



**WHEATLEY HOUSING GROUP LIMITED
SC426094**

**MEETING OF BOARD OF DIRECTORS
held at DGHP Offices,
Grierson House**

on Friday 30 August 2019

Directors Present: Alastair MacNish (Chair), Sheila Gunn (Vice Chair), Martin Armstrong, Jo Armstrong, Jo Boaden, Mike Blyth, Bryan Duncan, John Hill, Peter Kelly, Martin Kelso, Angela Mitchell, James Muir and Mary Mulligan

In Attendance: Anthony Allison (Director of Governance/Group Company Secretary and Steven Henderson (Group Director of Finance), and (Items 8 and 9 only) Tom Barclay (Group Director of Property and Development) and Jackie McIntosh (Director of Property Development and Initiatives)

1. Apologies for Absence

Apologies were received from Professor Paddy Gray, Bernadette Hewitt and Ronnie Jacobs.

2. Declarations of Interest

Jo Armstrong declared an interest as the Chair role of Hub West Scotland.

Jo Boaden advised of a new interest as a member of the Board of the Regulator of Social Housing (England).

3. Minutes of meeting held on 17 June 2019 and Matters Arising

It was noted that the draft Group Hate Crime policy would be subject to further clarification prior to any implementation.

Decided: The Board approved the minute of 17 June 2019, subject to the amendment noted above.

4. Group CEO Update

The Board received an update on a range of matters including: progress with the MySavings offer; the achievement of liP Platinum at Group level; our graduate programme; and ongoing engagements with stakeholders.

5. Committee Chair bi-annual updates (Oral):

The Board received an update from the Group RAAG Committee Chair on its activities over the year to date, including: Board succession planning; Board recruitment and appointments across the Group; compliance with elements of the SHR Regulatory Framework; and reviewing Board remuneration.

The Board received an update from the Group Audit Committee Chair on its activities over the year to date, including: reviewing the statutory accounts and their key judgements and estimates; reviewing the SHR Assurance Statement; engagement of PwC to independently validate Internal Audit's self-assessment of conformance with International Standards for the Professional Practice of Internal Auditing; ongoing oversight of internal audit and technology assurance; and our preparations and readiness for the extension of Freedom of Information in November.

6. Constitutional partnership and Barony restructuring

The Board received an update on progress with a prospective constitutional partnership and the barony restructuring proposals following feedback from the Dunedin Canmore and West Lothian Housing Partnership Board discussions.

The Board discussed engagement with key stakeholders of the prospective partnership, particularly funders and received an update on discussions to date. The Board discussed at length how we communicate the Barony proposals to tenants and the importance of being clear about the rationale for the proposals.

The Board discussed the due diligence key areas and how we undertake diligence in relation to technology. It was confirmed this was a key area of focus of the implementation plan as we would expect to integrate key IT platforms.

The Board discussed progress with diligence in relation to stock condition and received an update on the initial feedback. The Board discussed the level of investment required to achieve basic Scottish Housing Quality Standard and the level of investment we would want to deliver for tenants beyond this.

The Board were provided with a specific update on how the offering to Barony tenants will be shaped and set out for tenants as well as the capacity this will create for additional supply more generally.

The Board were updated on the position in relation to engagement regarding Strathclyde (Camphill).

Decided: The Board:

- 1) noted this progress update and agreed the proposed timescale for the DGHP partnership;**
- 2) delegated authority to the Strategic Development Committee to approve the activities as set out in the report; and**
- 3) approved the outline offer, and associated timescale, to Barony tenants.**

7. 2020 Rent Setting and Updated Financial Projections

The Board received an update on the proposals for the 2020 rent setting, which are below the business plan assumption level. The implications of the proposals on our financial projections and covenant compliance were set out.

The Board discussed the proposals at length, in particular affordability for tenants, the implications of the existing economic uncertainty and potential impact on inflation and interest rates, the financial viability risk associated with any lower levels and how we communicate the proposals to tenants.

The Board reflected on the feedback from the tenant consultation process from last year, where the majority of respondents were in favour of one of the three increase options.

The Board discussed our rent comparability levels across the Group and how we may in future wish to vary our rent setting approach to reflect different geographic circumstances.

The Board discussed the rent consultation booklet and how we convey the challenges the business faces in a relatable way.

The Board received a short presentation on the key non-social rent charges for 2020/21.

In relation to district heating, it was agreed a paper be considered at the next Group Audit Committee.

Decided: The Board

- 1) agreed a base level of rent and service charge increase for 2020/21 of 3.4% across all RSL subsidiaries with the exception of Barony, with options to be put forward for 3.9% and 4.4%;**
- 2) agreed that the rent increase to be consulted on for Barony should be 2.0% in line with the proposals for the ballot of its tenants to transfer to WLHP and Dunedin Canmore; and**
- 3) approved the approach to rent consultation set out in the report, including seeking tenant views on whether there are investment priorities not currently included in our plans for which they would be prepared to pay a higher level of increase.**

8. Repairs journey (presentation)

The Board received a presentation on the MyRepairs Model and on each of the key workstreams underpinning its delivery.

The Board welcomed the proposals and recognised that they would not have been possible under the previous client/contractor relationship. The Board discussed the distinct roles between us as a landlord and the joint venture in relation to fire safety and the importance of multi skilling to the success of the model in the future.

Decided: The Board noted the contents of the presentation.

9. Group new build performance report

[Redacted]

10. a) 2018/19 Group statutory accounts

The Board received a summary of the accounts, which were subject to detailed review by the Group Audit Committee. In particular, the Board were advised of the variations from the year end management accounts.

The Board were advised of an update to the accounts in relation to Note 6 to include an additional Non-Executive Director.

Decided: The Board

- 1) approved the 2018/19 Group financial statements;**
- 2) approved the Letter of Representation and noted the related letter of comfort from the Group CEO to Group Chair; and**
- 3) approved the 2018/19 City Building (Glasgow) LLP financial statements as a designated member and delegated authority to the Group Director of Finance to sign the financial statements on behalf of Wheatley Housing Group Limited as a designated member.**

b) Annual Internal Audit Report

The Board welcomed the Internal Audit Report which corroborated our robust internal control environment.

Decided: The Board noted the Annual Internal Audit Report.

11. a) Group Governance and risk update

The proposed updates to the risk register, recommended by the Group Audit Committee were set out for the Board. The Board discussed the amendments and agreed that they reflected our current risk profile.

The Board considered the range of matters arising as a result of the upcoming retirements and appointments at the Annual General Meeting, which affect our agreed succession plan.

Decided: The Board:

- 1) agreed to call the Annual General Meeting at 10.00am on Wednesday 25 September 2019 at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL;**
- 2) agreed to recommend Alastair MacNish and Professor Paddy Gray to the AGM for reappointment;**
- 3) agreed to recommend Jo Boaden, Bryan Duncan and Angela Mitchell to the AGM for appointment;**
- 4) approved Bryan Duncan's remuneration being adjusted to the current rate for the Chair of Lowther Homes Limited, effective from 25 September;**
- 5) agreed to recommend Martin Kelso to the AGM for appointment as a Non-Executive Director;**

- 6) agreed to grant Martin Kelso membership of the Company as a Non-Executive Director from 25 September 2019;
- 7) approved Martin Kelso's remuneration being adjusted to the current rate for the Chair of the Group Audit Committee, effective from 25 September;
- 8) approved the Parent Appointees for the subsidiary AGMs as set out in the report and instructed them to vote in favour of all resolutions;
- 9) approved the Modern Slavery Statement for the Wheatley Housing Group Limited also covering GHA and Dunedin Canmore Housing;
- 10) delegated authority to the Group Chair to agree the City Building (Glasgow) LLP Modern Slavery Statement on behalf of Wheatley Housing Group as a member of the Partnership; and
- 11) approved the amendments to the strategic risk register.

b) Annual Assurance Statement

The Board received the annual assurance statement, details of our approach and its findings. It was confirmed the statement was subject to detailed review by the Group Audit Committee and subsequent to this review the associated Letter of Comfort was requested.

The Board considered the statement, the sources of evidence being used to support the self-assessment and the Internal Audit review feedback.

Decided: The Board approved the Group's Annual Assurance Statement; and noted the related letter of comfort from the Group CEO.

12. Group Delivery Plan 2019-20: Quarter 1

The Board received an update for performance over the first quarter. The Board discussed at length the implications of universal credit for our customers and performance. In particular, the Board discussed when we will have sufficient experience and analysis to fully understand the impact of universal credit.

It was explained we have been engaging in learning journeys in England as well as engaging across the sector more widely.

The Board discussed our fire safety related performance reporting and it was agreed this should remain under constant refinement, with some further detail provided in the next reporting period.

Decided: The Wheatley Housing Group Board noted the contents of this report.

13. Financial Performance 2019/20

The Board received an update on financial performance for the year to date, explaining that the variance largely related to the timing of grant recognition.

The Board considered financial performance for the year to date and the particular impact of the development programme. The Board further considered our RSL borrower group covenant compliance.

Decided: The Board:

- 1) noted the financial performance for the Group to 30 June 2019; and**
- 2) approved the RSL Borrower Group accounts for submission to the Group's lenders.**

14. Group Treasury Report

The Board received an update on treasury management, including the current position regarding the drawdown of European Investment Bank facility.

Decided: The Board noted the content of the Quarterly Treasury Report.

15. Mechanical & Electrical Compliance and Maintenance Contract

The Board considered the outcome of the procurement process and proposed contract award arrangements.

Decided: The Board:

- 1) approved the award of a Group contract for the provision of Mechanical and Electrical Compliance and Maintenance to Engie BES Ltd (00598379) for a period of 5 years; and**
- 2) designated as an authorised signatory and witness to execute the contract agreements any of: the Group Director of Resources or the Group Director of Property and Development; the Group Director of Finance; or the Group Company Secretary.**

16. AOCB

The Board placed on record its gratitude to Mike Blyth for his outstanding contribution to the Board as a whole as one of the original Non-Executives and as Chair of the Group Audit Committee.