0	CI - 2

4.2. The control objective ratings are defined below:

Red	Amber	Yellow	Green
•Control objective not achieved. •Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation's objectives.	•Control objective not achieved. •Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation's objectives.	•Control objective achieved. •Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation's objectives.	•Control objective achieved. •Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation's objectives.

4.3. The actions are prioritised as follows:

Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls ("house-keeping" issues); or further development of existing controls that are operating effectively, such as automation of a manual control.

- 4.4. The Group Audit Committee receive updates on the status of implementation of agreed audit actions. The most recent position is that there are no overdue actions outstanding.
- 4.5. More detail on the key findings from each review are set out in the Group Assurance Update at **Appendix 1**. Full reports are available to all Board members upon request.

5. Customer Engagement

- 5.1. No customer engagement implications arise directly from this report although action owners may engage with customers to inform decision-making arising in the course of completing assigned actions.

6. Environmental and sustainability implications

- 6.1. No environmental or sustainability implications arise directly from this report.

7. Digital transformation alignment

- 7.1. No digital transformation alignment implications arise directly from this report.

8. Financial and value for money implications

- 8.1. No financial or value for money implications arise directly from this report.

9. Legal, regulatory and charitable implications

- 9.1. No legal, regulatory or charitable implications arise directly from this report.

10. Risk Appetite and assessment

- 10.1. This report informs the Board of specific risks arising from internal audit reviews performed during the reported period. The nature of the risks varies depending on the review and the agreed management actions are designed to help management to mitigate the identified risks.
- 10.2. Where management considers the risks identified through an internal audit review are sufficiently material to be included in the Group's risk profile, the risk is aligned to a Strategic Outcome and a risk appetite category assigned. This allows management to confirm whether the risk is being managed within risk appetite or if further improvement action is required.

11. Equalities implications

- 11.1. This report does not require an equalities impact assessment.

12. Key issues and conclusions

- 12.1. The Internal Audit team has completed the listed reviews. No significant matters were noted to bring to the attention of the Board members and management have agreed actions to address the improvement actions identified during each review. The Internal Audit team will monitor completion of these actions and report progress to future meetings of the Group Audit Committee and this Board.

13. Recommendation

- 13.1. The Board is asked to note the contents of this report.

LIST OF APPENDICES:

Appendix 1: Group Assurance Update February 2026

Group Assurance Update

25 February 2026

Ranald Brown
Director of Assurance

1. Internal Audit Plan Status

This report summarises the findings of the following Internal Audit activity completed during this period. The types of review, control objectives assessment ratings and number of actions by type are defined in Appendices 1 and 2.

Section and Review title	Type of review	Relevant Subsidiaries									Control Objective assessment	No. of actions by type	
		Care	Foundation	Loretto	Lowther	Solutions	WDSL	WH-E	WH-G	WH-S			
2 – Management of Development project budgets	Assurance										    	P - 2	CI - 2
3 – Arrears Management	Assurance										     	P - 1	CI - 4
4 – Lowther annual Assurance Statement validation	Assurance										   	P - 0	CI - 3
5 – Purchase Cards data analytics	Assurance										    	P - 0	CI - 4
6 – Business Continuity Planning	Assurance										     	P - 1	CI - 2
7 – Damp and Mould process	Assurance										      	P - 6	CI - 5
8 – Group Policy Framework	Assurance										     	P - 0	CI - 4
9 – Faster Payments analytics	Assurance										    	P - 0	CI - 3

Continued over

1. Internal Audit Plan Status

This report summarises the findings of the following Internal Audit activity completed during this period. Follow-Up activity is summarised at section 14 and the types of review, control objectives assessment ratings and number of actions by type are defined in Appendices 1 and 2.

Section and Review title	Type of review	Relevant Subsidiaries									Control Objective assessment	No. of actions by type	
		Care	Foundation	Loretto	Lowther	Solutions	WDSL	WH-E	WH-G	WH-S			
10 – Legislative compliance mapping annual review phase 1	Advisory										Not applicable	P - 1	CI - 1
11 – Health & Safety local audits	Advisory										Not applicable	P - 1	CI - 3
12 – Electrical Testing Certificates data analytics	Focused										Not applicable	P - 3	CI - 2
13 – Helping Hand Fund analytics	Focused										Not applicable	P - 0	CI - 2

2. Management of Development project budgets

Report Conclusion

This review assessed the extent to which improvement actions had been implemented following the Calton November 2024 Board Report. The review focused on the processes in place to monitor and report on project spend from the stage of Board approval of the project to completion, at the request of management.

Limitations of Scope

As a result of excluding the “feasibility” stage from our review, we are unable to conclude fully on control objective 1: *“Completeness and accuracy of planned project costs in financial appraisals reported to Board”* as we did not examine the calculation of figures included in the master cost spreadsheet and the Board approval papers.

We are also unable to conclude fully on control objective 3 *“Variances resulting in a change to approval conditions (eg meeting the IRR) are reported to the Board for review and reapproval”*, because none of the contract variations we tested resulted in a change that met the criteria for Board review and reapproval.

Work performed

We reviewed 8 of the 9 projects approved by the Wheatley Development Scotland Limited (WDSL) Board since revised

processes were introduced in 2025. The remaining project related to a “turn-key acquisition”. None of these projects have completed all 5 gateways in the revised process, so a sample of older projects was selected to test monitoring of spend and contract variation procedures.

We found that while there are examples of good practice, there are also opportunities to strengthen the control framework which should be addressed. These include improvements to the contract variation process, enhanced checking of consistency between documents and improved record management to support use of a planned Microsoft PowerApp, which could provide additional assurance over the status of individual projects in future.

Given the limitations of scope on this review, we proposed to schedule a follow up review in this area.

2. Management of Development project budgets

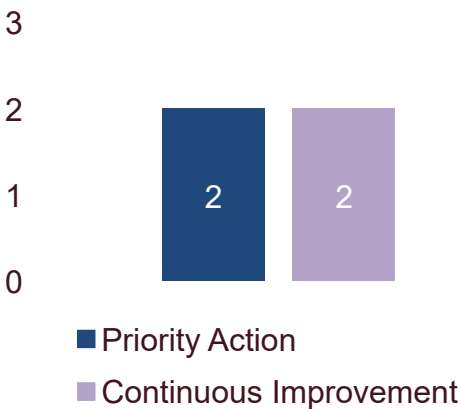
Control Objective Classification

Yellow	The completeness and accuracy of planned project costs in financial appraisals reported to the Board, including any apportionment of costs, is reviewed and agreed by Development and Finance Staff.
Green	Project approval requests clearly identify any provisional costs, the level of risk associated with those amounts, and how the risks will be mitigated.
Amber	Progress against approved budgets is tracked, contract variations are approved in advance, and any variances resulting in a change to approval conditions (e.g. meeting the IRR) are reported to the Board for review and reapproval.
Green	Actual and anticipated costs are monitored throughout the project by Development and Finance staff on a monthly basis.
Yellow	Procedure notes are updated to reflect revised procedures, and all relevant staff have attended training on the revised procedures.

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



2. Management of Development project budgets

Priority Actions

- The contract variation process guidance and request form do not require staff to confirm the required process steps have been completed and the outcome of those steps. As a result, there remains a risk that contract variations may be actioned without the appropriate level of authorisation.

Management Response: *We will review and update the Contract Variation Process and Approval Forms to reflect the points noted, to support a clear trail of rationale and approval of any contract variations, and provide further training to all staff involved in this process. (Due date 31/10/25)*

- Our review of information passed from the “pre-approval” team to the “post-approval” team identified instances of incomplete or incorrect documentation in 6 of 8 projects reviewed, including 2

instances in which the total development cost in the master cost spreadsheet was different (less than) the amount approved by the WDSL Board. This did not impact Finance reporting to the Board, which was based on the Board approved figures. There remains a risk that a lack of checking of the completeness and accuracy of project documentation at the handover stage results in incorrect or incomplete information being used for day-to-day cost monitoring within the Development team.

Management Response: *As part of the ongoing review of processes, we will develop a checklist which will set out the required documentation and checks that should be performed by both pre- and post-coordinators to ensure consistency. (Due date 31/08/25)*

2. Management of Development project budgets

Continuous Improvement Opportunities

- A Microsoft PowerApp which aims to facilitate monitoring of projects by giving a single view of key project information was in development at the time of our review. The app has the potential to provide a control over the completeness of project management documentation if the following areas of concern are addressed as the development of the app is completed: i) inconsistent file naming and storage impacting the completeness of information reflected in the app; ii) technical challenges such as broken file links; and iii) a lack of data input and user access controls to prevent unauthorised / unintentional changes.

Management Response: *A project to improve records management across the Development team is expected to be complete by June 2026. This project will consider aspects such as file naming protocols and document storage. Following completion of the records management project, we will address the technical points relating to broken file links and data input / app access controls as part of the PowerApp development. A user guide will be prepared to explain the functionality and use of the app once its*

development is complete. (Due date 30/06/26)

- Processes and procedures have been updated following management's agreement of revised procedures for cost monitoring and progress tracking of Board approved projects. At the time of our review, work to review Gateways 1 – 3 is still underway, and as these processes are finalised there is a risk of that changes in the later gateway stages are no longer effective, in particular, those relating to invoicing and financial appraisals. For example, in relation to the allocation of costs for multi-phase projects to facilitate effective cost monitoring.

Management Response: *As part of finalising the review of Gateways 1 – 3, we will confirm whether any further updates are required to Gateways 4 and 5. In particular, we will review the invoice, financial appraisal and board approval processes to confirm the complete and accurate flow of information from one stage to the next. (Due date 31/12/25)*

3. Arrears Management

Report Conclusion

The Group has a strategic aim to reduce gross rent arrears to 5% (ARC) by the end of its 2021-26 Strategy period. During 2024/25 the Group reduced gross rent arrears across RSLs to less than 5.1%. In 2025/26 the target is 4.95%.

This review has considered the processes in place for monitoring, escalating and recovering arrears balances within the Group's RSLs (WH-East, WH-South, WH-Glasgow, and Loretto). We found that while there are examples of good practice, there are also opportunities to strengthen the arrangements in place which should be addressed.

In particular, the process to write off Former Tenant arrears should be documented within the Rent Matters Toolkit to ensure that the roles and responsibilities of both the Housing Specialist Team and Housing Officers is clear. Additional controls should also be added to this process to detect any inappropriate or incorrect write offs.

Our testing of arrears cases across all RSLs identified opportunities to improve the completeness and quality of notes recorded within iworld and ASTRA. This includes notes to evidence that accounts have been reviewed and clarify why actions have been taken or not. We also identified opportunities to: improve initial contact with customers

moving into arrears; record Expected Payment Plan arrangements more consistently; and be more proactive in escalating cases to GDRT.

The RSL Income lead has recently reviewed the groups in place to drive improvement across rental income activity. This has included the introduction of a new weekly leaders VMB meeting focused on income, and a monthly Income Strategic Leads Cohort meeting to review issues in more detail. These will operate alongside the Rents Community of Excellence (COE) which provides an opportunity for all Locality Directors and Heads of Housing to share good practice. These groups will play a key role in the delivery of the actions agreed with management to address the findings of this review.

3. Arrears Management

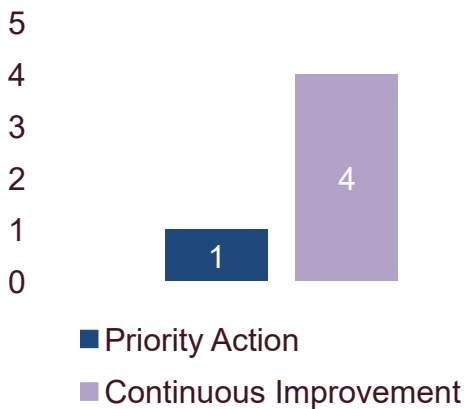
Control Objective Classification

Green	Customers receive clear information about their payment options and support available to manage their rent account, clear any monies owed and prevent further debt from accruing;
Yellow	Housing Officers identify arrears and contact customers to establish the reason for non-payment and where arrears cannot be paid in full, a repayment arrangement is agreed, monitored and revised if required;
Yellow	All actions taken to recover arrears are clearly recorded to document that the RSL has met its legal obligations as part of its 'Pre-Action Requirements';
Yellow	Arrears are escalated to the Debt Recovery Team for action where customers fail to engage with us, or no repayment agreement is reached;
Amber	Debt is written off where it is deemed to be irrecoverable and in line with agreed criteria; and
Green	Rent arrears information reported to the ET, Boards and SHR, is accurate and aligned to the ARC definitions set within the Scottish Social Housing Charter Technical Guidance for Landlords.

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



3. Arrears Management

Priority Actions

- The Rent Matters Toolkit requires completion of a form to initiate the write off of Former Tenant arrears. However, currently there is no segregation of duty within the FT Arrears write off process. A record of the amount written off and the justification for the write off is recorded in ASTRA (the Housing customer relationship management system), however no sign off is required. There is also no threshold in the policy which would prevent write offs over a certain value being completed by one person. Reliance is placed on any unusual amounts flagging in the performance reports and actual against forecast write off values.

Management Response: *The Income Lead will clarify the Housing Specialist Team (HST) and Housing Officers' roles and responsibilities with the Director of the Customer First Centre, to ensure that the agreed process includes: i) Checks to ensure the appropriateness and accuracy of write offs processed by individuals within the HST; and ii) Reporting to provide RSL leads with oversight of the FT write off activity completed by the HST. The Rent Matters Toolkit will be updated, if required, to reflect the agreed process. (Due date: 31/10/25)*

Continuous Improvement Opportunities

- Our testing of 40 arrears cases identified opportunities to improve initial contact with customers in arrears. If we do not contact customers to provide advice and support as soon as possible, there is a greater risk that arrears balances may increase to a point where the customer is unable to repay the amount due.

Management Response: *Specific attention will be given to this topic at one weekly Leaders VMB meeting each month to allow more focused review. A record of identified good practice, key feedback and actions agreed by the VMB will be maintained and shared with members to ensure that consistent messaging can be provided to Housing Officers in their local VMB discussions. (Due date 31/10/25)*

Continued on next page

3. Arrears Management

Continuous Improvement Opportunities

- Our testing also found that in 18 of the 40 cases reviewed, the notes recorded in iworld and ASTRA (the housing management systems) were not sufficiently detailed to explain whether actions had been taken or not. If notes do not capture all actions taken to manage arrears, there is a risk that we are unable to escalate cases for legal action without additional time and resource being spent collating records of actions taken.

Management Response: *In addition to discussion at one weekly VMB per month, as outlined in the previous management action, we will ensure all RSL staff complete the recently revised data protection training, including the Housing-specific module, by the end of August 2025. (Due date 31/10/25)*

- We tested 62 arrears cases and found in 8 cases the Expected Payment Plan (EPP) arrangements were not loaded or were loaded incorrectly in ASTRA. If the EPP is not loaded correctly in ASTRA, the Housing Officer will not receive a notification if the agreed payments are not received.

Management Response: *The long-term solution to this issue is to move to a single housing management and customer relationship*

management system. In the interim, we will remind Housing Officers how and when EPP's must be loaded in ASTRA and iworld. Progress will be monitored at the new VMB with Housing Leaders. (Due date 31/10/25)

- Our testing also highlighted opportunities to improve the escalation of arrears to the Group Debt Recovery Team. In one case the customer's arrears had steadily increased despite there being an EPP in place. While there was evidence that the Housing Officer had consistently tried to contact the customer about their payments and offered support, the case had not been escalated. There is a risk that escalation action is not being taken in cases where customers are engaging with us intermittently and have agreed low value EPP's.

Management Response: *The new Income Strategic Leads group will agree actions to improve Housing Officers awareness of escalation protocols, including where EPPs are not working effectively, and will work with the Litigation Services team to ensure that our messaging to customers about the escalation process is strong. (Due date 31/10/25)*

4. Lowther Annual Assurance Statement validation

Report Conclusion

In preparation for the submission of Lowther's Annual Assurance Statement to Lowther Board in August 2025, Internal Audit has reviewed the Lowther team's self-assessment commentary. This involved assessing whether:

- the commentary provided adequately addressed the legislative requirement;
- the evidence provided supported the commentary; and
- both the commentary and the evidence supported the Lowther team's conclusion about compliance with the relevant legislation.

Our initial review of the 2024/25 self assessment identified a small number of areas within the self-assessment commentary and evidence where additional information would provide stronger support for the assessment of compliance. These areas of the assessment were addressed by management, and we confirm that by the end of our review, we found the commentary and evidence provided by the Lowther team supported Lowther's assessment of compliance for individual requirements within the pieces of legislation identified. This included Lowther's assessment of two areas as partially compliant, both relating to the retention of complaints. Management are working to obtain additional assurances from the Group's Complaints team that

records are being deleted in line with the agreed retention schedule.

We also reviewed the wording of the draft Assurance Statement for 2024/25. We found the wording was consistent with the conclusions contained within the self-assessment toolkit.

During the fieldwork, we completed a gap analysis of the toolkit and the Lowther compliance map, which identified a small number of legislative compliance areas not included in the self-assessment. Although our gap analysis identified these legislative areas for inclusion in the self-assessment, the current compliance map includes descriptions of detective controls that would flag instances of non-compliance. We have not tested the operation of those controls, either as part of this review or during the preparation of the compliance map.

We noted 2 continuous improvement opportunities, relating to i) the completeness of the self-assessment toolkit described above, and ii) house-keeping matters to consider when completing the self-assessment in future years.

The Assurance Statement and supporting documentation will be presented for approval to the Lowther Board in August 2025.

4. Lowther Annual Assurance Statement validation

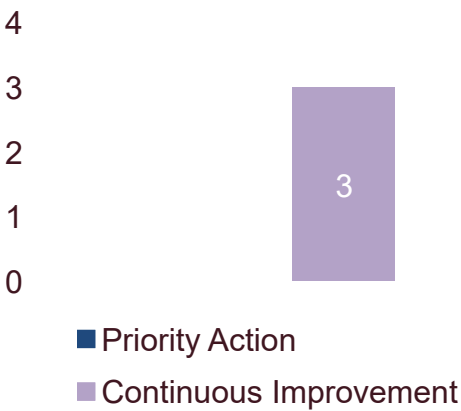
Control Objective Classification

Yellow	
Green	
Green	
Green	Lowther's compliance conclusion is supported by the commentary and evidence provided

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



4. Lowther Annual Assurance Statement validation

Continuous Improvement Opportunities

- A comparison of legislation recorded in the self-assessment and Lowther's compliance map identified a small number of business areas that were not included in the self-assessment. The compliance map does include descriptions of detective controls that would flag instances of non-compliance for each of these business areas. However, Internal Audit has not tested the operation of those controls.

Management Response: During the next management review of Lowther's compliance map (planned for November 2025), we will review and update the self-assessment toolkit to include commercial properties legislation. We will review additional areas identified under "corporate compliance" to determine whether these are addressed through existing Board reporting and if not, they will be included in the toolkit. We will review the toolkit contents annually in future years to assess completeness of legislative requirements. (Due date: 31/05/26 – to allow evidence of action in next annual assessment)

- Currently, Lowther's self-assessment is completed in sections by different staff members, using an Excel spreadsheet. We noted differences in the level of detail and perspective for each section, depending on which staff member was responsible. We also noted that the excel spreadsheet made it hard to track which elements had been updated. While all final assessments included the required level

of information, there is an opportunity to rotate the staff members completing sections each year, and to consider introducing a peer review process before the assessment is subject to independent validation. Management should consider whether MS Lists would provide the opportunity to streamline the process to review and provide clarity of the self-assessment update status.

Management Response: For next year's self-assessment we will rotate staff members completing each section of the self-assessment and for any new areas of legislation, staff members will collaborate to complete the self-assessment for these areas. (Due date: 31/05/26 – to allow evidence of action in next annual assessment)

- Lowther's retention schedule outlines the requirement to hold factoring complaints for 3 years and letting complaints for 5 years. Lowther complaints are held centrally by the Group's Complaints team and Lowther does not currently receive any assurances from that team to confirm the Lowther complaints are deleted in line with these retention periods.

Management Response: We will liaise with the Complaints team to ask for an annual confirmation that factoring and letting complaints are deleted in line with the agreed retention period. (Due date 30/09/25)

5. Purchase Cards data analytics

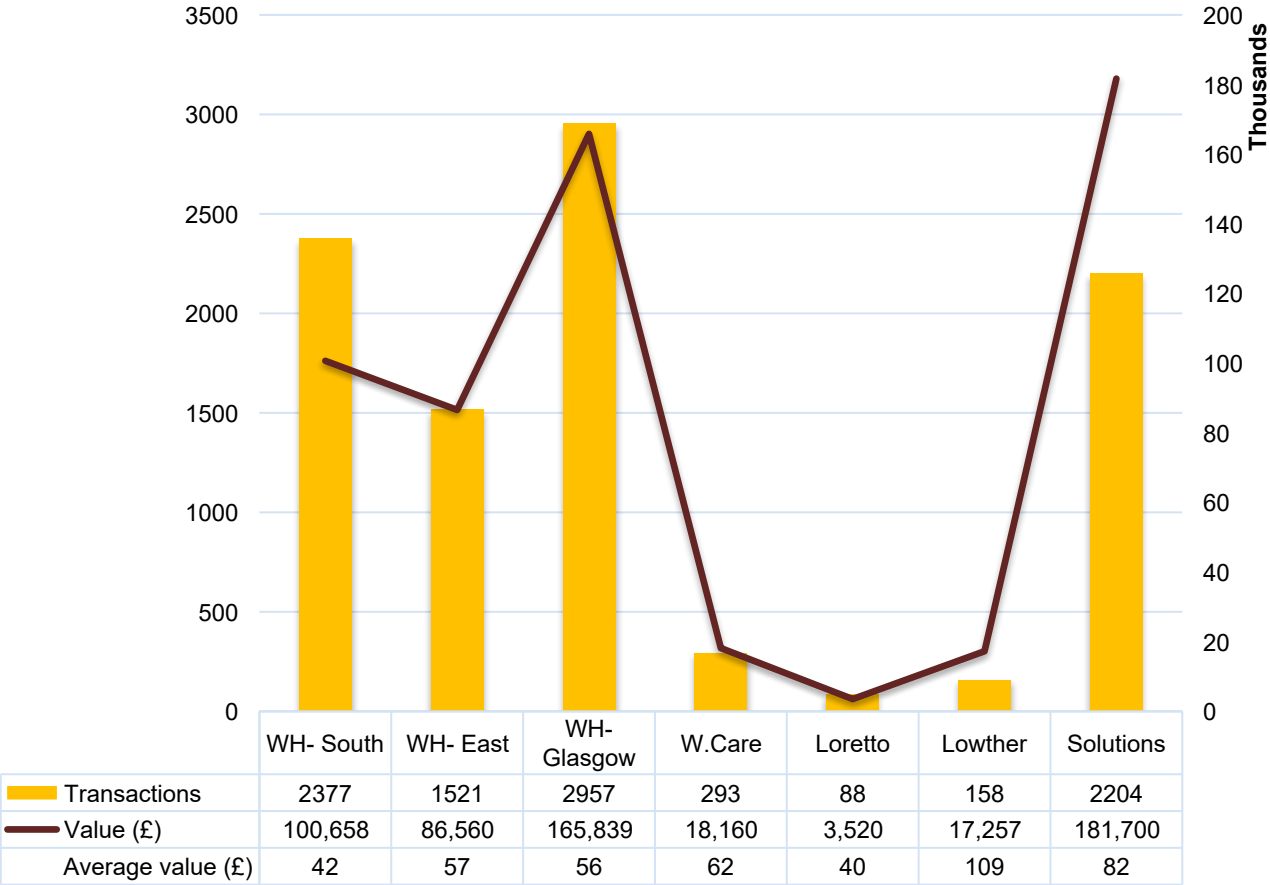
Report Conclusion

The Transaction Services team completes assurance checks on all purchase card transactions each quarter. These include review of: i) unreceipted or uncoded payments, ii) cash withdrawals, iii) transactions over £1,000; and iv) spend outwith the parameters set in the Group's Purchase Card Policy. During 2024/25, 9,598 purchase card transactions were made by cardholders across the Group, with a total value of £573,700.

This review has assessed the extent to which the checks completed by the Transaction Services team are effective in providing assurance on the application of controls over purchase card spend. We reperformed the assurance checks completed during 2024/25 and have confirmed that they are working as expected and the results are being used to investigate any exceptions and drive improvements.

Our review has identified some opportunities to improve the wider Purchase Card process, including an additional check to assess the completeness of monitoring activity undertaken by managers. The Procurement team will also be asked if they would like to receive the results of the quarterly checks to inform their own monitoring of Group spend and the P2P processes.

Purchase Card spend in FY24/25



5. Purchase Cards data analytics

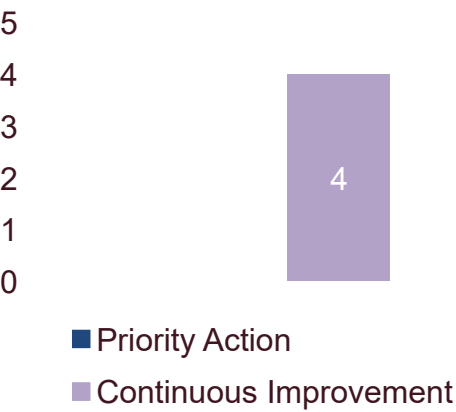
Control Objective Classification

Green
Green
Green
Green
Green

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



5. Purchase Cards data analytics

Continuous Improvement Opportunities

- The team advised that recent assurance checks had identified some cases where authorised temporary increases to card transaction limits had not subsequently been reverted to their normal level.

Management Response: *A quarterly monitoring check will be implemented by the Purchase Card Officer to confirm purchase card limits are set at the correct level. (Due date 31/09/25)*

- We tested 58 uncoded transactions which occurred between January and March 2025 and confirmed that a Monitoring Questionnaire had been returned by the cardholder's manager for each of these, despite insufficient information being held in the SDOL for the manager to have completed one or more of the checks in the questionnaire.

Management Response: *We will amend our existing check on the completeness of transactional information so that there is a reminder to managers of their responsibility when completing the monitoring questionnaire. We will continue to stop cards where required information is not provided on a recurring basis, and will escalate unsupported monitoring questionnaires to senior*

managers. (Due date 31/09/25)

- We reviewed records of cash withdrawals made during the FY24/25 and noted some minor opportunities to improve cardholders' understanding of the process. We also noted that one cardholder routinely needs to make multiple cash withdrawals in a day to obtain the cash required for a known business need.

Management Response: *Additional guidance will be added to the reminder email to all cardholders to clarify good practice points raised in relation to ATM receipts and separate cash withdrawals. We will also explore any alternative options available to provide cash for the above noted programme. (Due date 31/09/25)*

- The outcomes of the quarterly assurance checks of Purchase Card expenditure are not currently shared with the Procurement team.

Management Response: *We have now shared information from the Q4 purchase card checks with the Procurement Team, and we will continue to do this each quarter. (Due date 31/09/25)*

6. Business Continuity Planning

Report Conclusion

During 2025 there has been significant work undertaken to refine and relaunch formal business continuity planning (BCP) approaches within the Group. This has included reissuing templates and producing guidance to ensure that BCPs are regularly exercised.

Our review has assessed the adequacy and effectiveness of controls in place in relation to the Business Continuity Management (BCM) framework. We acknowledge the significant amount of work that has recently been done to improve the previous methodology. A BC Implementation Group (BCIG) meets quarterly to discuss items such as BCP updates, training requirements and policies and procedure development. There are various templates and guidance documents available which support staff to develop, invoke and test BCPs.

The work to refresh the BCP approach continues, with the most recent BCIG meeting focusing on the implementation of the revised approach to consistent testing of plans every 6 months. The ongoing work to embed processes is reflected in our assessment of two control objectives as “not rated”.

The key area for improvement is in the completion of Business Impact Assessments (BIAs), which are key documents in the BCM lifecycle. They are fundamental in establishing effective BCPs and exist to allow an organisation to identify its critical activities when a BCP event occurs. The BIA also allows an organisation to prioritise activities, identify dependencies and develop risk management strategies in advance of a business disruption occurring.

Our testing of a sample of local BIAs found that they had not been completed in a way that delivers on the objectives outlined above. The templates are structured in

a way that encourages BC Leads to document responses to predefined scenarios rather than identifying which of their activities are likely to be critical to the subsidiary/service and Group during a BCP event, such as emergency repairs and staff and/or customer wellbeing. This approach may result in too many activities being considered, without clear focus on critical activities.

These weaknesses noted within the BIAs also impact on the quality of the BCPs. We noted ‘disruption impact’ sections within BCPs were completed because they exist rather than because they are relevant, including examples where response and recovery actions were listed for impact scenarios that were highly unlikely to impact on a critical activity for that subsidiary/service. For example, the Customer First Centre BCP contained response and recovery actions for payment processing in the event of a fuel shortage.

As part of the evolution of business continuity arrangements within the Group, it will be necessary for current BIA and BCP templates and supporting guidance to be revisited, in order to ensure that BCPs reflect critical activities within the Group.

The BCIG has extensive membership from across the Group and an agreed Terms of Reference however, at the time of our review, this did not detail a formal reporting link into corporate governance, such as a reporting requirement that will allow the Executive Team and the Board to remain informed on BC compliance. This has been updated since our review.

We also noted that updated guidance on the exercising of BCPs was issued in June 2025. Due to the timing of this, we were unable to assess the extent to which it had been Implemented at the time of our review.

6. Business Continuity Planning

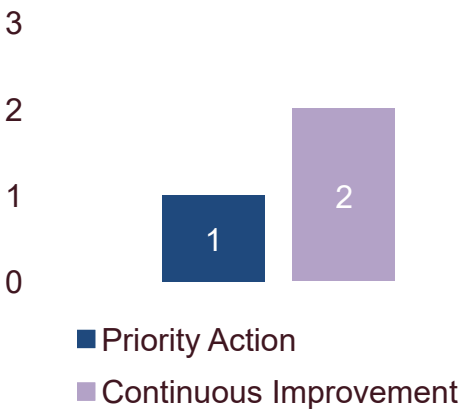
Control Objective Classification

Yellow	
Amber	Business Continuity Plans demonstrate a comprehensive understanding of the organisation, identifying the key services, as well as the critical activities that support them.
Amber	Comprehensive and robust plans have been developed to manage the initial response to an incident and to ensure the continuity and recovery of critical activities.
Not rated	Effective processes exist to confirm business continuity arrangements are kept up-to-date and plans are regularly exercised and reviewed.
Not rated	Lessons learned processes are completed and plans updated following live and test invocations of business continuity plans.
Green	There are formal processes through which recovery plans are validated with the IT & Digital Services team to confirm they are realistic.

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



6. Business Continuity Planning

Overarching Management Response

Management agrees with the findings and recommendations detailed within this report. As detailed in the reports to relevant Boards during 2025 we have relaunched our BCP approach across the Group. Early review of these new approaches has been beneficial to provide us with confidence that this new approach covers all key areas required and that we can continue to strengthen and evolve our overall approach to BCP.

While the report identifies areas for further improvement relating to Business Impact Assessments and BCP templates and supporting guidance, it also acknowledges that a significant amount of work has recently been done to improve the previous methodology including a specific focus on group wide response plans for Severe Weather and Ransomware Incidents. We recognise an opportunity to further evolve our templates which support BC leads to document more clearly critical activities for each business area which is not directly linked to specific scenarios. While scenario led business continuity planning has value, we recognise that this can be improved on through refined templates and guidance. Management is committed to further developing our BCP approach by implementing the recommendations.

(Overall due date to complete management actions within this report: 31/03/26)

A summary of the key audit findings are provided on the following slides along with also which outlines specific next steps agreed by management. Management have advised that some of these actions are already being progressed, including:

The Business Continuity Implementation Group's Terms of Reference has been agreed.

New templates for BIA have been developed and will rolled out across the Group.

6. Business Continuity Planning

Priority Action

- The Group has templates for both Business Impact Assessments (BIAs) and Business Continuity Plans (BCPs). We reviewed the templates as well as five completed BIAs and corresponding BCPs. We identified that the templates are structured in a way that encourages BC Leads to document responses to predefined scenarios rather than identifying which of their activities are likely to be critical to the Group during a BCP event, such as emergency repairs and staff and/or customer wellbeing. Therefore, they do not support local management in documenting critical activities specific to each team; completing separate impact and risk assessments for each critical activity; and then capturing the response and recovery arrangements for those activities.
- Our review of completed BIAs and BCPs found them to be of variable quality, with insufficient detail to support response and recovery planning. We also identified examples where planned actions were recorded in tables within the BCP which did not appear to be a realistic disruptive event (e.g. severe weather may not disrupt teams that regularly work from home). There were also instances in which BCPs were noted to include information typically expected to be documented within the BIA. Holding the information in the BIA rather than the BCP would assist local managers to effectively identify critical activities and required response levels.

Management Response:

We will undertake a comprehensive review of BIA and BCP templates. We will develop new templates for BIA including supporting Risk Assessments, and a new template for BCP that supports more thorough completion and more strongly aligned with ISO standard 22301 (Due: 31/10/25)

Detailed guidance will be developed to support BC leads and Coordinators to thoroughly and effectively complete the BIA, RA and BC plans. (Due: 31/10/25)

We will test use of the new templates with 4 key service areas Care, CFC, Lowther Housing(WHS) and determine any refinements required. Seeking formal Assurance input at this point prior to full roll out. (Due: 31/1/26)

Refined BIA and BCP approved by HS and Group Director (Due: 31/1/26)

Completion of new BIA and BCP for all business areas (Due: 31/3/26)

HS introduce testing regime for BIA/BC reviewing quality and relevance to ensure all plans are reviewed annually. (Due: 31/3/26)

Continuous Improvement Opportunities

- We acknowledge that there has been reporting to the Executive Team on the progress of the project to refresh the BCP approach throughout 2025, as well as updates to the Group Board in June 2025 and the Solutions Board in August 2025. The Group Board update specified that annual updates to Boards and biannual updates to the Executive team would be implemented alongside the new BCP Policy.

However, our review of the BC Policy and the Business Continuity Implementation Group (BCIG) Terms of Reference identified that they had not been updated to reflect these requirements.

Management Response: i) *The Terms of Reference for the BCIG has been updated to set out how it integrates with the corporate governance of the Group.* ii) *We will prepare six-monthly updates to ET and an annual report to Boards on BCP within the Group. This will include information on updating of BIAs and BCPs as well as exercising of BCPs. (Due date: i) Complete; ii) ET Report 30/11/25 and Board Annual Reports Feb 2026.*

- As part of the process of refining the BCP process within the Group, new requirements and guidance were issued in June 2025 for exercising of BCPs. Due to the recent issue of the guidance, we were unable to assess the extent to which it has been implemented at the time of our review. To confirm the implementation of the BCP testing guidance, the BCIG should assess the lessons learned from initial testing of plans in early 2026.

Management Response: *A testing programme is in place through to March 26 for all business areas. The BCIG will review the tests and assess common lessons learned, themes arising from exercising of BCPs and agree actions to address any continuous improvement opportunities from testing of BCPs. The Group will also report to the Executive Team on the outcomes of BCP testing biannually. (Due date: 30/05/26)*

8. Group Policy Framework

Report Conclusion

The Wheatley Group Strategy, Frameworks and Policy Directory (the Directory) sets out how and why the Group develops policies. The Directory contains a register of all Group wide, Subsidiary specific and HR policies, with information about the purpose of these and how staff can access training and support in relation to each policy. The Directory is a live document on W.E. Connect which is updated to reflect any changes to the policies as required.

The Directory has been maintained by the Customer Strategy team since January 2025, with People Services and Wheatley Care management maintaining the HR and Care policies.

This review considered the application of the Group's Policy Framework to determine whether the arrangements in place for the update and application of Group Policies are operating efficiently and effectively.

We found no issues with the status of existing policies but did identify opportunities to refine and further develop the arrangements in place to make these more efficient and easier to maintain.

In particular, there is currently a requirement for manual update of three or four records each time a policy is updated. The number of records requiring update could be reduced with PowerBI reporting being used to automate update of the remaining records.

Additional guidance in relation to the policy review and commitment tracking processes would provide clarity on roles and responsibilities, reducing the risk that required tasks are missed, or policy commitments not fully delivered.

Finally, there is an opportunity to align the policy review procedures within People Services and Wheatley Care with the more established process used by the Customer Strategy team.

8. Group Policy Framework

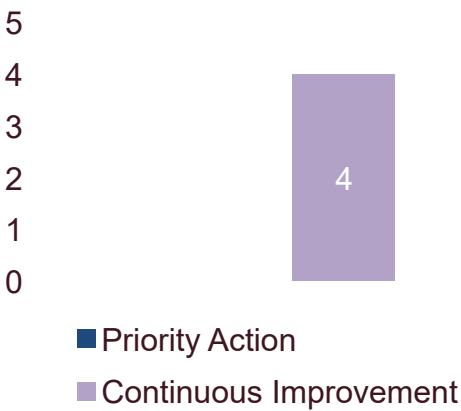
Control Objective Classification

Yellow	
Green	
Yellow	
Green	An EIA is completed for every new or existing policy which meets the criteria within the Group's EIA Guidance.
Yellow	Customers and Trade Unions are engaged with, consulted and/or informed of new policies or proposed changes as necessary at the appropriate stage in the policy development/review process, with outcomes reflected in the accompanying ET/Board report.
Yellow	

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



8. Group Policy Framework

Continuous Improvement Opportunities

- The Policy Directory states that ‘Our policies are developed according to operational, regulatory and legal requirements,’ but does not set out a specific mechanism for confirming that the policies listed in the Directory cover these requirements. There is an opportunity to reconcile the Policy Directory against legislation identified in the Group’s Legislative Compliance Maps to provide comfort on the completeness of both the Policy Directory and the Legislative Compliance Maps.

Management Response: *We will work with the Assurance team to complete a biannual reconciliation of policies against legislation and regulation identified in the Group legislative compliance maps. Any queries or gaps identified will be raised for discussion as part of the quarterly DMT reporting on policies. (Due date 31/03/26)*

- The Policy Directory sets out brief details of the arrangements for the review of policies. It is supported by a Policy Review template, which is completed by the Policy Lead and reviewed by the Customer Strategy team. The Directory does not explicitly outline the respective roles and responsibilities of the Customer Strategy team and policy leads in delivering the Policy Framework. Similarly, there is no accompanying guidance in the Directory to clarify when

a policy review template should be completed, or if the completed template should be shared anywhere. There is a risk that implied roles and responsibilities are not fully understood by all policy leads and the correct action is not taken because of assumptions that the Customer Strategy team is responsible for either doing things on their behalf or bringing any issues to their attention.

Management Response: *We will update the Directory to clearly outline the respective roles and responsibilities involved in the Policy Framework and review process, including additional guidance about the completion of the policy review template. This exercise will include agreement with People Services and Wheatley Care of a standard process for update of policies, including update to the revised Policy Register, that can be used by each team to update the policies for which they are responsible. (Due date 28/02/26)*

(Continued over)

8. Group Policy Framework

Continuous Improvement Opportunities *(continued from previous)*

- Information about the Group's policies is held in different locations, including the Policy Directory (a Word document); the Policy Hub (full policy documents stored on the intranet); the Policy Register (a spreadsheet); and the Policy Commitments tracker (a Microsoft List). Changes to policy documents need to be manually updated in the Directory, Hub and Register, with commitments being manually updated in the List, where relevant. There is an opportunity to reduce the number of Policy information locations, with PowerBI being used to extract reports tailored for different audiences. This would remove the need for updating information more than once, reducing the risk of error.

Management Response: *We will review the content of the Policy Register to include information currently held in the Policy Directory and explore the potential to introduce a PowerBI report that runs when the Policy Register is updated, and contains the information currently held in the Policy Directory, for sharing with all staff. Proposed changes to the format of the Policy Directory and DMT policy update reports will be agreed with DMTs. (Due date 31/03/26)*

- The Directory states that Category 1 and 2 policy commitments will

be tracked and monitored, with assurance sought from the lead about how these are implemented. The Customer Strategy team asks Policy Leads to provide quarterly updates on how the commitments are achieved, and the status of commitments is reported to DMT each quarter. Our review of the tracker noted that the process for assessing the delivery of commitments could be clarified to detail the respective roles and responsibilities of the Customer Strategy team and Policy Leads and to provide guidance on completing the policy review template. We also noted there is not an equivalent process in place for People Services and Wheatley Care policies, which are managed separately, due to volume.

Management Response: *We will explore the potential of a PowerBI exception report that flags commitments with no Policy Lead updates and will check a sample of policies each quarter to confirm updated evidence is available. We will also work with Care and HR leads to capture commitments they have identified within their policies within the Tracker and provide reporting to allow local checking that is consistent with the approach outlined above. These reports will be shared with DMTs to confirm they meet their oversight and information needs. (Due date 31/03/26)*

9. Faster Payments data analytics

Report Conclusion

As part of the Internal Audit team's programme of annual data analytics reviews, we have completed a review of the assurance checks performed by the Transaction Services team in relation to Faster Payment transactions. These checks are completed quarterly by the Service Team Coordinator and are designed to confirm that the manual Faster Payment transactions have been made in line with Group procedures. The checks include: i) duplicate payment search, ii) payments to existing suppliers, iii) review of high value transactions, and iv) number of payments per supplier.

We have reperformed the assurance checks completed by Finance between 1 July 2024 and 30 June 2025 and confirmed that they are working as expected and that the results are being used to investigate any exceptions and drive improvements. We noted that the overall number of Faster Payments has reduced by 20% since the assurance checks were implemented in 2023/24. The total Faster Payments spend in the 12 months to 30 June 2025 (£34.5m) was also £20m lower than in 2023/24 (£54.9m).

We have identified some minor opportunities to further improve the design and operating effectiveness of the quarterly assurance check

process. These include adding an overarching review of the annual Faster Payments data once a year to ensure any cross-quarter exceptions have been identified, and retaining the results of the quarterly checks within SharePoint, rather than One Drive, to ensure they can be accessed in the absence of the Service Team Coordinator. We will also work with the Transaction team to review the IDEA Macro to confirm that the checks in place are based on the most robust data fields available.

The Transaction Services team is also currently working with IT to explore the development of a more automated Faster Payment request process using Microsoft Forms. As the existing assurance checks place reliance on the accuracy of source data manually recorded in the Faster Payment request form, which is then manually recorded in the Faster Payment spreadsheet, it would be beneficial to automate this process as much as possible to reduce the risk of manual error. To support the exploration of a more automated approach, we have outlined some control points to consider in an Appendix to the report.

9. Faster Payments data analytics

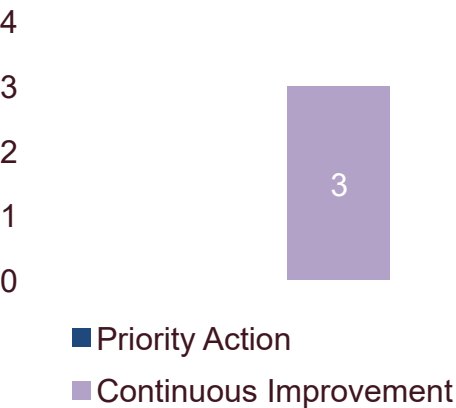
Control Objective Classification

Green
Yellow
Green
Green
Green

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



9. Faster Payments data analytics

Continuous Improvement Opportunities

- We performed data analytics on 12 months of Faster Payment data and noted some inconsistencies in the results due to tests being run using different source data fields, some of which are more robust than others. For example, matching records using names returned less matches than when we compared the same records using bank account numbers. This is because the name field is more susceptible to spelling and formatting differences which will not match in IDEA. While this has not affected the accuracy of the results of the quarterly checks completed to date, there is now an opportunity to review the IDEA test Macro and confirm that the most robust data fields are being used in each test.
Management Response: We will work with the Assurance Team to review the robustness of data fields used in the IDEA testing approach in preparation for the checks of Q3 data in January 2026. (Due date 31/01/26)
- As the existing assurance checks of Faster Payments are completed quarterly, they focus on specific 3-month periods of data. It would also be prudent to run the check for duplicate payments on an annual basis to confirm that no 'cross-quarter' exceptions have been missed during the year.
Management Response: We will introduce an annual check for duplicate payments alongside our Q3 data checks in January 2026. (Due date 31/01/26)
- The results of the quarterly assurance checks are currently stored in a OneDrive. It would be better to save these files within a restricted area of the team's SharePoint site.
Management Response: We will move the records of the quarterly assurance checks into an appropriate location in the team's SharePoint site and limit access to those staff who need to use or view the records. (Due date 31/11/25)

10. Compliance mapping annual review – phase 1

Report Conclusion

During 2024/25, the Internal Audit team (IA) completed a two-year exercise to facilitate the creation of compliance maps for all business areas within the Group. The maps are designed to capture key legislative and regulatory requirements for key business processes, along with detective controls that would alert management to any potential instances of non-compliance. The finalised maps were passed to management in July 2024, and senior leaders are responsible for ensuring the maps are kept up to date.

IA has now completed the first phase of bi-annual review to assess the extent to which management has reviewed and updated the compliance maps for changes to legislation and the internal control framework, including review and update of detective controls, where required. This report is focused on the results of our review of the People Services, Governance & Business Solutions, and Assets & Development compliance maps.

We found that, although management reviews legal and regulatory changes, and implements any resulting updates to processes during the year, the compliance map documents had not been updated to reflect these changes. To facilitate a more formal review of the compliance maps by management, they have been moved into an MS Lists format.

Following our review, the compliance maps have been updated to reflect additional legislation and planned controls that have been implemented since the previous compliance map review.

There are a number of areas where management continues to work to implement planned controls to detect a compliance breach. Management has also identified four areas where new or changed legislation is expected but not yet in place. Management should consider these points when completing their next scheduled review of these compliance maps.

10. Compliance mapping annual review – phase 1

Priority Actions

- Internal audit found that while management within each team had identified and addressed changes to legislation and regulation during the year, the compliance map documents were not formally reviewed during the last 12 months, nor was there a formal process in place to prompt review of these. Management should implement a formal bi-annual review of these maps. This should be completed at two points in the year, one being in advance of IA's bi-annual review.

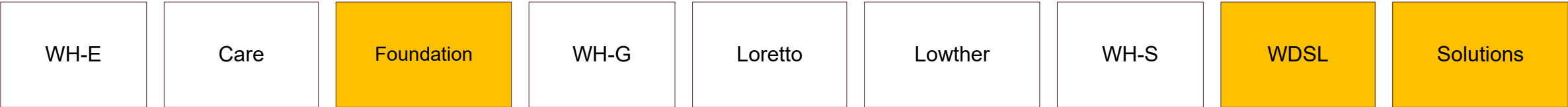
Management Response: We will assign owners to each legislative area on the MS List who will be responsible for updating this twice a year. Review dates will be scheduled for the end of November and end of May and automatic reminders set up in the MS List to prompt this review. (Due date 30/11/25)

Continuous Improvement Opportunities

- IA noted a small number of areas where management have advised further work is required to strengthen detective controls in place to detect a compliance breach. Management also highlighted a small number of legislative areas that are likely to be subject to change in the new future, or where further clarification on specific requirements is currently being sought. These are outlined in detail on the next slides.

Management Response: We will implement all planned controls and review these potential changes to legislation as part of the overall review of compliance maps in November 2025. (Due date 30/11/25)

Relevant Subsidiaries



11. Health & Safety local audit process

Report Conclusion

This advisory review has considered the extent to which the new local Health and Safety audit process is adequately designed and operating effectively. Overall, the new process is working as expected, but there are opportunities to strengthen and refine the audit methodology and to improve the guidance in place to direct the audit activity. This reflects the fact that this is a new process, and as the Group Health and Safety team advised at the outset of the review, some aspects are still in development.

The local Health and Safety audit programme was implemented in April 2025 to provide management with ongoing assurance that the Group is complying with relevant regulatory Health and Safety requirements. The audit programme currently includes all of the Group's properties which fall under the Health and Safety at Work Act 1974 definition of a workplace environment. However, the Group Health and Safety team plans to use the results and trends of this initial cycle of audits to help risk assess and prioritise properties requiring review in the next programme of audits. Defining and documenting clear risk assessment criteria alongside this analysis of audit outcomes would support the prioritisation of higher-risk premises in subsequent audit cycles.

During the audit we met with key staff involved in the local Health and

Safety audit process, reviewed key documentation and completed walkthroughs to confirm our understanding of this new process. We completed a high-level review of a sample of 30 local audits completed to date to verify the overall approach is working as prescribed. In addition, we target tested 5 local audits to review the application of the audit procedures and assess the consistency of application of the audit process.

We identified opportunities to refine and further develop the audit methodology and supporting guidance, including defining risk assessment criteria, review requirements and documentation expectations. Providing clearer guidance for the H&S Auditors to follow will help to reduce the risk of any inconsistencies in approach and make the audit process more robust.

There is also an opportunity to refine the work programme template and put this in a more user-friendly format which would support the development of automated reporting.

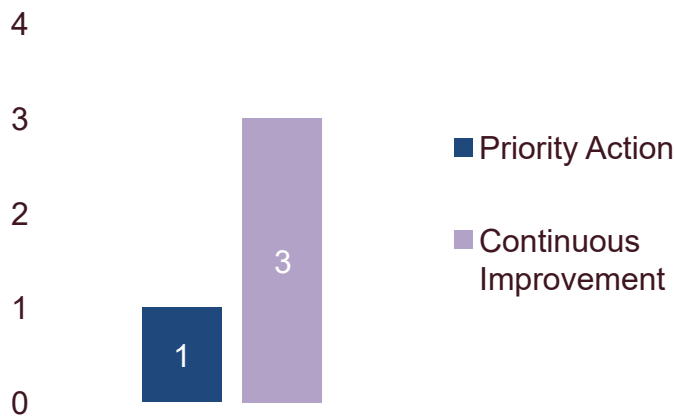
Finally, since the end of audit fieldwork, the H&S Team have implemented Power BI reporting to assist in programme planning, follow-up of corrective actions and management reporting.

11. Health & Safety local audit process

Relevant Subsidiaries

WH-E	Care	Foundation
WH-G	Loretto	Lowther
WH-S	WDSL	Solutions

Number of Actions



Priority Actions

- The 'Guidance Note for the Audit of Workplaces' sets out a high-level overview of the processes in place for performing H&S Audits. Our review of the Guidance Note and audit procedure has identified opportunities to strengthen the design of this guidance and clarify the audit process for staff. We completed a detailed review of a sample of 5 H&S Audits and identified inconsistencies in documentation standards, status updates and communication of corrective actions. As H&S Audits are a relatively new process, and the Guidance Note and audit procedure are key directive controls, the areas for improvement identified within these documents may be a root cause of the inconsistencies found in our sample testing.

Management Response: We have started to review and update the Guidance Note to reflect the points raised during this review and will provide refresher training to all those involved in the H&S Audit Programme. (Due date 30/11/25)

11. Health & Safety local audit process

Continuous Improvement Opportunities

- As the H&S Audit Programme is in its early stages of implementation, risk assessment and prioritisation of higher risk premises have not yet been implemented, nor has the methodology to support this. There is an opportunity to use the outputs of planned analysis of results and trends from this initial cycle of audits to inform the development of wider risk assessment and prioritisation criteria. A process should also be agreed with the Asset team and other wider groups to ensure the H&S Team is aware any new premises that may require an audit.
Management Response: *We have started to define and implement risk assessment criteria for the prioritisation of the H&S audit programme. We will complete our review of the information currently available to identify workplace environments across the Group and will work with colleagues to agree a process for informing the team of future changes, including changes to use of properties. (Due date 30/11/25 & 31/01/26)*
- Local H&S audits are documented within a large work programme template held in Word format, which can be hard to navigate. There is an opportunity to move the template into a more user-friendly format, such as Excel, and explore options to automate reporting directly from the template.
Management Response: *We will develop an excel template to be used by staff when the next audit cycle starts and explore options to automate the collation of results. (Due date 31/03/26)*
- The current follow-up process for corrective actions is highly manual, making it less accessible for trend analysis and sharing of lessons learned. Opportunities exist for developing Power BI functionalities to support monitoring and follow-up of corrective actions, however these have not yet been established.
Management Response: *We have now implemented a Power BI report, similar to that used for Fire Risk Assessments, which we will use to follow-up outstanding and overdue corrective actions, in trend identification and analysis, and for monitoring progress against the audit programme. (Due date 30/11/25)*

12. Electrical Testing Certificates data analytics

Report Conclusion

This review used data held in Group systems to assess the completeness and accuracy of Electrical Installation Condition Report (EICR) reporting for the Group RSLs and Lowther. EICR completion date are all held within the PIMSS asset management system. However, the process to transfer this data differs across Group areas, as does the location for storing EICR certificates.

The Group has a legal requirement to make all reasonable efforts (supported by evidence of correspondence) to complete an EICR. However, the Group is not legally allowed to turn off the electricity supply to a property when unable to access, as is permitted under gas safety legislation. This can result in less than 100% compliance due to complex cases or customer behaviours that mean the Group cannot access properties, or complete electrical tests once in the property. To mitigate this, the EICR testing is programmed for 3 months before the expiry of the existing certificate, which allows time for forced access protocols, if required.

As all completion dates are held within PIMSS, Power Bi reporting is available for all Group areas and includes information on EICR due dates, overdue EICRs and properties that should be excluded from reporting (e.g. long-term voids or properties proposed for demolition).

We tested a sample of 150 properties to confirm the existence of an EICR certificate and to match the certificate date to the certification date recorded in PIMSS.

We confirmed the existence of the certificates in all but 4 cases and confirmed that, in those cases, there were additional complexities involved which management was actively working on with housing staff in order to complete a

new certification.

We identified a small number of instances in which the completion date recorded in PIMSS did not match the certificate date, with the PIMSS date being later. As the PIMSS date is the one used to programme the EICR testing visits, there is a risk that recertification is not scheduled until after the current certificate has lapsed. Management's approach to scheduling the retesting 3 months ahead of certificate end dates mitigates this, although there were 10 properties where the gap between the two dates was greater than 3 months.

Our assessment of the reasons for the mismatch between the dates on the certificates and in PIMSS concluded that the most common cause was errors at the manual data input stage.

Management was aware of the issue in relation to date differences and work has already started to explore opportunities to reduce manual input through automation and exception reporting.

The Asset Intelligence Team is developing a Power Bi report to identify data differences between the PIMSS completion date and the date recorded in the EICR certificate naming convention for properties in the West.

There is an automated interface between Servitor and PIMSS in the East, which is scheduled to be rolled out in the South from 1 August 2025. While this will not correct existing date differences, it should significantly reduce any future discrepancies.

12. Electrical Testing Certificates data analytics

Priority Actions

We tested a sample of 50 items each for the West, East and South areas to confirm whether a valid EICR was in place; and that the PIMSS completion date and completion date recorded on the EICR certificate matched.

We selected our sample on a targeted basis, by analysing the whole population (65,146 properties in the “Core Stock” listing from PIMSS) to identify properties more likely to have exceptions. This included items where there was no certificate name, no online certificate (East only), no match within the stock list or a duplicate Unique Property Reference Number (UPRN), which gave a population of potential exceptions of 10,800. We also selected a smaller sample of items from the properties not included in the “potential exceptions” population.

The summary of our testing results is shown below:

	West	East	South	TOTAL
Certificates obtained from sample of 50	47	49	50	146
PIMSS completion date same as EICR certificate date	33	37	17	87
PIMSS completion date before EICR certificate date	3	5	14	22
PIMSS completion date after EICR completion date	11	7	19	37

We confirmed that in the 4 instances where certificates were unavailable, there were additional complexities involved, and management was actively working with housing staff to complete a new certification.

In all three areas there were examples of manual data input errors resulting in differences between PIMSS completion dates and completion dates recorded on

the EICR certificates. Where the PIMSS completion date, which is the date used for programming the renewal visits, is later than the EICR date, there is a risk that recertification is not scheduled until after the current certificate has lapsed. The scheduling of retesting 3 months ahead of certificate end dates mitigates this, although the gap between the two dates was greater than 3 months for 10 of the 37 items in our sample.

Management was aware of the issue and actions were underway to address the situation. The different processes in place mean the actions are different in each area, as shown by the management responses below:

- **West Management Response:** *The new Power Bi report to identify differences between PIMSS completion dates and completion dates recorded in EICR certificate naming conventions will be fully operational by the end of 2025. We will share themes/trends in data error identified with CBG and in-house repairs teams to address underlying causes of incorrect data entry. (Due date 31/01/26)*
- **East Management Response:** *We will use the report referenced above to complete a quarterly review with the Development team, to identify differences between recorded completion and certificate dates.(Due date 31/01/26)*
- **South Management Response:** *The deployment of the interface between Servitor and PIMSS is planned for August 2025, which will remove the need for manual data input of completion dates. Following the deployment of the interface, we will establish a certificate upload process, which will mirror the process in the East. (Due dates: 1) 31/08/25; 2) 31/12/25)*

12. Electrical Testing Certificates data analytics

Continuous Improvement Opportunities

- We identified two housekeeping matters in relation to EICR record-keeping: Management do not routinely save the live Power Bi EICR report to evidence monthly performance reporting and we noted that compliance management trackers for complex cases occasionally contained sensitive personal information that could be subject to an information request.
Management Response: *We will remind staff that compliance management trackers should only contain the information required to manage the case effectively. We will confirm that these are stored in a secure SharePoint location, with access provided to only those who need it. We will also liaise with the Data and Performance teams to confirm what evidence should be saved and how long this should be held for, to evidence performance reporting. (Due date 31/08/25)*
- IA identified 37 properties that are recorded on the East's online portal but are not part of management Power Bi reporting due to being correctly excluded from the 'Core Stock' report. These include leased and shared ownership properties where the Group has historically taken on responsibility for EICRs, despite not being legislatively required to do so. However, there is a risk that management are unaware of these properties and the agreement to complete EICRs if managed through a separate process.
Management Response: *We will liaise with the Group legal teams to determine whether there is a requirement for the Group to continue to complete these EICRs and if such properties should be recorded in PIMSS. (Due date 31/03/26)*

13. Helping Hand Fund data analytics

Report Conclusion

The Helping Hand (HH) Fund (the Fund) supports customers to meet their rent payments when facing financial hardship. In April 2025, updated HH Fund guidance was issued to staff, setting out the required process to be followed in order to allocated monies from the Fund to a tenant. The purpose of this review was to assess the extent to which the updated guidance has been implemented.

Wheatley Foundation holds the Fund budget for the Group, which is £1m in 2025/26. In the period 1 April to 31 August 2025 there were approximately 1,550 transactions, with a value of £427,000.

We found that the majority of transactions processed were in accordance with the updated guidance and budget monitoring arrangements are in place, to track monthly use of the Fund against budget. This reporting happens within the Foundation and by RSL.

However, there is no additional reporting to provide ongoing assurance to management on whether the Fund transactions are compliant with the revised guidance. Our analysis of the Fund transactions identified a small number of those transactions as being non-compliant with the guidance.

The Foundation reports monthly on the number of people supported by the Fund, broken down by RSL. This information is based on a manual spreadsheet maintained by the Finance Transactions team. We found exceptions relating to the completeness and accuracy of this spreadsheet, although this had a minimal impact on the figures reported.

We reviewed the system reports currently available from Astra and iWorld and concluded there is an opportunity for management to develop these reports to provide more automated reporting, reducing the risk of errors inherent in manually updated spreadsheets.

If the development of additional reporting is not possible, management should consider using the existing reports to reconcile the information in the Finance Transaction team's spreadsheet to minimise the risk of undetected errors, alongside the use of conditional formatting within the spreadsheet to flag input errors.

13. Helping Hand Fund data analytics

Continuous Improvement Opportunities

- The Finance Transactions team check that any transactions greater than £350 have manager approval before processing them. However, there are no checks on compliance with other Fund criteria such as the maximum transaction value and only having one transaction per year. Our analysis found a small number of non-compliant transactions, including duplicate transactions; customers receiving more than the maximum value, or more than one transaction in the year; and transactions that did not meet the “reason” criteria within the Fund. There is an opportunity to develop existing system reports so that exception reporting can be used to provide assurance on compliance with Fund criteria.

Management Response: *We are developing additional reports that will allow regular review of compliance with Fund criteria. In addition, we are trialling the development of an automated notification to Locality Directors / Heads of Housing to flag transactions that do not match Fund criteria as they arise. As an interim measure, we will run refresher training with staff. (Due date 31/01/26)*

- The Finance Transactions team use a spreadsheet to track processing of Fund transaction requests. This is updated manually for each transaction and our analysis identified a small number of errors within the spreadsheet. The development of the system reports outlined above may provide an opportunity to stop use of this spreadsheet, or to provide an alternative source of data against which the spreadsheet can be checked for accuracy and completeness.
- **Management Response:** *i) We will apply conditional formatting to the spreadsheet to help identify errors and we will reconcile the spreadsheet against the iWorld report that shows transactions processed to give additional comfort over the completeness and accuracy of both reports, which are used for Foundation and budget reporting respectively. ii) Following the completion of the investigation outlined above, we will assess whether the updated reporting can replace the spreadsheet currently used. (Due date i) 31/10/25; ii) 28/02/26, or 1 month after completion of finding 1 if delayed)*

Appendices

Appendix 1: Types of Review and Subsidiaries key



Wheatley Housing Group Subsidiaries

The table below shows the Wheatley Housing Group subsidiaries to which the Internal Audit team provides internal audit services, along with the shortened form used for this report.

Wheatley Homes East (WH-E)	Wheatley Homes Glasgow (WH-G)	Wheatley Homes South (WH-S)	Loretto Housing (Loretto)	Lowther (Lowther)
Wheatley Care (Care)	Wheatley Foundation (Foundation)	Wheatley Solutions (Solutions)	Wheatley Development Scotland Ltd (WDSL)	

Internal audit services for the Group’s joint venture, City Building Glasgow, are provided by the Glasgow City Council internal audit team and the results are reported separately.

Review Types

The Group’s internal audit services comprise assurance, advisory and focused activities, examples of which are outlined below.

Assurance:	Internal audits, continuous auditing data analysis, validation of management self-assessments. These reviews include an assessment against agreed control objectives within the final report.
Advisory:	Advisory review, project support, investigative data analysis to support development of management information
Focus areas:	controls mapping, pre-inspection visits, fraud investigations

Appendix 2. Definitions of ratings

Control Objective Classification:

The audit approach involves assessing the risks to the achievement of the control objectives. Controls to mitigate these risks are then identified and tested in terms design, adequacy and operating effectiveness. Where those controls are considered insufficient to mitigate the risks to the achievement of the control objective, the classification will be “red” or “amber”. Where the controls are adequate to mitigate the risks, the classification will be “yellow” or “green”. The classification allocated is based on audit findings and the Director of Assurance’s professional judgement, which will consider the strategic importance of the area under review.

Red	Amber	Yellow	Green
- Control objective not achieved. - Control weaknesses identified could have a significant and immediate impact on the risks to achievement of the organisation’s objectives.	- Control objective not achieved. - Control weaknesses identified could have a moderate impact on the risks to achievement of the organisation’s objectives.	- Control objective achieved. - Control weaknesses identified could have a minor impact on the risks to the achievement of the organisation’s objectives.	- Control objective achieved. - Any control weaknesses identified could have very little impact on the risks to the achievement of the organisation’s objectives.

Action Prioritisation:

Each of the actions arising from an Internal Audit engagement is assigned a priority rating, as shown below. The prioritisation allocated is based on the Director of Assurance’s professional judgement.

Priority Action

- Applies to management actions that will address identified control weaknesses, usually where there is no control in place to mitigate the identified risk or the existing control does not provide assurance due to inadequate design of ineffective operation.

Continuous Improvement

- Applies to management actions where there is an existing control in place that provides assurance. However, the control could be strengthened through revised design or renewed application of existing controls (“house-keeping” issues); or further development of existing controls that are operating effectively, such as automation of a manual control.

