**WHEATLEY HOUSING GROUP LIMITED**

**BOARD MEETING**

**Wednesday 18 December 2019, 10.30am**
**Board Room, Wheatley House**

# AGENDA

1. Apologies for Absence

2. Declarations of Interest

3. Minutes of Meeting held on
   - 30 October 2019
   - 29 November 2019

4. Group CEO Update (verbal)

   **Main Business Items**

5. a) Constitutional partnership and Barony restructuring

   b) DGHP refinancing outcome (presentation)

6. Group Fire Safety update (including presentation)

7. Group Delivery Plan 2019-20: Quarter 2

8. Group new build performance report

9. Project update: Bell Street Conversion

   **Other Business Items**

10. Provision of Factored Building Insurance and Associated Claims

11. Strategic Risk Register update

12. Business Continuity annual report

13. Finance Performance 2019/20

14. AOCB


   Date of next meeting – Wednesday 19 February 2020

# Report

**To:**            **Wheatley Housing Group Board**

**By:**            **Steven Henderson, Group Director of Finance**

**Approved by:**   **Martin Armstrong, Group Chief Executive**

**Subject:**       **Constitutional partnership and Barony restructuring**

**Date of Meeting:   18 December 2019**

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## 1.      Purpose

1.1    To inform the Board that our constitutional partnership with Dumfries and Galloway Housing Partnership ("DGHP") has been concluded successfully, subject to the vote of its members on 12 December 2019, and to provide an update on restructuring Barony and the possible Transfer of Engagements from Strathclyde Camphill Housing Society ("SCHS") to GHA.

## 2.      Authorising context

2.1    Under the Group Authorise/Manage/Monitor Matrix, the Group Board has responsibility for approving group wide strategic initiatives.  A new partner joining our group and re-structuring among existing subsidiaries are strategic in that they will redefine our Group structure, size and reach.

## 3.      Risk appetite and assessment

3.1    The possible partnership with DGHP and the restructuring are covered by various categories in our Group risk appetite framework including:

- Regulatory (housing regulator and care and board governance) where our appetite is cautious;
- Business planning Assumptions where our appetite is open; and
- Laws regulation and covenant compliance where our appetite is averse.

3.2    Our approach to developing the partnership with DGHP and restructuring Barony has reflected our risk appetite.

## 4. Background

4.1 The Board considered the DGHP partnership and Barony restructuring at its October meeting and agreed that both should be progressed towards conclusion. The Board also agreed at its additional meeting on 29 November to formally seek partnership with DGHP through applying for a parent share, in line with the revised DGHP Article of Association - that DGHP is seeking member approval for at an Extraordinary General Meeting ("EGM") on 12 December 2019.

4.2 This decision to seek member approval follows unprecedented support for the proposed partnership from DGHP tenants who voted 95.5% in favour of joining the Group on a 75.3% turnout. The support provides confidence that our partnership proposal is aligned with what tenants want from DGHP and that DGHP frontline and other staff are committed to making DGHP a success as part of Wheatley.

## 5. Discussion

Constitutional Partnership with DGHP

5.1 At its meeting in October, the Board asked the group Audit Committee ("the Committee") to consider findings from due diligence on DGHP. The Committee did this at its meeting on 13 November 2019. Representatives from our legal and pension advisers attended the Committee to discuss findings from their work. Based on this and emerging findings from due diligence the Committee '*agreed that no matters have been identified to date that would call into question our view that DGHP joining Wheatley would bring sufficient value to the group to continue progressing the partnership towards conclusion.*'

5.2 Since the Committee, our advisers have finalised their due diligence reports including discussions with legal representative from our funders. In doing this, no material matters have been identified that impact adversely the value of the partnership presented to the Board previously or that suggest the partnership should not be concluded. Findings from due diligence will inform our implementation priorities with DGHP as part of our Group.

[Paragraph 5.3 has been redacted]

5.4 These confirmations from the Council in relation to the pension scheme are welcome and provide the positive outcome we, and our pension advisors, had hoped for.

Necessary consents

5.5 DGHP has issued papers including revised Articles of Association for its EGM on 12 December 2019 for approval by its members. Provided the revised Articles receive necessary approval, this will allow us to become the parent member in DGHP. As agreed by the Board previously, we will apply for this parent share once the Articles are approved. An update on the result of the EGM and our status as DGHP's parent will be provided at the Board meeting.

5.6 Under the Regulatory Framework and associated Statutory Guidance, Scottish Housing Regulator ("SHR) consent is no longer required for the constitutional partnership.  However, the SHR requires, for organisational changes (such as a constitutional partnership) that affect a company (i.e. DGHP), that they are provided with:

- a copy of the report and minute of the governing body meeting which agreed to the organisational change;
- the date the change was or will be made; and
- for companies, a copy of the submission made to the registrar of companies (including the special resolution passed by members (if applicable).

5.7 DGHP will provide this information after its EGM.

5.8 Our funders have now provided necessary consents to DGHP joining the Group.  As part of their consent, there is various information that we need to provide including final copies of due diligence reports, confirmation of changes to DGHP Articles and minutes of agreement.  We are in the process of doing this in line with the requirements in the various consent letters.

Refinancing DGHP

[Paragraph 5.9 and 5.10 have been redacted]

Barony restructuring and the transfer of its housing stock

5.11 Activities to establish a single group wide care vehicle through bringing Loretto Care and Barony's care activities together are continuing to progress to plan, as is the transfer of Barony's housing stock to WLHP and Dunedin Canmore.  At present, the independently conducted ballot of Barony tenants on the proposed transfer is underway with tenants having until 18 December 2019 to cast their vote.

Results from the ballot are expected on 19 December and arrangements are in place to notify Barony, WLHP and Dunedin Canmore Board members of the result, and to inform the SHR in line with the requirement in their Regulatory Framework and associated Statutory Guidance.

5.12 Free independent and impartial advice for tenants has been available throughout the consultation and ballot period from Tenant Participation Advisory Service Scotland.

5.13 The transfer of care services from Barony to Loretto Care is also proceeding to plan.  Staff engagement has now concluded and we beginning to engage people we work for, wider stakeholders and partners.  We have also met with the Care Commission and are now seeking its agreement to re-register services with Loretto Care rather than Barony.  We expect this to conclude by March 2020, which will allow the restructuring of Barony to conclude as planned around the same time.

<u>Transfer of engagements from Strathclyde (Camphill) Housing Society (SCHS)</u>

5.14    We have received a revised proposal from SCHS on the possible transfer of properties to GHA and the sales policy that they would proposed to put in place before the transfer.  If delivered, this sales policy would leave around 16 properties for transfer to GHA.  We have analysed what is proposed and are awaiting confirmation from SCHS advisors on their proposal for properties that are vacant.  Once we have this we intend discussing further with the SHR, and seeking approval from the GHA Board provided a way forward can be agreed that is acceptable to all.

## 6.    Key issues and conclusions

6.1    We have now successfully completed necessary activities including securing overwhelming tenant support, negotiating beneficial refinancing arrangements, due diligence to provide insight of DGHP and necessary consents for DGHP to join Wheatley.  The final step in DGHP becoming our latest partner is the planned vote by DGHP members at an EGM on 12 December.

6.2    Work on restructuring Barony is also progressing to plan and we are hopeful, subject to tenant support through a ballot and necessary agreements from the care inspectorate that this will conclude before the end of the financial year.

## 7    Value for money implications

7.1    Key priorities for the partnership and restructuring discussed include improving repairs, customer service and investment in existing stock.  These align with our value for money drivers, which has helped ensure support from DGHP tenant for the constitutional partnership and should help ensure support from Barony tenants to the restructuring.

## 8    Impact on financial projections

8.1    The impacts of DGHP joining Wheatley and the Barony restructuring have been considered by the Board previously and there is nothing that has been identified subsequently to adversely impact the positive assessment of each proposal.  Detailed business plans for DGHP as part of our group and for the single care vehicle will be provided for Board consideration in February. The WLHP and Dunedin Canmore business plans will also be updated at this time to reflect the transfers from Barony.

## 9    Legal, regulatory and charitable implications

9.1    External legal advisers are supporting the transfers to ensure that legal, regulatory and charitable requirements are met.

## 10 Partnership implications

10.1 DGHP joining our group provides opportunities that we will look to take to develop productive partnership working with key stakeholders in Dumfries and Galloway including the Council.

## 11 Implementation and deployment

11.1 We are currently developing in-depth plans to support the transition of DGHP to group working and the delivery of our partnership ambition. Once developed these will be presented to the Board and used to monitor progress.

## 12 Equalities impact

12.1 There are no equalities impacts associated with this report.

## 13 Recommendation

13.1 The Wheatley Board is asked to note this progress update including the extremely strong support for our proposed partnership among DGHP tenants and, subject to the DGHP EGM, that DGHP has become our latest partner organisation.

| To: | **Wheatley Housing Group Board** |
|---|---|
| By: | **Tom Barclay, Group Director of Property and Development** |
| Approved by: | **Martin Armstrong, Group Chief Executive** |
| Subject: | **Group Fire Safety update** |
| Date of Meeting: | **18 December 2019** |

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## 1. Purpose

1.1 The purpose of this report is:

- To present Board with a progress update on the on-going implementation of our Fire Prevention & Mitigation Framework (The Framework);
- To seek Board approval for our proposed approach to undertaking Fire Risk Assessments (FRAs) in all Multi Storey Flat (MSF) blocks and Living Well sites across Group; and
- To provide Board with an update on the most recent outputs from the Scottish Government's Ministerial Working Group on Building and Fire Safety.

## 2. Authorising context

2.1 The Group's Authorise/Monitor/Manage (AMM) matrix sets out what matters are reserved to Boards/Committees and what is delegated to the Group Chief Executive. This report relates to strategy implementation, as such the proposals within the report fall within the powers that are delegated to the Group Chief Executive which are exercised via the Group Executive.

## 3. Risk appetite and assessment

3.1 The Group risk appetite relating to issues of technical compliance is averse, defined as avoidance of risk and uncertainty is a key organisational objective.

3.2 The Group Board approved "Delivering Safer Communities: Our Fire Prevention and Mitigation Framework" in August 2017. This report provides Board with assurance in relation to the on-going implementation of the Framework and our ability to respond to new guidance and legislation.

## 4. Background

4.1 Investing in our Futures (IioF) acknowledges that feeling safe and secure in their homes is of paramount importance to our customers and, in recognition of this, commits to a shared vision and passion for improving the homes and lives of those in our communities.

4.2     Over the last five years this high level strategic commitment has translated into the development and implementation of sector leading fire safety services that allows all Group Subsidiaries to evidence an outstanding record of preventing and mitigating the risk of fires.

4.2     In the years prior to the CIP the period 2003-12 GHA tenants accounted for 52% of all accidental dwelling fire fatalities in Glasgow. In the first four years of the partnership, between 2013-2016, zero fire fatalities were recorded in GHA/WG properties, this helped reduce the Groups fire fatalities to 16% of Glasgow's accidental dwelling fire fatalities between 2013-19. The high volume of HFSV completed in the past nine years has contributed to a 78% reduction in accidental dwelling fires comparing figures from 2011/12- 2018/19. In 2018/19 the Group increased HFSV from 1,550 to 2,812 an increase of 81% which had the positive effect of reducing accidental dwelling fires from 269 to 240 a reduction of 11%.

4.3     Our (CIP) Fire Safety Operating Model has already been recognised as a Fire Prevention Exemplar by the Scottish Governments, Building Safer Communities, and Unintentional Harm Hub. However, fire safety, and keeping our customers and communities as safe as they possibly can be, will always be of paramount importance to the Group; we will therefore continuously strive to innovate and set new standards for excellence in this extremely important area of work. This commitment to delivering unrivalled fire prevention and mitigation services has been carried over into our new Group 2020-2025 Strategy: Inspiring Ambition, Unleashing Potential, in which we clearly state that fire safety will remain a top priority.

4.4     Our commitment to excellence in this area is further evidenced by our unique partnership approach with the Scottish Fire and Rescue Service (SFRS.) Developing ground-breaking partnerships such as this allowed us to jointly draft and agree our Fire Prevention Charter. The Charter, **the first of its kind in Scotland**, sets out our joint approach to further improving community safety, fire prevention and home safety, while also addressing inequality and enhancing the wellbeing of our customers.

4.5     As a key strategy for the Group, the Framework was approved by the Board on 30th August 2017. It was recognised at this time that the Framework was particularly relevant to GHA and Cube, both of whom have a significant percentage of Multi-Storey Flats (MSFs) within their stock profile (circa 20% GHA & circa 50% Cube). Following the 14th June 2017 Grenfell tragedy the Board has previously been provided with reassurance that the materials and systems used in our multi-storey investment programmes meet, and in many cases exceed, building standards and regulations for this type of property. None of our MSFs have the same cladding material used in Grenfell and the MSF compartmentalisation design has been extremely successful in containing fires and ensuring, when they do occur, they do not spread to neighbouring apartments.

4.6     As a Group we are nationally and internationally recognised for defining excellence and have an outstanding record in delivering sector leading levels of service and innovation in all fields in which we operate. The development and implementation of our Fire Prevention and Mitigation Framework was yet another highly visible example of this and, importantly, it clearly demonstrated to our tenants, staff and partners the importance we place on ensuring our homes are constructed, managed and maintained in a way which maximises fire safety for our customers.

4.7 The Framework clearly sets out the range of ways in which we will take this forward and, by doing so; further improve the safety of tenants and customers whilst also continuing to protect our assets. These interventions have been set out against four 'P's or Pillars': *Preventing and Protecting, People and Communities, Partnership and Collaboration and Pioneering Products and Services.* Since being approved in August 2017 Board has received three previous updates on the significant progress made to date against the work plan commitments aligned to these 'Pillars.'



4.8 On the 04th December 2019 the Scottish Government formally launched their Practical Fire Safety Guidance for Existing High Rise Domestic Buildings document. The Guidance is for those responsible for fire safety in high rise domestic buildings; this includes landlords, owners, managers, property factors, property advisors, managing agents, enforcing authorities and those assessing fire risk in high rise domestic buildings. It provides practical fire safety advice on how to prevent fires and reduce the risks from fires in high rise domestic buildings. It aims to assist the assessment of fire risk and the adequacy of existing fire safety measures. Its focus is on communal areas and aspects of building design in private accommodation which could affect the safety of others. The Guidance applies only to Scotland and is not mandatory.

4.9 The Guidance also makes reference to The Grenfell Tower Inquiry, set up to examine the circumstances leading up to and surrounding the fire at Grenfell Tower. The Phase 1 report of the Grenfell Inquiry was published on 30 October 2019. Within the Guidance the Scottish Government commits to studying the findings of the Phase 1 report and assessing if there are lessons to learn to further strengthen safety in buildings and then, if appropriate, to update their guidance accordingly.

4.10 In addition to the Guidance mentioned above the Scottish Government also launched their High Rise Fire Safety Campaign Leaflet (see Appendix 1) – *'Keeping yourself and others safe from fire in your high rise building'* on the 04th December. The Government aims to deliver a copy of this leaflet to the occupiers of all high rise flats across Scotland in the coming weeks. Additional leaflets will also be available in libraries and community centres in the local authorities across Scotland which have been identified as containing high rise domestic property. **Importantly, both the leaflet and guidance strongly advocate the continued use of the Stay Put Policy in Scotland.**

## 5. Discussion

Delivering on our Fire Prevention and Mitigation Framework Commitments

5.1 When approved in August 2017 the Framework was supported by a work plan that consisted of 12 work streams and 39 individual success measures that were aligned to the 4 pillars. Board has previously been provided with an update on the hugely successful delivery of the original action plan.

Detailed below is a summary of just some of the high level successes that were delivered as part of this initial work:

- We recruited four CIP Fire Safety Officers (FSOs) – they have subsequently developed and piloted a Fire Risk Assessment (FRA) process for our multi storey flats, a Fire Information Note for sharing learning from significant fires and a Vulnerable Household intervention process for supporting those most at risk of fire;
- In partnership with SFRS, we have renewed and strengthened the existing Home Fire Safety Visit (HFSV) referral process;
- We created a 'Stay Safe' campaign which reinforced the benefits of having a HFSV, this subsequently contributed to an 81% rise in HFSV's;
- We jointly developed and created a Fire Prevention Charter with SFRS; and
- We reviewed our use of our fire prevention budget which enabled our FSO's to provide 'Pioneering Products and Services' to our most vulnerable customers.

5.2 To ensure that we continued to drive forward new and innovative ways of preventing and mitigating fires within our communities a new work plan was developed. Detailed below is a summary of progress to date.

Preventing and Protecting

5.3 We know that the best way to prevent fires is to identify and change risky behaviours and ensure that a robust and proactive approach to repairs, maintenance and investment is embedded across the Group. To deliver the best outcomes for our tenants and customers both of these work-streams must be informed by real time customer segmentation and data analysis. Detailed below are examples of the progress delivered to date against the previously identified success measures:

- Serviced 5,700 fire doors and replaced in excess of 2,800 across our MSF stock portfolio;
- Upgraded our MSF bin chute hoppers with new smoke sealed units;
- Installed new fire safety signage in accordance with BS 5499;
- 4,000 service cupboards have been environmentally cleaned and fire stopped;
- Commenced an emergency lighting installation programme across our MSF stock portfolio, with 23 blocks completed to date;
- Developed a long term plan for the replacement of fire doors as part of our asset plans;
- Procured mobile sprinkler systems as part of our risk based targeted approach to managing high risk individuals in our communities;
- Commenced with the delivery of enhanced fire suppression systems within the bin stores of our MSF portfolio; and
- Commenced a smoke and heat detector upgrade programme to comply with new legislation, with 13,500 properties completed to date.

5.4 Spend to date on fire safety measures is circa £14.5m covering the work within MSFs, emergency lighting and smoke/heat detection. Over the next 5 years across group we plan to spend a further £11.8m on fire safety covering smoke/heat detection, emergency lighting and additional fire safety measures for particularly vulnerable customers.

5.5 In addition to the asset based approach to mitigating the risk of fire we also recognise the importance of identifying, and working with, those households who are vulnerable or at a higher risk of experiencing a fire.

This may be due to, for example, their lifestyle or a physical disability. Since 01st April 2019 our CIP Fire Safety Officers have visited 308 of these households and jointly agreed a bespoke intervention plan. This approach is, without doubt, a major contributory factor to our 11% reduction in accidental dwelling fires last year.

<u>People and Communities</u>

5.6    The development of this Pillar recognised the importance of designing and delivering services that are informed by a real understanding of the factors that put our tenants, customers and properties at risk of fire. Further, we also acknowledge the importance of all frontline Group staff having the skills and knowledge to identify risk and make the appropriate referrals. Detailed below are examples of the recent progress delivered within this work-stream:

- Housing Officers and frontline staff attending fire safety awareness sessions at the SFRS, Safe House at the SFRS, HQ in Cambuslang;
- Fire Risk Assessment training and qualifications for all Fire Safety Officers and Health & Safety Officers;
- The continued delivery of our mandatory Fire Safety Awareness training for all Group staff, with this being refreshed every 3 years; and
- Specialist training in fire door examination/maintenance for all our Fire Risk Assessors and a selection of City Building managers, asset officers, trades operatives and managers.

5.7    Our CIP, Fire Safety Officers continue to work closely with our Housing Officers and other frontline staff to identify vulnerable customers and provide sector leading fire safety products and services. In 2018/19 we increased our HFSV from 1550 to 2812 an increase of 81%. In 2019/20 (Apr – Nov) SFRs have already undertaken a further circa 2,000 across Group.

5.8    To further increase our HFSV's we have developed 'Fire Safety Days of Action' this involves our SFRS Watch Manager, Fire Safety Officers and local SFRS Community Action Team visiting a location and offering every tenant a HFSV that day. This is proving to be extremely popular and effective and our most recent event in Castlemilk resulted in 37 of 44 possible customers receiving a HFSV.

5.9    Our 'Stay Safe' fire safety campaign to raise awareness amongst our customers continues to be very successful. Our websites now have dedicated sections on fire safety and prevention. Our 'Stay Safe' content regularly appears on our Facebook and Twitter channels encouraging people to sign up for a home first safety visit and pushing people to the Stay Safe sections on our websites. Information on the following issues has been covered in our newsletters and tenant magazines:

| Mitigating the Risk of Scalding | Staying Safe at Xmas | Staying Safe from Falls | White Goods Safety | Home Fire Safety Visits | Smoke & Heat Detectors |

Partnership and Collaboration

5.10 The development of the draft **Fire Prevention Charter** with SFRS is a sector leading example of our approach to developing unique partnerships that enhance our ability to deliver fire prevention services. The Charter sets out our joint approach to further improving community safety, fire prevention and home safety, whilst addressing inequality and enhancing the wellbeing of our customers. Detailed below are examples of the recent progress delivered within this work-stream:

- Meetings with the SFRS Operational Intelligence Manager have taken place with a view to creating 3D maps of our MSF sites. This will ensure SFRS staff have the most up to date information and intelligence available in every fire appliance if they have to attend a fire incident at one of our MSF blocks;
- Our SFRS Watch manager now has access to fire incident data for all Group Subsidiaries; this is updated onto PIMMS (our Group Asset Management database) twice weekly and is made available to all relevant staff;
- A meeting has been organised with the SFRS Deputy Assistant Chief Officer (Strategic Planning and Performance) to discuss the potential for creating a fire incident Business Intelligence Toolkit. This approach, similar to the one we previously developed with Police Scotland, will significantly improve our ability to map and analyse our data; and
- Our W360 CIP and NET's Team recently teamed up with SFRS Glasgow to deliver their Fireworks and Bonfire Initiative. This saw the sharing of information and intelligence between our organisations. Our CIP Police Team and NETs operated in areas identified by SFRS intelligence where previous years had seen unwanted bonfires.

Pioneering Products and Services

5.11 We continually drive innovation in all that we do; developing pioneering fire safety products and services is no exception. Our approach to identifying and investing in new and innovative products and services is informed by a detailed and on-going analysis of the comprehensive data and intelligence sets that are now available to us.

5.12 We are continuing to invest in our Microsoft Power BI platform that enables us to extract fire incident and vulnerable household intelligence rapidly and accurately. Our partners at SFRS have also invested in this platform and meetings with their strategic planning team will ensure that we can provide them with our maps and data and, by doing so, influencing the deployment of their Community Action Team resources. This approach will be used to jointly agree our future 'Fire Safety Days of Action'.

5.13 We know from our fire incident data that 79% of all accidental dwelling fires are cooking related; this has resulted in us sourcing and purchasing a number of Air Fryers. These are now available to our FSOs to replace traditional chip pans that are being used by some of our most vulnerable and high risk customers.

<u>Our Proposed Approach to Undertaking Fire Risk Assessments (FRAs)</u>

5.14    Whilst not a legal requirement under Part 3 of the Fire (Scotland) Act 2005, FRAs for the common areas of domestic premises, it is a strong recommendation within the Scottish Government Guidance that those organisations responsible for the management of high rise blocks carry out an assessment of fire risk in their buildings as part of their corporate responsibility. The guidance further states that a new FRA should be undertaken every 3-years and this should be supplemented with an annual review.

5.15    The key points in relation to high rise FRAs detailed within the Guidance are noted below for Board information:
   ▪ The purpose of assessing risk is to evaluate the risk to people from fire and determine appropriate fire safety measures;
   ▪ The assessment of risk will normally only consider the common areas and limited, specified parts of flats only;
   ▪ Concerns regarding risk to individual residents in their own flat should be referred to the SFRS for a Home Safety Visit;
   ▪ Fire spread potential on the external facade and roof of the building should be considered;
   ▪ Intrusive checks (involving exposure of construction) will only be necessary where there is justifiable concern regarding structural fire precautions;
   ▪ Risk assessors must be competent. Where external specialists are chosen, certification or registration schemes can provide some assurance;
   ▪ The findings of risk assessments need to be actioned; and
   ▪ Fire safety risk assessments should be reviewed regularly, when circumstances change or after a fire or near miss.

5.16    A key commitment within our Framework is the development of a FRA Methodology that reflects current UK best practice.  Best practice defines a robust FRA as a process involving the systematic evaluation of the factors that determine the hazard from fire, the likelihood that there will be a fire and the consequences if one were to occur. Building on these basic principles our Fire Safety Officers have developed a FRA methodology and, over the last few months, this has been tested in eleven GHA MSF blocks. Importantly, this methodology was created by one of the expert witnesses to the on-going Grenfell Enquiry and we are confident that it not only meets, but exceeds, the recommendations detailed with the Scottish Government Guidance. From an assurance perspective The Local Government Association (England & Wales) "Fire Safety in Purpose-Built Blocks of Flats" manual endorses our proposed methodology and the Chief Fire Officers' Association also deems it to be suitable.

5.17    Subject to Board approval we will now commence with a detailed 3-yearly cycle of FRAs across all of our MSF stock. This will be supplemented, as per the Scottish Government Guidance with an annual review.

5.18    Prior to the re-designation of our Sheltered and Very Sheltered stock to Living Well accommodation (and subsequent de-regulation with the Care Inspectorate) the FRA practice was that Group Health & Safety Officers would undertake a three-yearly FRA of these sites as they were deemed to be 'relevant premises'. We propose to align the FRA process to our MSF stock and the Scottish Government Guidance and continue our 3-yearly cycle supplemented by an annual review.

**Scottish Government Practical Fire Safety Guidance for Existing High Rise Domestic Buildings (published on the 4th December 2019)**

5.19   This Guidance provides practical fire safety advice on how to prevent fires and reduce the   risks from fires in high rise domestic buildings. It aims to assist the assessment of fire risk    and the adequacy of existing fire safety measures. The focus is on communal areas and aspects   of   building   design   in   private accommodation which could affect the safety of others.

5.20   The primary aim of the Guidance, is to reduce the risk to life from fire. As such, the focus is on life safety rather than the protection of property. It applies to existing multi-storey high rise blocks and tenemental buildings with a storey in excess of 18 m above the ground – generally more than 6 floors – but no storey above 60 m – generally more than 20 floors. It states that specialist advice should be sought for buildings above this height**. Across Group we have 26 MSF blocks above 20 floors (21 GHA, 4 Cube and 1 Lowther.)** The focus of the Guidance is on communal areas and aspects of building design in private accommodation which could affect the safety of others.   There are 34 key points covered in the following six chapters:

- **Purpose and Scope of the Guidance -** This chapter explains what the Guidance is about, who it is aimed at, what buildings are included, what is the fire risk in high rise domestic buildings and the 'Stay Put Policy.'

- **Fire Safety in High Rise Buildings -**       This   chapter   explains   fire   safety measures in high rise domestic property. It covers fire resistant construction, escape routes, fire detection and warning, evacuation strategies and facilities for use by SFRS.

- **Risk Management – Assessing the Risk to Persons -** This chapter sets out the purpose, practicalities and a proposed method for undertaking fire safety risk assessments. This will assist those responsible for fire safety to establish whether existing fire safety measures are adequate, or if improvements are required.

- **Risk Management – Fire prevention -**       This chapter focuses on preventing fires and reducing their impact. It sets out the common causes and measures to control or eliminate them. There is consideration to different approaches to fire safety measures in communal areas, stairways and landings.

- **Risk Management – Physical Fire Safety Measures -** This chapter discusses how these can be used and offers benchmarks for measures such as fire separation, escape routes, smoke control, stairways and travel distance. There are also  specifications for fire resisting doors and fire detection systems, facilities and assistance of firefighters.

- **Risk management – Ongoing control -** This chapter covers the responsibility for fire safety in the building and the fire safety       messages for residents. There are important reminders of controlling building work and alterations (including resident's DIY) and on-going inspection, testing and maintenance of fire safety systems and equipment.

5.21    The content of the Guidance is predicated on a number of key points. These are: each flat being a fire resisting 'box' designed on the 'stay put' principles; fire resisting construction is provided to stair enclosures, service risers, lobbies and ancillary areas; escape from a fire should not rely on external rescue by the fire service, fire detection systems give early warning of a fire and facilities are provided to assist fire fighters. The Guidance also states that high rise blocks do not normally require a communal fire alarm system.

5.22    As previously stated the Guidance was only published on the 04th December and is currently subject to detailed scrutiny by all relevant service areas across Group. There have however already been a number of cross service meetings held to discuss the content of the previously published draft guidance document which isn't significantly different from the final version. These meetings did not flag up any major concerns, or issues, that have not already been addressed or, alternatively, have not been included within our on-going capital works programme. We are currently engaging with SFRS partners on appropriate 'specialist advice' for our MSF blocks that are more than twenty storeys.

Scottish Government Practical fire safety guidance for existing specialised housing and other supported domestic accommodation

5.23    This guidance, currently at draft stage, has been designed to meet the needs of all individuals that may need additional support in terms of fire safety in domestic accommodation which is not already covered by the 'relevant premise' regime set out in the Fire Safety Regulations. It will cover homes of people who are vulnerable to the risk of fire by virtue of characteristics / conditions or behaviours which require an element of care / support e.g. sheltered housing, supported housing, domestic care homes, other supported domestic accommodation.

5.24    It includes a two pillar approach which includes risk assessment of the individual and the building where they live.  We are currently assessing the implications for our customers but expect to utilise our experience of undertaking fire safety risk assessments in homes of multiple occupation (HMOs) and undertaking home fire safety visits to meet the new requirements.   The guidance is expected to be published by Scottish Government early in 2020.

6.    **Key issues and conclusions**

6.1    The safety of our tenants and customers is of paramount concern to our Group. We already have an outstanding track record of fire prevention delivered through a range of proactive approaches.

6.2    The continued implementation of our Framework and proposed approach to FRAs further builds on this, and clearly demonstrates to tenants and stakeholders our commitment to improving fire safety across our Group.

6.3    Our Framework commits us to substantial investment, particularly in MSFs, which is funded from our investment and cyclical maintenance programmes.  This physical investment is complimented by a range of awareness raising and behaviour changing programmes with staff, tenants and customers right across our group supported by the use of assistive technology to promote behaviour change.

6.4    We will continue to review and action, where appropriate, all relevant guidance that is issued by the Scottish Government.

## 7. Value for money implications

7.1 Two of the three key value drivers identified in our VFM framework were the repairs service offered to tenants and home improvements. The delivery of our Fire Prevention and Mitigation programme is directly linked to this as we continue to demonstrate to customers, through our maintenance and compliance works in relation to fire safety, our commitment to the safety of our tenants and the protection of their homes.

## 8. Finance implications

8.1 All current identified costs will be paid from existing investment and repairs budgets.

8.2 Should they become a legislative requirement, or part of the Scottish Government Guidance, implementing some of the recommendations would have a significant financial impact.

## 9. Legal, regulatory and charitable implications

9.1 Our Framework ensures that our practice is far beyond what is required in current legislation.

## 10. Partnership implications

10.1 Our Framework and Fire Safety Charter will ensure that we maintain and develop strong relationships with our partners across all the areas in which we operate, setting out our shared aims and priorities.

## 11. Implementation and deployment

11.1 Our CIP operating model has introduced four fire safety officers. This wider CIP team coordinates activities across our group drawing on resources from subsidiaries and Wheatley Solutions to deliver key elements, particularly around training, communications and raising awareness. This is further supplemented by the mandatory Fire Safety Management Training delivered by the Group Health & Safety team specifically for managers; our Asset Team within the JV also undertake annual common inspections. This will provide further knowledge and understanding with respect to roles, responsibilities and expectations.

11.2 The Group's approach to fire safety compliance and assurance is set out in the Group Health and Safety policy and is supported by a single group-wide health and safety management system. The first line of assurance is provided by the Group Health and Safety team who monitor compliance through a performance framework. The second line of assurance is through the regular review of fire safety compliance through the Fire Liaison steering group, lead by the Executive Director of Property & Development. The second line of assurance is provided by the Group Assurance team. Updates on fire safety compliance are regularly provided to the Group and subsidiary boards. The third line of assurance is through providing assurance to the Audit Committee. An audit of fire safety compliance is planned for early 2020. Its findings will be reported to the Audit Committee in 2020.

## 12. Equalities impact

12.1 No negative equalities impacts have been identified.

**13.    Recommendation**

13.1    The Board is asked to note the annual update of the implementation of the Framework and approve the FRA methodology including Assurance reporting to the Audit Committee.


**List of Appendices**

Appendix 1 – High Rise Fire Safety campaign

# WHAT TO DO IF THERE IS A FIRE IN YOUR BUILDING
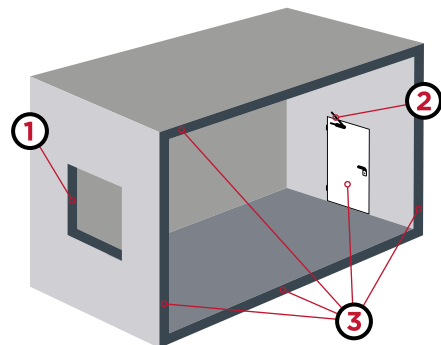
1 Fire resisting cavity barriers around windows

2 Self closing device (various kinds)

3 Fire resisting door, walls and floors

## STAY PUT, STAY SAFE

Most high rise domestic buildings are built with the principle of 'stay put' in mind. This means that flats will be designed to resist the spread of fire. Because of this, a fire is not likely to spread from one flat to another.

If there is a fire in your building - but not in your flat - you should stay in your home and keep the front door closed **unless**:

- you are directly affected by heat, smoke or fire
- or the Fire and Rescue Service or Police tells you to get out

If you have any questions, you should speak to the person responsible for fire safety in your building.

## IF YOU ARE TRAPPED

It is rare for people to be trapped by fire. If you are:

- Go to a 'safe room' which should have a window and a phone and gather everyone there.
- Call the Fire and Rescue Service and pack bedding or towels around the door to keep out smoke.
- Open the window to breathe clean air and try attracting attention by waving a sheet if it is safe to do so.

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## FOR MORE ADVICE

SCOTTISH FIRE AND RESCUE SERVICE
Working together for a safer Scotland

Safer Scotland
Scottish Government

Visit **www.firescotland.gov.uk**, or talk to your local firefighters. You'll find contact details on our website, in your local library and in the phone book.

TO BOOK A FREE HOME SAFETY VISIT **Call 0800 0731 999, Text 'FIRE' to 80800** or visit **www.firescotland.gov.uk**

## IN AN EMERGENCY CALL 999

# Keeping yourself and others safe from fire in your high rise building

## USE AND KEEP THIS LEAFLET

Make sure everyone in your home is clear on these actions. Put it somewhere handy to remind you - pinned to the wall or the fridge door.

# ACTIONS TO STOP FIRES HAPPENING

# PREPARE FOR ESCAPE AND GET EARLY WARNING
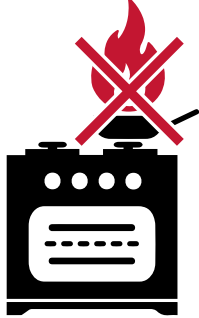
## AT HOME

### IN THE KITCHEN

- Never leave cooking unattended - keep an eye on your cooker when it is on.
- Deep fat fryers or oven chips are much safer than using open chip pans.
- If you use a chip pan do not fill it up too much (no more than 1/3 full).

### SMOKING

- Make sure cigarettes are put out properly in a sturdy ashtray.
- Don't smoke in a chair if you have been drinking alcohol or feel sleepy.
- Do not smoke when sleepy or in bed.
- Keep lighters and matches away from children.
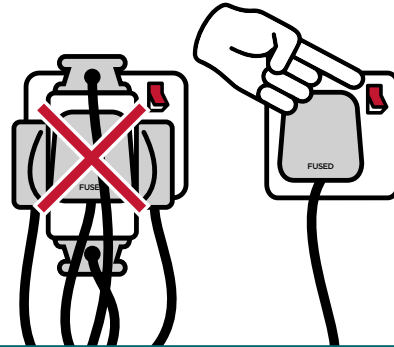
### ELECTRICS

- Do not overload sockets by plugging in too many electrical appliances.
- Turn electrical appliances off at the wall, this is safer than leaving them on standby.
- Don't leave appliances on when sleeping or out of the house - this includes washing machines, dishwashers and tumble dryers.
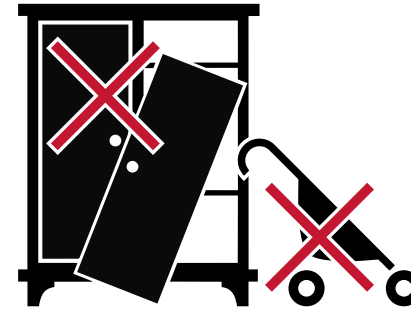
## COMMON AREAS

### STAIRS, HALLS AND CORRIDORS

- Make sure stairs, landings and corridors are clear for escape. Remove bikes, prams and other objects that could get in the way.
- If you have arranged for items to be taken away, do not leave these in common areas.
- Make sure all rubbish is disposed of properly using the communal bins provided.
- If you have questions about common areas, contact the person that manages your building.

## AT HOME

- Close all doors when you go to bed – especially the doors to the lounge and kitchen.
- Plan an escape route out of your home and keep it clear so you can leave quickly if you have to.
- Make sure everyone knows the escape plan.
- Make sure you've got working smoke and heat alarms, and test them weekly.
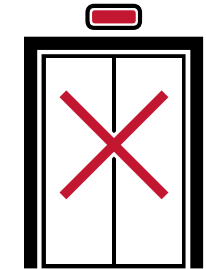
### IF YOU HAVE TO LEAVE

- Get out as quickly as you can, closing doors behind you to stop smoke and fire spread.
- Use the stairs to get down to the ground floor - never take the lift.
- Once you get out, call the Fire and Rescue Service and stay out.

### TO RAISE THE ALARM

If the fire is where you are - in your home or in a common area - leave the building immediately if it is safe to do so and **call the Fire and Rescue Service on 999.** Tell other residents if you can, but don't put yourself at risk.

**Report**

| | |
|---|---|
| **To:** | **Wheatley Housing Group Board** |
| **By:** | **Olga Clayton, Group Director of Housing and Care** |
| **Approved by:** | **Martin Armstrong, Group Chief Executive** |
| **Subject:** | **Group Delivery Plan 2019-20: Quarter 2** |
| **Date of Meeting:** | **18 December 2019** |

_____

## 1    Purpose

1.1    This report outlines progress on the Delivery Plan Measures and Projects for Quarter 2.

## 2    Authorising context

2.1    Under the terms of the Group Authorising Framework, the Group Board is responsible for setting the overall Group Performance Framework and approving the delivery plan for each year.    Under the Group Authorise/Manage/Monitor Matrix, the Group Board has an ongoing role monitoring performance of subsidiaries across the Group against the key indicators agreed under the performance framework.

2.2    The Framework is a key mechanism for ensuring sound governance and provides:

- The basis for a continued drive to performance excellence;
- A rounded view of strategic, operational and business plan information based on core measures but recognising the diversity of each Subsidiary; and
- Strengthened Community Governance through enhanced tenant and customer scrutiny.

## 3    Risk appetite and assessment

3.1    Our agreed Group risk appetite in relation to board governance is "cautious". This level of risk tolerance is defined as "Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward".

## 4    Background

4.1    The report outlines performance against the current Group Delivery Plan as at Quarter 2, with actions and updates where appropriate. Most of the key indicators which will be reported to the Scottish Housing Regulator ("SHR") as part of the Annual Return on the Charter are included within this report.

## 5    Discussion - Quarter 2 performance

Group and Support Services

5.1    The consolidated Group Registered Social Landlord ("RSL") results demonstrate strong performance. Emergency repairs timescales and average days to let continue to exceed target and top quartile benchmark.

| Charter Indicator | Group Performance | Group Target |
|---|---|---|
| Arrears (%) | 4.61% | 4.06% |
| Tenancy Sustainment (%) | 91.02% | 93.00% |
| Average Emergency Repair Times (hours) | 2.25 | 3.00 |
| Average Days to Let (days) | 13.62 | 14.00 |

5.2    As anticipated gross rent arrears performance has been challenging throughout this year due to the impact of Universal Credit. The graph below shows the current trend.
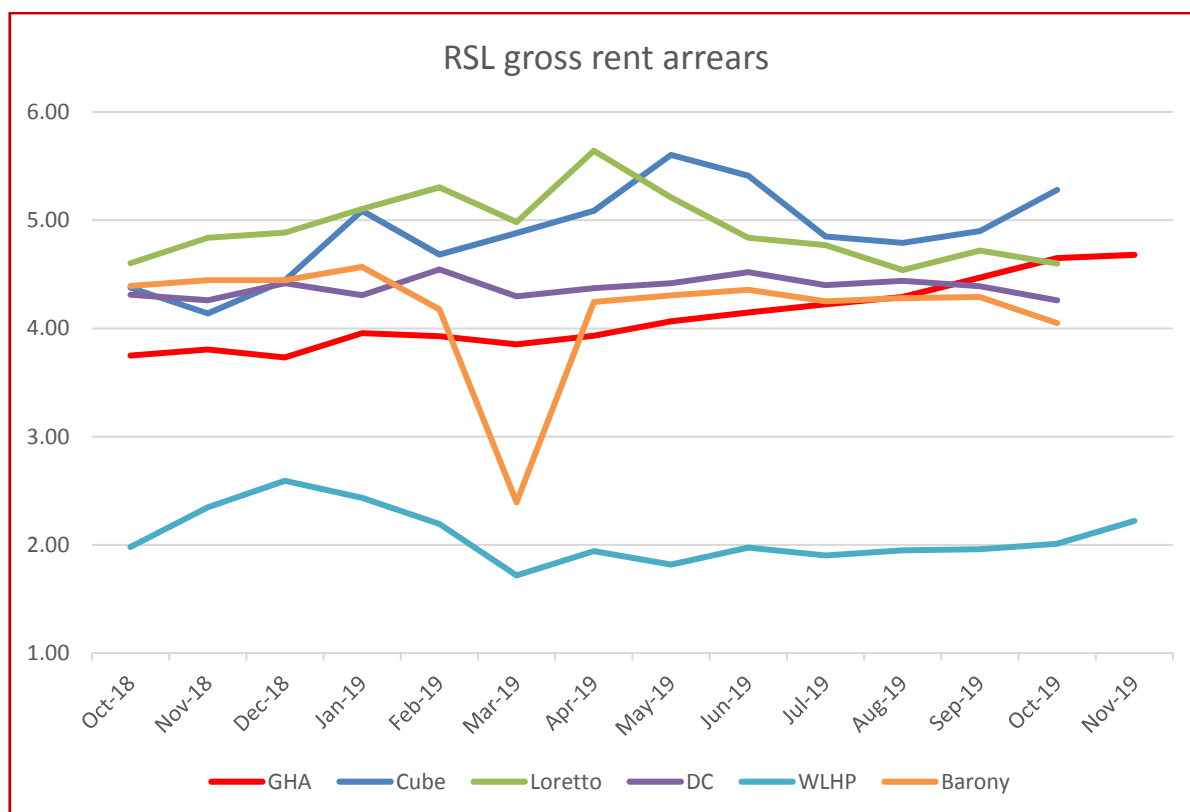
5.3     Performance in relation to <u>tenancy sustainment</u> remains relatively static across the Group, except in Loretto. Performance for each of the RSLs in the East is better than target. Performance in the West is better than the GHA top quartile benchmark but below the "other RSLs" benchmark of 92.44%. The key impact in Cube (89%) is the impact of tenants transferring from studio flats in Wyndford to other RSL properties.  Small numbers of new tenancies in Loretto mean that only a further 7 tenancies would need to be sustained to meet target. The graph below shows further detail of in month performance for GHA, Cube and Loretto. The SHR measure of tenancy sustainment looks at how many new tenants sustain their home for at least 365 days after the start of the tenancy.  The SHR definition includes deaths and being taken into custody as "not sustained". As part of the new 2020-2025 framework, we are developing a new indicator of tenancy failure which measures the reasons which we can potentially influence (eg transfers, absconds, condition of house).  This will better inform our performance and strategic actions.
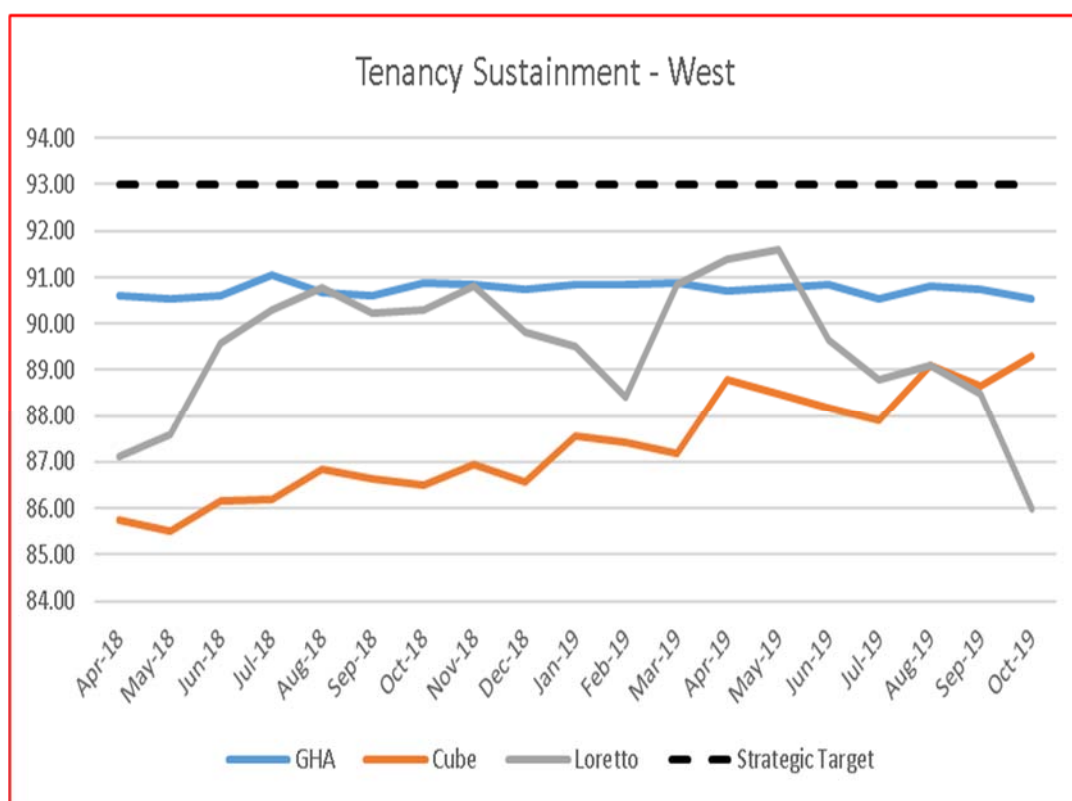


5.4     66% of <u>calls have been answered in under 30 seconds</u> for the year to date compared to the 75% target and last year's result of 69%.  In August there were fundamental changes to the Customer Service Centre ("CSC").  These included a change to the existing interactive voice response set up and piloted introduction of specialised teams in preparation for the launch of the specialist repairs call service.  As a result of these changes, an increased summer leave allowance and a demand increase of more than 7,000 calls compared to Quarter 1, the CSC has had challenges aligning resources to the new teams. Moving forward, the teams will be able to baseline the demand for each service type and align resources accordingly.  Staff in the CSC continue to support customers to register for online services and to promote the use of the self-service channel during every transaction.

5.5 Group payments made within 30 days or fewer are at 91% against the 96% target due to a drop in performance over the Summer. This was due to a backlog in Lowther invoices which has now been cleared. Performance has improved in each of the last three months.

5.6 The number of jobs, training places or apprenticeships created continues to exceed target with 484 positions created against a Quarter 2 target of 355.

5.7 Sickness for the Group is slightly over target at 3.4% due to higher absence in care services (5.3% against the 5% target). The top three reasons for absence are minor illness, stress/anxiety and accidents or injuries not related to work. The highest levels of absence are in Loretto (both Housing and Care) and Group Environmental services. In Loretto this has been due to a number of long term sickness cases which have all now returned to work.

5.8 Fire safety measures are now included in the dashboard. The aim is to reduce the number of accidental dwelling fires by 10% (west) from 240 last year to 216 for 2019/20 and to increase the number of home fire safety visits by 10% across the Group. The number of home fire safety visits is meeting target for this point in the year and on track to achieve the year end level of just over 3,000 visits.

5.9 There have been 120 fires in the West in the year to date against the aim of reducing this to 108 date. There has been an increase in incidents due to the programme of improved smoke and heat detection being undertaken by the Group. 95% of all accidental dwelling fires are near miss cooking related incidents which are extinguished prior to the arrival of the Scottish Fire and Rescue Service. A recent initiative to replace open chip fryers with air fryers has proved popular and the increase in fire safety visits will also help progress on this indicator.

5.10 The table below shows the number and % of lets to homeless households. This will be added to the dashboard going forward.

| Subsidiary | % of all lets to homeless households |
|---|---|
| GHA | 28.7% |
| Cube | 20.5% |
| Loretto | 14.6% |
| Dunedin Canmore | 60% |
| WLHP | 33.3% |
| Barony | 33.3% |

5.11 New measures which show the percentage of referrals which receive an offer, and which receive a let are currently being piloted in management teams. These will come to the Board in the Quarter 3 report.

Universal Credit

5.12 Across the Group, the number of people moving onto Universal Credit has increased substantially from 1,158 in September 2018 to 6,341 to the end of September 2019. 28% of customers are in credit or have a zero balance. 72% of Universal Credit customers are in arrears. The level of customers in arrears

has remained consistent throughout the year. We are expecting over 10,000 customers to be tagged as Universal Credit by the end of the financial year.

5.13 A Group wide analysis is shown below.
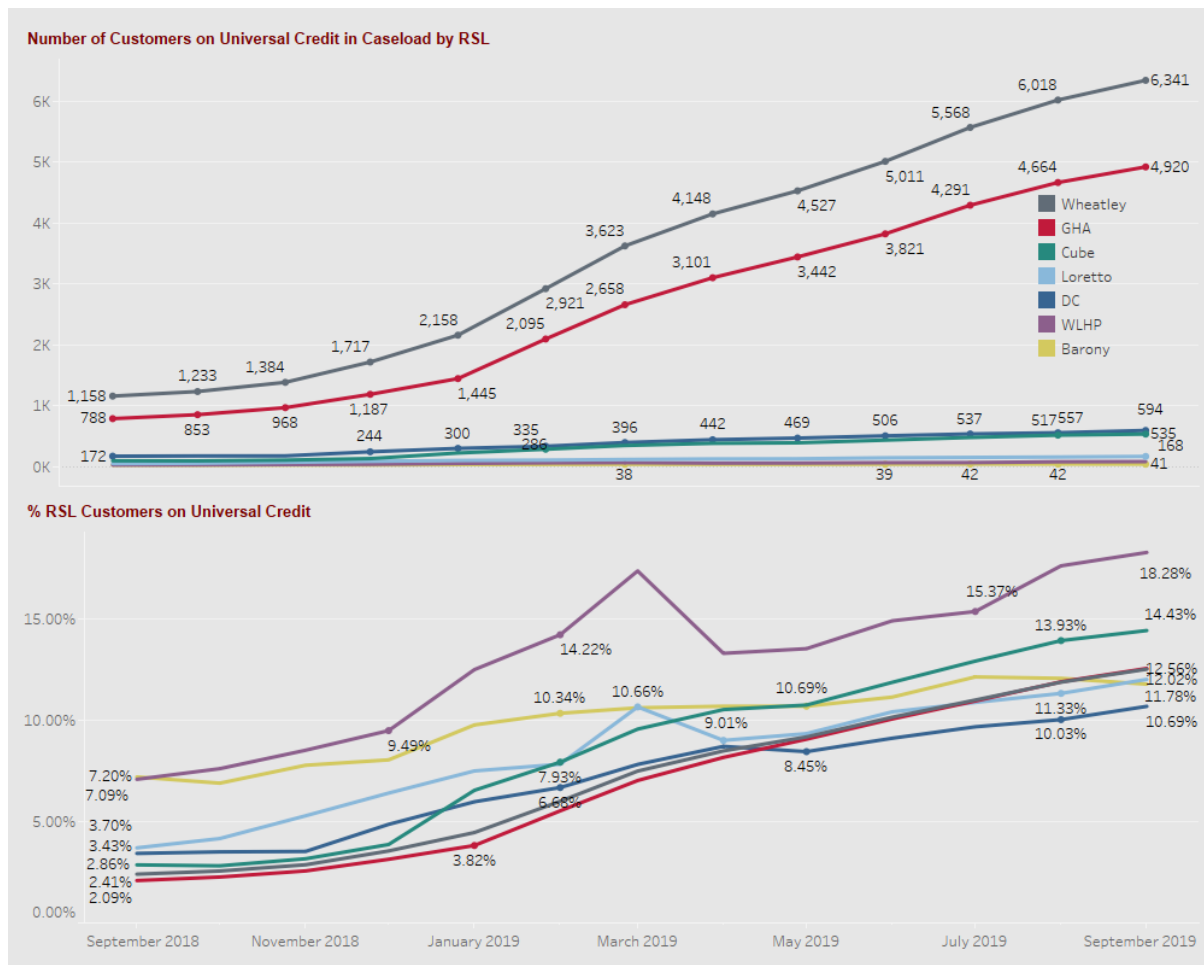


5.14 The average level of arrears per Universal Credit customer is £704 compared to £503 for non-Universal Credit customers. Many customers tend to go into arrears at the outset of their move to Universal Credit because of the delays associated with receiving the first payment of Universal Credit. This can take between 5-13 weeks depending on the payment method agreed between our customers and the DWP.

5.15 Variations can be seen based on the timing of Universal Credit roll out. In the East, where UC rolled out earlier, we are starting to see higher proportions of credit balances amongst UC customers. This still tends to be masked by increasing arrears because of new customers migrating to UC and building up arrears during their wait for first payments.

5.16 A number of actions are in place to seek to mitigate the impacts of UC onour customers and to our business. We have undertaken extensive training to strengthen staff skills and knowledge in UC so that they can provide immediate, accurate support to tenants. A new toolkit of information has been rolled out and various training and engagement sessions delivered to all staff.

5.17 Our local connection sessions are delivered in partnership with DWP, continuing to strengthen our joint relationships. A joint session with senior leaders from the DWP is currently being developed.

5.18 A key focus is transitioning customers to more efficient ways to pay rent which help strengthen the consistency of rental income. Almost 33% of customers pay by Direct Debit and 39% of UC customers do so. Work is ongoing with DWP to seek change to direct payments which are currently paid in bulk, often significantly after the customer has received their UC payment.

GHA

5.19 GHA is already meeting target for 8 of the key indicators at the end of Quarter 2, with 5 still to achieve target. Indicators where performance is better than target include emergency repairs, repairs appointments, resolution of Anti-Social Behaviour cases, satisfaction with the standard of their home when moving in and sickness levels.

5.20 A number of indicators are now very close to target and are should reach target in the next quarter. These include complaints timescales (where a new process has been rolled out across GHA); repairs satisfaction and average days to let.

5.21 While tenancy sustainment is already excellent and meets the top quartile benchmark for GHA it remains static at around 90%. This is an issue across the West subsidiaries.

5.22 Gross rent arrears has increased from year end as the predicted impacts from Universal Credit take effect.

Cube

5.23 Cube is meeting target for nine of the indicators on the dashboard including complaints timescales, repairs indicators, anti-social behaviour response timescales and sickness levels. Average time to re-let properties has improved considerably from last year – down from 20 days to 15.3 days. Tenancy sustainment remains off target as outlined in paragraph 5.3.

5.24 Gross rent arrears is at 4.9% against the 4.6% target. We continue to support customers experiencing difficulties with the transition to Universal Credit at the earliest opportunity. Customers are visited as soon as DWP verification has been received to offer support though this transition and to identify any difficulties. Group wrap around services, including the Tenancy Support Service plus, are used to help support tenants.

5.25 78 social housing units have been completed in the first two quarters of the year. These include sites at Bonhill and Dumbain, Balloch.

Loretto Housing

5.26 The % of complaints responded to in full within SPSO timescales has risen steadily over the Quarter and is now just short of target. Performance is expected to meet target in Quarter 3.

5.27 <u>Tenancy sustainment</u> is at 88.5% against the 92.5% target (which also represents top quartile). This is affected by the low numbers of new tenants each year in Loretto – this performance currently represents 100 out of 113 tenancies being sustained for a year after they start.

5.28 <u>Gross rent arrears</u> is at 4.72% against the 4.6% target – down from 4.98% at the end of last year. However, the combination of Universal Credit and a historic trend of increasing arrears over the Christmas period may make this hard to achieve.

5.29 <u>Sickness</u> is above target at 5.11%, largely due to some long term sickness cases which have all now returned to work.

### Dunedin Canmore Housing

5.30 Dunedin Canmore is meeting target for all but 3 of the indicators on the dashboard. Performance is above target for indicators including repairs, anti-social behaviour resolution, tenancy sustainment and days to let.

5.31 <u>Gross rent arrears</u> is currently at 4.39% against the 4.3% target. Arrears performance has improved since last quarter when it was 0.22% above target. At the end of October (which is outwith this quarterly reporting) arrears had come under target at 4.26%. This can be attributed to the improvement in non-Universal Credit arrears which have been targeted during the rent campaign.

### WLHP

5.32 West Lothian Housing Partnership is meeting target for all but one of the indicators on the dashboard.

5.33 No <u>mid-market</u> properties have yet been completed in the year against the target of 42. As previously reported to the Board, this relates to the Jarvey Street site where the previous contract with Albany Street Developments Ltd has been terminated.

### Barony

5.34 Barony is also meeting all but one target on the dashboard. Barony's <u>gross rent arrears</u> are currently at 4.05% against the 3% target. This performance is better than at the same time last year. Barony has a manual adjustment at year end to account for Housing Benefit payments which come in after month end. This normally reduces arrears by more than 1%.

### Loretto Care

5.35 Loretto Care is meeting target for the number of unplanned move ons from service. This indicator helps to demonstrate the success of the service in meeting the needs of the people we work for. Complaints responded to in timescale and staff registered with an appropriate body are also on target.

5.36 <u>Complaints to Care Inspectorate upheld</u> remains off target. As previously reported this will remain off target due to the impact of the complaint upheld in April of this year.

5.37 85% of services are graded very good (5) or better by the Care Inspectorate against the target of 90%. This amounts to 26 out of 31 quality themes graded at 5 or more (84%) compared to a national benchmark of 47%. 2 services have been inspected since the Quarter 1 report. The Fullarton service was inspected under the new framework against 5 quality themes. Grades of 4 were received in 4 of the themes and a 5 in the other theme. This is an improvement on the previous inspection which covered three areas, receiving a 4 for quality of care and support and 3 for quality of staffing and quality of management and leadership. The Renfrewshire personalised and Self Directed Support service has also been inspected in the Quarter, based on the old framework. It received grades for two themes with 5s for both quality of care and support and quality of leadership and management.

5.38 Sickness is at 5.8%, up from last year and over the 5% target. Loretto Care are working closely with colleagues in Employee Relations to improve attendance rates across the business. Recent benchmarking reports in the sector noted that an average of 10 days per capita is lost annually through absence.

5.39 14 out of the 18 Loretto Care services are now breaking even, up from 8 out of 15 at the beginning of 2016/17. This has been achieved through extensive work to restructure services and negotiation with funding local authorities.

Barony – Care services

5.40 Barony Care is on track for four indicators – unplanned move on, complaints responded to within timescales, staff registration and sickness. In addition, there have been no complaints to the Care Inspectorate and as a result none upheld.

5.41 62.5% of care services were graded very good (5) or better against the 62.% target and performance of 86% last year. This equates to 5 out of 8 services and 14 out of 20 themes receiving grades of 5 or more. Two inspections were carried out in the quarter. The Fife Supported Services received grades of 5 for both quality of care and support and quality of staffing. Logie Road Care Home was inspected on the new approach and received grades of 4 for "How well do we support people's wellbeing" and "How well is our care and support planned" but a 2 for "How good is your setting". There was one requirement from the inspection "to ensure that people are living in an environment which protects them from harm and supports their health and wellbeing" The specific timeframes within the requirement have been met and a robust action plan put in place.

5.42 9 out of the ten Barony Care services are currently breaking even, up from 7 at the beginning of the year.

Commercial services

[Paragraphs 5.43-5.45 have been redacted]

5.46 Gross rent arrears have risen in the first half of this year due to the impact of the new Private Residential Tenancy and delays in securing payment orders and evictions. Additional litigation support has been put in place to ensure a more proactive approach to arrears if engagement is unsuccessful through earlier contact.

5.47 Average days to let are above target for both full market and mid-market rent. Vanguard, an external organisation specialising in systems thinking and streamlined processes, have been appointed to review the efficiency and effectiveness of letting processes with a view to significantly improving performance in Quarter 4.

[Paragraph 5.48 has been redacted]

## 6 Strategic projects

6.1 Appendix 2 outlines progress on the strategic projects in the Delivery Plan at as at 28 November 2019. The following projects have completed since the last report:

- **Develop and implement governance monitoring arrangements** has created a central register which sets out the timetable for the renewal of existing strategies, policies and frameworks; and
- **Review approach to service charges** - The review is complete and will be incorporated in relevant Group and Subsidiary Business Plans in February.

6.2 Most projects are now at least 50% complete and are on track to complete on schedule. Initial consultation for the Group Homelessness Framework has been completed. Funding announcements for local authority rapid rehousing projects were only received in October and the Glasgow City Council Vanguard intervention is awaiting review by the GCC Housing Access Board. As a result, the completion date will now be February. The repairs improvement project has so far implemented the new repairs, investment and compliance team, completed a new training programme and established a dedicated repairs customer service centre. New branding has also been rolled out. The final actions will be in relation to development of a new specialist compliance trades team, IT upgrades and preparation for the new order it, track it, rate it system. These actions are all on track to complete on time.

6.3 The following projects are overdue:

- **Development Framework** and **Group Asset Strategy** – these projects were due in September and October respectively. These are pending the completion and approval of the four enabling plans which sit below the corporate strategy. These are due to be completed in early 2020.

6.4 Two projects are showing slippage in progress. **Leadership and development framework implemented** has now been linked to the broader workforce planning related to the agreed Strategy. This project will commence following Board agreement of the People enabling plan and as a result both projects will need to be rescoped with revised completion dates. **Procurement of the Care IT system** is delayed pending development and approval of the business case.

A revised paper is currently being developed and the completion date will need to be revised in the light of this.

6.5 The project to **develop a proposal to support choice, innovation and efficiency in the delivery of adaptations** has been delayed to allow us to take account the new health and social care protocol which is being finalised.

**7 Key issues and conclusions**

7.1 This report outlines positive progress in achieving the majority of performance targets and the delivery of projects. Key areas of focus over Quarters 3 and 4 will be in relation to rent arrears, tenancy sustainment and Care Inspectorate gradings. Work continues to ensure projects are completed on time except where noted in the main report, including those currently showing slippage.

**8 Value for money implications**

8.1 The projects and measures in this report are from the Group's Delivery Plan for 2019-20. These items are intended to focus service improvement on the key priorities within the Strategy. This helps to ensure that financial and other resources are well aligned with our priorities.

**9 Impact on financial projections**

9.1 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.

**10 Legal, regulatory and charitable implications**

10.1 Registered Social Landlords are required to provide an Annual Return on the Charter to the Scottish Housing Regulator. The key indicators within this return are included in monthly performance reporting. RSL Boards approve the final return and this information is included in the year end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance (this is done through our Tenant Scrutiny Panel) and to report to tenants annually by October each year.

**11 Partnership implications**

11.1 Reports on the Delivery Plan can be used to identify areas where partnerships need to be strengthened or amended to help Wheatley achieve its strategic vision.

**12 Implementation and deployment**

12.1 This report provides updates on progress with the Group Delivery Plan. Any specific projects and actions are subject to separate approval.

**13 Equalities impact**

13.1 There is no direct equalities impact from this report.

**14      Recommendation**

14.1    The Board is asked to note the contents of this report.


**List of Appendices**

Appendix 1 Measures dashboard
Appendix 2 Strategic projects dashboard

Appendix 1: Wheatley Housing Group Board - Delivery Plan 18/19 - Strategic Measures

| A - A Our Group | | | | |
|---|---|---|---|---|

| Measure | 2018/19 | YTD 2019/20 | | |
| | 2018 | 2019 | | |
| | Value | Value | Target | Status |
|---|---|---|---|---|
| Group - Gross Rent Arrears | 3.89% | 4.61% | 4.06% | 🔴 |
| Group - Tenancy Sustainment | 90.45% | 91.02% | 93% | 🔺 |
| Group - Average time to complete emergency repairs - make safe | 2.52 | 2.25 | 3 | ✅ |
| Group - Average days to let | 16.89 | 13.62 | 14 | ✅ |
| Group - % calls answered <30 seconds (Grade of Service) | 69.06% | 65.92% | 75% | 🔴 |
| Group - % avoidable contact | 9.05% | 9.21% | 17% | ✅ |
| Group - % of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice) | 95.13% | 90.75% | 96% | 🔺 |
| Group - Total number of jobs, training places or apprenticeships created including Wheatley Pledge | 788 | 484 | 355 | ✅ |
| Group - Sickness Rate (excluding Care) | 2.73% | 2.82% | 3% | ✅ |
| Group - Sickness Rate | 3.25% | 3.38% | 3% | 🔴 |
| Group - Care Sickness Rate | 4.96% | 5.31% | 5.5% | ✅ |
| Reduce the number of accidental dwelling fires by 10% (West) | 240 | 120 | 108 | 🔴 |
| Increase the number of home fire safety visits by 10% (Group) | 2,812 | 1,585 | 1,546 | ✅ |

| A - GHA | | | | |
|---|---|---|---|---|

| Measure | 2018/19 | YTD 2019/20 | | |
| | 2018 | 2019 | | |
| | Value | Value | Target | Status |
|---|---|---|---|---|
| % All complaints responded to in full within SPSO timescales (Includes YP) | 95.07% | 95.74% | 96% | 🔺 |
| Average time taken to complete emergency repairs (hours) – make safe | 2.79 | 2.29 | 3 | ✅ |
| % repairs appointments kept | 100% | 100% | 98.02% | ✅ |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4 Weekly) | 93.54% | 93.77% | 94.2% | 🔺 |
| % anti-social behaviour cases resolved within locally agreed targets | 93.8% | 94.84% | 94.03% | ✅ |
| % new tenancies sustained for more than a year - overall | 90.87% | 90.75% | 93% | 🔺 |
| % Tenants satisfied with the standard of their home when moving in | 97.04% | 96.67% | 94% | ✅ |
| Gross rent arrears (all tenants) as a % of rent due | 3.85% | 4.65% | 3.99% | 🛑 |
| Average time to re-let properties | 15.79 | 14.01 | 14 | 🔺 |
| New build completions - Reprovisioning | 197 | 173 | 44 | ✅ |
| New build completions - Social Housing | | 38 | 0 | ✅ |
| New build completions - Mid-market | 145 | 64 | 29 | ✅ |
| % Sickness rate | 2.85% | 3% | 3% | ✅ |

| Measure | 2018/19 | YTD 2019/20 | | |
| --- | --- | --- | --- | --- |
| | 2018 | 2019 | | |
| | Value | Value | Target | Status |
| % All complaints responded to in full within SPSO timescales (includes YP) | 100% | 100% | 96% | ✅ |
| Average time taken to complete emergency repairs (hours) – make safe | 2.46 | 2.18 | 3 | ✅ |
| % repairs appointments kept | 100% | 100% | 98.02% | ✅ |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (monthly) | 94.46% | 94.78% | 93% | ✅ |
| % anti-social behaviour cases resolved within locally agreed targets | 98.41% | 99.14% | 93.87% | ✅ |
| % new tenancies sustained for more than a year - overall | 87.19% | 88.66% | 92.5% | ⚠️ |
| % Tenants satisfied with the standard of their home when moving in | 98.48% | 98.67% | 94% | ✅ |
| Gross rent arrears (all tenants) as a % of rent due ((Excludes Homelink) | 4.88% | 4.9% | 4.6% | ⚠️ |
| Average time to re-let properties | 20.1 | 15.29 | 17 | ✅ |
| New build completions - Social Housing | 152 | 78 | 17 | ✅ |
| % Sickness rate | 2.71% | 0.99% | 3% | ✅ |

**C - Loretto**

| Measure | 2018/19 2018 Value | YTD 2019/20 2019 Value | YTD 2019/20 2019 Target | Status |
|---|---|---|---|---|
| % All complaints responded to in full within SPSO timescales (includes YP) | 96.64% | 95.83% | 96% | 🔺 |
| Average time taken to complete emergency repairs (hours) – make safe | 2.97 | 2.8 | 3 | ✅ |
| % repairs appointments kept | 100% | 100% | 98% | ✅ |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (monthly) | 91.37% | 93.01% | 93% | ✅ |
| % anti-social behaviour cases resolved within locally agreed targets | 98.39% | 100% | 93.87% | ✅ |
| % new tenancies sustained for more than a year - overall | 90.85% | 88.5% | 92.5% | 🔺 |
| % Tenants satisfied with the standard of their home when moving in | 98.36% | 99.14% | 94% | ✅ |
| Gross rent arrears (all tenants) as a % of rent due | 4.98% | 4.72% | 4.6% | 🔺 |
| Average time to re-let properties | 12.55 | 11.89 | 14 | ✅ |
| New build completions - Social Housing | 86 | 40 | 28 | ✅ |
| Sickness Rate | 5.15% | 5.11% | 3% | 🛑 |

| D - Dunedin Canmore | | | | |
|---|---|---|---|---|

| Measure | 2018/19 | YTD 2019/20 | | |
|---|---|---|---|---|
| | 2018 | 2019 | | |
| | Value | Value | Target | Status |
| % All complaints responded to in full within SPSO timescales (includes YP) | 97.59% | 98.43% | 96% | ✅ |
| Average time taken to complete emergency repairs (hours) – make safe | 2.62 | 1.77 | 3 | ✅ |
| % repairs appointments kept | 100% | 100% | 98% | ✅ |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (monthly) | 92.96% | 93.61% | 93% | ✅ |
| % anti-social behaviour cases resolved within locally agreed targets | 99.04% | 97.74% | 93.87% | ✅ |
| % new tenancies sustained for more than a year - overall | 95.45% | 95.21% | 93% | ✅ |
| % Tenants satisfied with the standard of their home when moving in | 95.74% | 99.01% | 94% | ✅ |
| Gross rent arrears (all tenants) as a % of rent due | 4.3% | 4.39% | 4.3% | 🔺 |
| Average time to re-let properties | 10.15 | 9.16 | 12 | ✅ |
| New build completions - Social Housing | 150 | 26 | 59 | 🔴 |
| New build completions - Mid-market | 68 | 41 | 51 | 🔴 |
| Sickness Rate | 2.82% | 2.62% | 3% | ✅ |

## E - WLHP

| Measure | 2018/19 | YTD 2019/20 | | |
| --- | --- | --- | --- | --- |
| | 2018 | 2019 | | |
| | Value | Value | Target | Status |
| % All complaints responded to in full within SPSO timescales | 100% | 100% | 96% | ✅ |
| Average time taken to complete emergency repairs (hours) – make safe | 2.47 | 1.87 | 3 | ✅ |
| % repairs appointments kept | 100% | 100% | 98% | ✅ |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4-weekly) | 98.18% | 96.67% | 93% | ✅ |
| % anti-social behaviour cases resolved within locally agreed targets | 100% | 100% | 93.87% | ✅ |
| % new tenancies sustained for more than a year - overall | 94.74% | 100% | 93% | ✅ |
| % Tenants satisfied with the standard of their home when moving in | 100% | 96.23% | 94% | ✅ |
| Gross rent arrears (all tenants) as a % of rent due | 1.72% | 2.01% | 2.3% | ✅ |
| Average time to re-let properties | 2.14 | 1.5 | 6.5 | ✅ |
| New build completions - Social Housing | 55 | 33 | 0 | ✅ |
| New build completions - Mid-market | 0 | 0 | 42 | 🔴 |
| % Sickness rate | 0.29% | 0% | 3% | ✅ |

## F - Barony - Housing

| Measure | 2018/19 | YTD 2019/20 | | |
| --- | --- | --- | --- | --- |
| | 2018 | 2019 | | |
| | Value | Value | Target | Status |
| % All complaints responded to in full within SPSO timescales | 95.24% | 100% | 96% | ✅ |
| Average time taken to complete emergency repairs (hours) – make safe | 2.32 | 1.8 | 3 | ✅ |
| % repairs appointments kept | 100% | 100% | 98% | ✅ |
| % of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4-weekly) | 92.44% | 93.91% | 93% | ✅ |
| % anti-social behaviour cases resolved within locally agreed targets | 100% | 100% | 93.87% | ✅ |
| % new tenancies sustained for more than a year - overall | 96.88% | 93.1% | 93% | ✅ |
| % Tenants satisfied with the standard of their home when moving in | 92.86% | 94.44% | 94.02% | ✅ |
| Gross rent arrears (all tenants) as a % of rent due | 2.39% | 4.05% | 3% | 🔴 |
| Average time to re-let properties | 25.73 | 14.74 | 17 | ✅ |
| Housing - % Sickness rate | 0.4% | 1.91% | 3% | ✅ |

[Redacted: Tables G-K]

**Appendix 2 - Wheatley Group Board - Delivery Plan 19/20 - Strategic Projects**

| Strategic Project | Delivery Date | Status | % Progress |
|---|---|---|---|
| Development Framework (b) | 30-Sep-2019 | 🛑 | 80% |
| Develop and implement governance monitoring arrangements for the renewal of core strategies policies and frameworks (b) | 31-Oct-2019 | ✅ | 100% |
| Review approach to service charges (b) | 31-Oct-2019 | ✅ | 100% |
| Develop Group Asset Strategy for Housing, Commercial and Care (b) | 31-Oct-2019 | 🛑 | 0% |
| Work with Police Scotland to develop a Group wide Antisocial Behaviour and Crime Prevention and Mitigation Framework (b) | 30-Nov-2019 | ▶ | 70% |
| Develop a proposal to support choice, innovation and efficiency in the delivery of adaptations (b) | 31-Dec-2019 | ▶ | 0% |
| Develop Group Homelessness Framework including rapid rehousing (b) | 29-Feb-2020 | ▶ | 70% |
| Implement repairs improvement project phase 1 (b) | 30-Mar-2020 | ▶ | 70% |
| New Wheatley Graduate Development programme in place (b) | 31-Mar-2020 | ▶ | 50% |
| Develop 2020-2025 Group workforce development plan (b) | 31-Mar-2020 | ▶ | 0% |
| Leadership and development framework implemented (b) | 31-Mar-2020 | ⚠ | 15% |
| Procure Care IT platform (b) | 31-Mar-2020 | ⚠ | 0% |
| One Care Vehicle Phase 2 (b) | 31-Mar-2020 | ▶ | 55% |
| Co-create our new engagement approach (b) | 31-Mar-2020 | ▶ | 60% |

| Strategic Project | Delivery Date | Status | % Progress |
|---|---|---|---|
| [Redacted] | | | |
| Customer Experience - online self-service and channel shift strategy approved and launched (YP) (b) | 31-Mar-2020 | ▶ | 0% |

[Agenda item 8 - redacted]

**Report**

| | |
|---|---|
| **To:** | **Wheatley Housing Group Board** |
| **By:** | **Tom Barclay, Group Director of Property and Development** |
| **Approved by:** | **Martin Armstrong, Group Chief Executive** |
| **Subject:** | **Project Update: Bell Street Conversion** |
| **Date of Meeting:** | **18 December 2019** |

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### 1.      Purpose

1.2     To seek the Board's agreement on a negotiated final account figure with the contractor, CCG Scotland Ltd, with additional cost of £490,566 (£200,000 of which was previously reported to the GHA Board).

### 2.      Authorising context

2.1     The Bell Street conversion project was approved by GHA Board on 10 February 2017, and the Wheatley Board on 22 February 2017. Additional costs outlined in this report are a further development on the estimated cost over run update provided to the GHA Board of over £200,000 in November 2018. The subsequent final account remeasurement process has been developing in recent months on which this update report is based.

2.2     A report on the anticipated outturn cost for the Bell Street project was presented to the Group Development Committee at its meeting on 29 October 2019.  The Committee, following a visit to the completed project, considered the various matters that had impacted on the cost overrun for this project and confirmed its support for the additional costs, noting that at that time engagement with the contractor and our Quantity Surveyor was still on-going.

2.3     A report on the final outturn cost for the Bell Street project was considered and approved by the GHA Board at its meeting on 29 November 2019.

### 3.      Risk appetite and assessment

3.1     The GHA and Wheatley Boards, in approving the project, acknowledged the risks involved in a major conversion of a historic building, and noted that the project would deliver affordable housing in line with GHA's charitable objectives. In addition, the retention and redevelopment of this building, in a key historic part of the city, was a strategic priority for the City Council and was consequently an 'off market' purchase offered exclusively to GHA as a key delivery partner.

3.2 Due to the nature of the project a traditional JTC 'with quantities' contract form had to be used, in contrast to our customary 'design and build' form of contract for mainstream, modern construction projects. While this allowed for some detailed development of proposals prior to tender, it required us to adopt residual risks inherent in work on an old building, and with limited physical access for surveys in advance of the contract commencement.

3.3 We conducted the project procurement in compliance with all aspects of the New Build Framework Procedure for call-offs, and the related OJEU procedures. The change to project out-turn cost does not affect this compliance.

## 4. Background

4.1 The building at Bell Street comprised a disused B-listed four and five-storey sandstone and brick stable, constructed in 1896-1898 for Glasgow's cleansing department, and later used to house police horses. The ground and first floors were later converted to provide office and garage space for the Cleansing Department. The building was added to the 'Buildings at Risk' register in 2013.

4.2 While the basic structure of the building was sound, it had suffered water ingress from the roof for many years, and had significant wet and dry rot outbreaks at acquisition. As can be common on works to historic buildings, a number of unforeseen, and indeed unforeseeable, items came to light when the building was opened up by our contractor.

4.3 The completed development comprises 52 flats for mid-market rent (MMR) providing badly-needed affordable housing in the highly pressured Merchant City sub-market. The development is managed by Lowther Homes who collect and set the rent, as well as managing the letting and maintenance of the properties.

4.4 The development was formally opened by Derek Mackay MSP, Cabinet Secretary for Finance, on 16 July 2019. It is a unique and high-profile project, showcasing our work in contributing to the regeneration of the city.

## 5. Discussion

5.1 Conversion of a historic building inherently carries significant unknown risks and costs, which only become apparent when building work starts. This proved to be the case at Bell Street. Whereas provisional sums had been allocated to specific areas of work such as rot and stone repair, these were estimated only and the cost risk rested with us as employer.

5.2 The use of a traditional JCT 'with quantities' contract, where the risk of unknowns largely remains with the client, and the inclusion of provisional sums with the intent of covering those risks is the only way, in the current climate, to obtain an affordable tender and manage risk on projects of this nature. Four tenders were received ranging from £5.844 million to £8.027 million. The accepted tender was the only affordable option.

5.3     The most economically advantageous and compliant tender was submitted by CCG Scotland, Ltd. in the sum of **£5,844,371**. In order to meet our internal rate of return (IRR) target of 6.2%, the project was approved at a reduced target construction cost of **£5,684,371.** This assumed a £160,000 reduction to be achieved through post-tender value engineering. As the project progressed on site the value engineering target proved to be unachievable, and the actual outturn saving was £120,770. Provisional and prime cost sums were reduced to the minimum considered possible, leaving no room for further contingencies in the sum approved by the Board.

5.4     To meet our internal rate of return target, and with the agreement of the Scottish Government and Glasgow City Council, initial rents at the development are set at 120% of Local Housing Allowance (LHA) which, although it is above the Scottish Government's guidance of 80% of LHA, is well below the level of private rents in the Merchant City. This is outwith the norm and again emphasises the exceptional nature of this project and its importance to the City Council.

5.5     The complexity of the project is demonstrated by the fact that there were over 400 individual items formally instructed via Architect's Instruction (AI). By comparison, a new build project of similar scale typically has under 20 individual items instructed. These AIs were generally required to address changes in the technical solution that required to be adopted, rather than to introduce client changes. The exception to this was in the upgrading of the lift installation specification, which was justified by an expected reduction in long-term maintenance costs.

5.6     As the project progressed on site and the building was opened up, numerous unforeseen issues, and associated costs, arose. Costs associated with the cobbled courtyard represent 25% of the total overspend, with a further 40% on additional woodwork and rot repairs, including works to the horse ramps, and a further 19% on roofing and lead works. To partially offset these costs, the project team went to considerable lengths to ensure savings were identified wherever possible. Despite these actions, the final balance of savings and extra-over costs results in an overspend on the approved costs.

5.7     The final account is now agreed. Our Quantity Surveyor has been involved in cost remeasurement activity with CCG that results in a final account figure for the construction/refurbishment works of £6.174m.  This is some £45,000 lower than the anticipated maximum construction works cost presented to the Group Development Committee in October 2019.

5.8     The original contract completion date was 14 September 2018. Extensions of time were granted to 16 April 2019. The project completed on 15 August 2019. Our Quantity Surveyor negotiated with CCG on the further extensions of time, with costs, that could have been sought.

5.9     The option of levying Liquidated & Ascertained (L&A) damages is available to us, but that would potentially have led to a counter-claim of Loss & Expense (L&E) by the contractor to cover prelim costs.

5.10 In this context, we followed the advice from our consultants that we should not levy L&A damages, and should agree a final account with CCG that negates any further Loss & Expense claim against GHA.

5.11 The increase in construction costs over the original budget figure is £490,566. This is an increase of just under £300,000 on the indicative final costs estimate provided to the GHA Board in November 2018.

5.12 The complexity of the project, and the numerous variations and changes which occurred during construction, with multiple dependencies and interactions between and arising from these, required that we seek to agree a negotiated final account with CCG.

5.13 It would be possible, within current guidance, to increase the rents charged at Bell Street above inflation, which would improve project viability in the longer term. This remains an option for Lowther Homes to consider in the future.

5.14 The current situation, and recommended funding, compared to the approved funding is shown in tables 3 and 4:

**Table 3 – Costs Approved by the Board:**

| Costs | | Funding | |
|---|---|---|---|
| **Construction** | **£5,684,371** | Scot Govt Grant | £2,131,157 |
| **Other costs (inc. acquisition & fees)** | **£1,016,231** | Private Finance | £4,569,445 |
| **Total Development Cost** | **£6,700,602** | **Total Funding** | **£6,700,602** |

**Table 4 – Cost status of the project at November 2019 and suggested funding:**

| Costs | | Suggested Funding | |
|---|---|---|---|
| **Construction costs** | **£6,174,937** | Scot Govt Grant | £2,131,157 |
| | | Private Finance | £4,569,445 |
| **Other costs** | **£1,016,231** | Repairs and investment budget savings | £490,566 |
| **Total Development Cost** | **£7,191,168** | **Total Funding** | **£7,191,168** |

## 6. Key issues and conclusions

6.1 The project is a high-profile example of the creative reuse of a former industrial building for affordable housing. This has been achieved providing high quality, affordable and popular housing, the first affordable housing in Glasgow's Merchant City. We anticipate there is reputational advantages for the Group, beyond the specific achievement of the project itself.

6.2 As is inherent in the rehabilitation/conversion of a large historic listed building, the project proved to be exceptionally complex and difficult, as demonstrated by the very high number of necessary instructions and variations. The post tender value engineering target proved to be unachievable, and the actual outturn saving was £120,770 in lieu of the £160,000 required. Provisional and prime cost sums were reduced to the minimum considered possible, leaving no room for further contingencies in the sum approved by the Board.

6.3 While we made every effort to find savings, the scope for these on a building of this type was limited by practicality, and by the insistence of the planning authority and Historic Environment Scotland that certain historic features were retained and indeed significantly enhanced. Specifically, the courtyard cobbled finish was found to be bedded in bitumen which made removal and relaying particularly difficult. A cost effective alternative of conservation paving was offered to the Planning authority, but this was rejected, following dialogue with Historic Environment Scotland. The lifting, cleaning and reuse of existing cobbles became very protracted and resulted in significant additional cost to the contract representing over 25% of the projected cost overrun. This, together with other repair works and rot works reported at 5.6 above, represent nearly 85% of the total overspend.

6.4 Whilst there was an estimate of the cost overrun position reported to the GHA Board in November 2018 at over £200,000, this was at an early stage of the remeasurement process of the final accounts development. That work has matured in recent months as a result of the final account engagement process, and as summarised in this report, represents further cost movement of £290,566 on the indicative costs estimate provided to the GHA Board. We are confident that the cost overrun can be managed within the repairs, investment and VAT efficiencies forecast for the year.

## 7. Value for money implications

7.1 The final outturn figures for Bell Street was subject to a negotiated final account settlement with CCG. The commercial sensitivity of the eventual settlement, in the context of our continuing development programme, was made clear to CCG.

## 8. Impact on financial projections

8.1 A cash-flow forecast for the project is used to calculate certain key indicators including net present value (NPV) and internal rate of return (IRR) to ensure it generates sufficient return to cover cost of funds plus a margin for risk. Our minimum requirement for social and MMR schemes is **6.2%.**

This originally demonstrated that a positive NPV and IRR of 6.2% could be achieved:

| Units | NPV | NPV Per Unit | IRR | Payback Period |
|-------|-----|--------------|-----|----------------|
| 52 | £1 | £1 | 6.2% | 30 years |

8.2 A revised IRR calculation has been carried out on the basis of the revised costs and anticipated rent levels, without additional funding, the NPV and IRR are now as follows:

| Units | NPV | NPV Per Unit | IRR | Payback Period |
|-------|-----|--------------|-----|----------------|
| 52 | (£507,730) | (£9,764) | 5.8% | 30 years |

8.3 The additional cost results in an IRR of 5.8%. This is, however, still above our current long term business plan projection for cost of capital of just over 5%.

8.4 A valuation of the completed building was commissioned from Jones Lang LaSalle. This reported on 2 October 2019 and confirmed a market valuation of £7.6m, with a vacant possession value of £8.3m. This is above the revised development cost of £7.191m.

**9. Legal, regulatory and charitable implications**

9.1 No new implications.

**10. Partnership implications**

10.1 As mentioned previously the project was a strategic priority for the ongoing regeneration of the Merchant City area for Glasgow City Council. Delivery of the project has further cemented our relationship with the Council as a strategic partner, whilst also contributing to the Scottish Government's More Homes Scotland targets and our 2,800 unit Bond Programme.

**11. Equalities impact**

11.1 No new impacts.

**12. Recommendations**

12.1 The Board is asked to:

1) note that the Group Development Committee considered and approved the additional costs for the GHA Bell Street project at their meeting on 29 October 2019;
2) note that the GHA Board considered and approved the additional costs for the Bell Street project at their meeting on 29 November 2019; and
3) agree the increase in costs of £490,566 over the originally approved figure for the GHA Bell Street conversion project.

[Agenda item 10 – redacted]

**Report**

| | |
|---|---|
| **To:** | **Wheatley Housing Group Board** |
| **By:** | **Steven Henderson, Group Director of Finance** |
| **Approved by:** | **Martin Armstrong, Group Chief Executive** |
| **Subject:** | **Strategic Risk Register update** |
| **Date of Meeting:** | **18 December 2019** |

_____

**1. Purpose**

1.1. This report provides the Wheatley Housing Group Board ("the Board") with an update on proposed changes to the Strategic Risk Register.

**2. Authorising context**

2.1. The Group Board is responsible for agreeing any changes to the Group Strategic Risk Register.

**3. Risk appetite and assessment**

3.1. Our agreed Group risk appetite in relation to Board Governance is "cautious", meaning that tolerance for risk taking is limited to events where there is little chance of any significant repercussion should there be a failure.

**4. Background**

4.1. The strategic risk register is subject to regular review, including at each Group Audit Committee meeting. Following a review at the last Group Audit Committee meeting on 13 November 2019, amendments are proposed to the strategic risk register.

**5. Discussion**

5.1. Following the Group Audit Committee's review of the Group Strategic Risk Register review at its last meeting, it agreed to the following changes, as detailed below:

| Risk Reference | Risk Summary |
|---|---|
| SRR01 | **Implementation of the Joint Venture**: Risk title and risk and control descriptions updated to reflect the new repairs operating model 'My Repairs'. |
| SRR03 | **Information and Communications Technology**: Control descriptions updated to reflect the Digital Maturity Assessment currently in progress and the role of Group Assurance and Audit Committee reporting as part of the third line of defence rather than a management control. |
| SRR04 | **Care and Support Services**: Control description updated to reflect the Protecting People Policy Framework. |
| SRR05 | **Implementation of Customer Experience Strategy**: Control description updated to reflect the Customer Value delivery plan which is being developed for 2020-25. |
| SRR06 | **Welfare Reforms**: Control description updated to reflect the creation of the Universal Credit Team and use of Go Mobile to support customers. |
| SRR07 | **Compliance with funders requirements**: Risk description updated to remove specific reference to the Group's credit rating being downgraded. |
| SRR08 | **Governance Structure**: Control description updated to reflect that the commercial and care elements of our governance structure are being rationalised to reduce complexity. |
| SRR09 | **Group Credit Rating**: Risk description and control description updated to reflect current position. |
| SRR10 | **Securing new funding and adverse market changes**: Risk title, risk description and control description updated to reflect current position. |
| SRR15 | **Laws and Regulations:** Control description updated to include changes to existing legislation being identified and implemented by responsible officers across the Group. |
| SRR18 | **Supply Chain**: Control description updated to include controls within the procurement process. |
| SRR19 | **Funding Availability**: Risk description and risk scoring updated to reflect that we have now drawn £85m of £185m facility, and the risk of cancellation of availability is considered to be higher than cancellation of drawn funds. |
| SRR23 | **Post-2021 Housing Policy and Grant availability**: A new risk has been added to the risk register to capture this emerging risk. |

5.2. A tracked-changes version of the full Strategic Risk Register is attached at **Appendix 1**.

## 6. Key issues and conclusions

6.1 All changes to the risk register require Board approval, consistent with the Board's overall responsibility for risk across the Group.

**7. Value for money implications**

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

**8. Impact on financial projections**

8.1. There are no direct financial implications arising from this report. Any actions taken by management to mitigate risks that have financial implications are detailed within the Strategic Risk Register (**Appendix 1**).

**9. Legal, regulatory and charitable implications**

9.1. The effective management of risk satisfies the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management which requires governing bodies to identify and mitigate risks to the organisation's purpose.

**10. Partnership implications**

10.1. There are no partnership implications arising from this report.

**11. Implementation and deployment**

11.1. The update of the strategic risk register results from the operation of the ongoing risk management process. No additional implementation or deployment arises from this report.

**12. Equalities impact**

12.1. There is no equalities impact arising from this report.

**13. Recommendation**

13.1. The Board is asked to approve the amendments to the strategic risk register.


**List of Appendices**
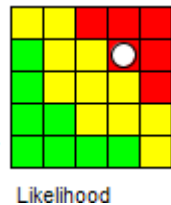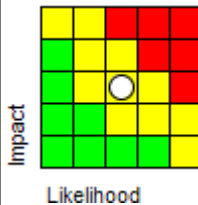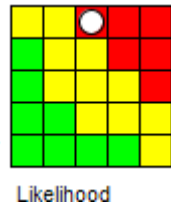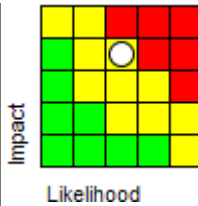
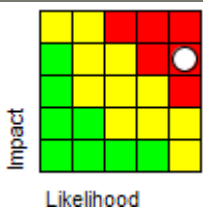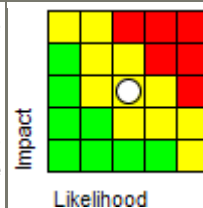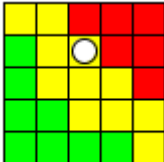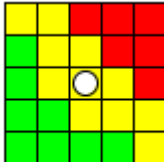Appendix 1 - Wheatley Group Strategic Risk Register
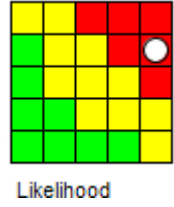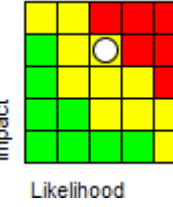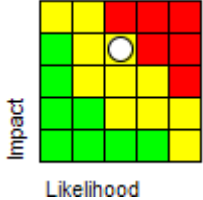Appendix 2 - Risk Scoring Definitions
Appendix 3 - Risk Appetite Definitions
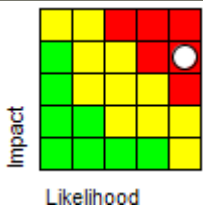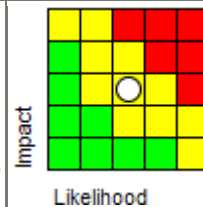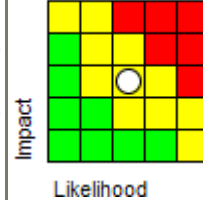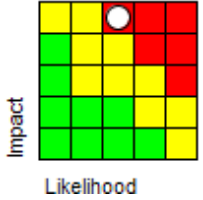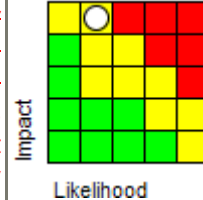
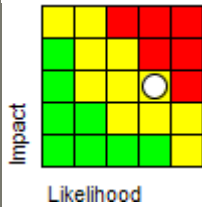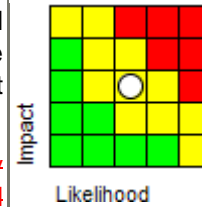| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| SRR01 <br> Implementation of ~~the Joint Venture~~ My Repairs <br> <u>Risk Owner:</u> <br> Group Director of Property and Development (Tom Barclay) | <u>Financial and operational performance</u> – Failure to achieve agreed financial performance targets could lead to increase operational and financial risk to the Group. <br><br> <u>Operating environment and cultural change</u> – The new repairs operating model may bring operational risk in time taken to embed new operating processes, ~~and~~ different ways of working and trade union relationships through the change process. <br><br> <u>Clarity on roles, responsibilities and access rights</u> – A lack of clarity on roles and responsibilities leads to operational inefficiency and poor decision making, impacting on both customers and staff. <br><br> ~~Relationships with Trade Unions may become more complex and difficult to manage with the Joint Venture (JV) with City Building. Leading to increased operational risk in terms of service delivery if for example staff opt to undertake strike action. Potentially presenting unwanted media attention and increased reputational risk for the Group.~~ |  | ~~Monitoring achievement of the Joint Venture (JV) implementation plan.~~ <br><br> ~~Financial performance monitoring monthly management accounts by Finance, to identify variances and necessary corrective actions.~~ <br><br> Financial monitoring by Group Board quarterly. <br><br> Monitoring of operational effectiveness by JV Senior Management and JV Assurance team. <br><br> Organograms detailing operating and reporting structures to be developed and made available to all staff. <br><br> Rigorous governance and oversight of operational and financial performance. <br><br> JV HR personnel regularly meet with Trade Union representatives to discuss staff satisfaction, morale and concerns which need addressed. <br><br> Meetings with Trade Unions are minuted and actions addressed in a timely manner. Outcomes are subject to robust monitoring by JV HR. |  | Hungry |
| SRR02 <br> Financial cost of complying with any new Fire Safety Regulations <br> <u>Risk Owner</u>: Group Director of Finance | Changes to building safety / fire safety regulations / Fire Services advice (e.g. changes to evacuation guidelines) results in (i) financial strain in complying with new additional fire safety regulations, (ii) strain on bond and loan covenant ratios and (iii) significant financial costs in terms of potential penalties as well as costs to comply with new regulations. |  | Business Planning to provide for any additional costs. <br><br> External review of our Fire Safety arrangements. <br><br> Community Improvement Partnership focused on fire prevention and education. <br><br> Business Continuity Plans. |  | Averse |

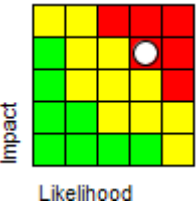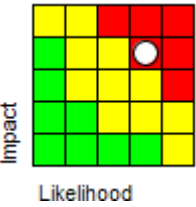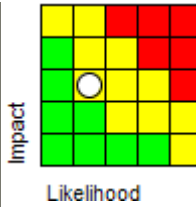| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| (Steven Henderson) | | | Fire Risk Assessments. | | |
| SRR03<br><br>Information and Communications Technology<br><br>Risk Owner: Group Director of Resources (Elaine Melrose) | Failure to transform services by the innovative use of Information and Communications Technology to keep pace with the changing demands of internal and external service users and Business Plan requirements. |  | The Group IT & Digital Strategy (2017 – 2020) is in place.<br><br>Infrastructure and project management disciplines are now embedded with key elements of the strategy having already been implemented (e.g. Go Mobile, new Group and Subsidiary websites, and My Housing).<br><br>The ET and Wheatley Board continue to monitor the delivery of the Strategy.<br><br>A digital maturity assessment is being undertaken.<br><br>~~Group Assurance also provides assurance over the progress of key projects within the Strategy with reports going to the Group Audit Committee.~~ |  | Open |
| SRR04<br><br>Care Support Services<br><br>Risk Owner: Group Director of Housing and Care (Olga Clayton) | Care and support services roles and responsibilities relating to care and support services monitoring and the care political and financial landscape are not well understood by officers across the Group and the Group Board. This could have a detrimental effect on the quality of care offered to the People We Work For, contribute to external regulatory compliance failure and impact on both the retention and sustainability of staff, existing service contracts and acquiring new contracts.<br><br>With the increase of self-directed support available to service users, there is a risk that People We Work For leave to use alternative services. |  | Care and support services governance arrangements, including the authorising environment, are clear and have been approved.<br><br>Care Assurance Framework (which includes monitoring the results from Care Inspectorate service visits and Group Assurance inspections) in place which assesses the quality of care and adherence to Care policies and procedures across Group.<br><br>Regular management review of service users' care packages to monitor where people are leaving the services and how to redeploy resources or attract new users. |  | Cautious |

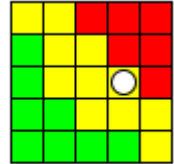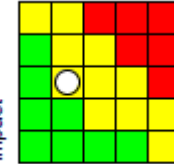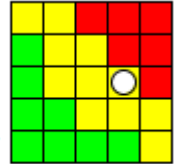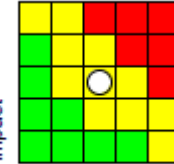| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| | | | <span style="color:red">The Protecting People Policy Framework sets out arrangement for protecting the People We Work For, including those considered to be vulnerable. Work to deliver against the Framework (including creation of Wheatley 360) is reported to the Loretto Care Board.</span> | | |
| SRR05<br><br>Implementation of Customer Experience Strategy<br><br><u>Risk Owner</u>: Group Director of Resources (Elaine Melrose) | Changing internal and external factors influence the <u>customer profile and needs</u> across the Group. This includes all areas of our business (e.g. housing, care, commercial operations and support services).<br><br>If all these areas are not well understood by the Group, then service development and growth opportunities may be pursued which may not reflect the needs of our customers. |  | Customer insight research project led by the Strategic Policy and Development Team. This is further informed by our customer segmentation model, drawing live external data from a range of sources.<br><br>In terms of specific areas, Housing Officers collect customer data in customer conversations which are logged on the CRM system. Care Managers have ongoing discussions with People We Work For, the commercial strategy considers the economic landscape and Group support services meet with internal customers to better understand their needs and have setup frameworks to monitor customer feedback and satisfaction.<br><br><span style="color:red"><s>Monitoring implementation of the Customer Experience strategy by Executive Team and the Wheatley Board.</s> A new Customer Value Delivery Plan is being developed which will set out action plans relating to customer experience from 2020-25 in line with our new group strategy.</span> |  | Hungry |

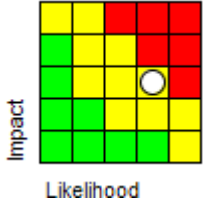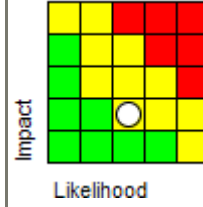| Risk Code & Title | Description | Inherent Risk Score | Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| SRR06<br><br>Welfare Reforms<br><br>Risk Owner: Group Director of Housing and Care (Olga Clayton) | <u>Welfare Reforms</u> such as Universal Credit, ~~and the Local Housing Allowance cap~~ reduce our guaranteed income stream from Housing Benefit and potentially the overall percentage of rent collected, which may adversely impact the Group's cash flow, leading to a reduction in lenders' confidence and increased poverty and affordability issues for our customers. | <br>Impact / Likelihood | The Group continues to oversee and coordinate activities across the Group to mitigate the impact of welfare reform. This includes ~~Welfare Benefit Advisors and the "My Budget" banking services a~~ dedicated universal credit team, use of GoMobile for staff to assist customers with online transactions ~~and~~ plus working with partners to influence the UK and Scottish policy and funding environment.<br><br>The Group business plan also contains a buffer within its assumptions for risk in relation to bad debts. ~~The Group works with key partners to assess impact to the Group, sharing impact information with partners who are lobbying Government directly.~~ | <br>Impact / Likelihood | Cautious |
| SRR07<br><br>Compliance with funders' requirements<br><br>Risk Owner: Group Director of Finance (Steven Henderson) | Failure to meet/maintain the <u>requirements of funders and investors</u> could have a range of impacts, from default on loan agreements (i.e. covenants) to general loss of confidence. This could adversely impact on our ability to raise new funding to deliver strategic objectives.<br><br>~~The Group's credit rating is downgraded, adversely impacting our ability to raise funds on the capital markets.~~ | <br>Impact / Likelihood | Regular meetings with funders and investor representatives to update on financial status of the Group.<br><br>Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders.<br><br>Covenant compliance monitoring tool introduced by Finance.<br><br>Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts.<br><br>Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards. In addition, ongoing dialogue is maintained with | <br>Impact / Likelihood | Cautious |

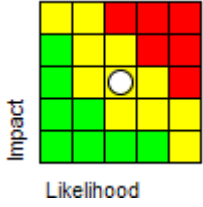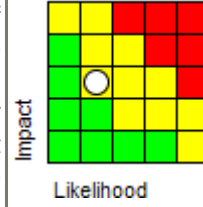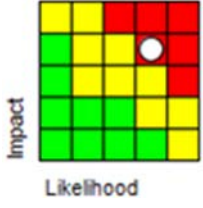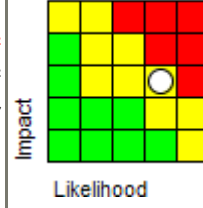| Risk Code & Title | Description | Inherent Risk Score | Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| | | | relevant credit rating agencies in order to mitigate the risks of unexpected rating changes. | | |
| SRR08 Governance Structure Risk Owner: Martin Armstrong (Group Chief Executive Officer) | The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures. |  | The Group's authorising environment has been agreed. The Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused. Governance training is provided as appropriate. Formal succession planning for tenant Board members is being developed. Governance arrangements regularly reviewed by external consultants, internal and external audit functions. The commercial and care elements of our governance structure are being rationalised to reduce complexity. |  | Cautious |
| SRR09 Group Credit Rating Risk Owner: Group Director of Finance (Steven Henderson) | The Group's credit rating is downgraded, adversely impacting our ability to raise funds on the capital markets or potentially impacting on the cost of debt to the Group. External factors such as a no-deal Brexit could result in a downgrading of the Group's credit rating, by an estimated two notches lead to a down grade in the Group's credit rating. We have a loss of rating clause in our EIB loans that could lead to us having to repay any drawn debt plus hedge breakage costs if our rating falls to BBB+. This could trigger potential prepayment of our European Investment Bank loans if the rating falls to BBB+ or below. |  | Maintaining current rating margin of safety - our current rating is A+, so a two-notch downgrade would see this fall to A-, one notch above our loss of rating trigger. The Group's business plan is designed to maintain a strong stand alone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. Mitigation drafting used in legal clauses - in the event the rating fell to BBB+, the legal clauses are |  | Cautious |

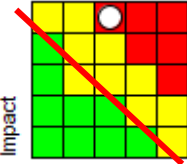| Risk Code & Title | Description | Inherent Risk Score | Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| | | | specific that this is not an event of default (thereby avoiding cross-default). | | |
| | | | *Negotiation period* – the legal clauses provide for a period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. | | |
| | | | *Standby funders to replace EIB if necessary* - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need. | | |
| SRR10<br><br>Securing new funding and adverse market changes<br><br><u>Risk Owner</u>: Group Director of Finance (Steven Henderson) | ~~US foreign exchange risk – Raising additional bond money from US investors brings increased monetary risk in the way of fluctuating international foreign exchange rates.~~<br><br>~~European Investment Bank – A large and flexible source of funding will dissipate after Article 50 is triggered by the UK government in relation to EU Brexit. EIB funding interest rates are low (at 2.5%) when compared to other funding options (at 4%). In addition, EIB funding operates as a drawdown facility which decreases financial risk to the Group if new developments are delayed in terms of not having to pay finance costs~~<br><br>Wider economic and/or political conditions could cause <u>deterioration in the funding market</u>, for example another banking crisis or constitutional changes causing investor uncertainty. This could |  | Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding ~~bond~~ market changes.<br><br>~~Foreign exchange risk is closely monitored and only arises if the Group severs deals before the agreed maturity date;~~<br><br>~~Group Treasury monitor and have a policy to restrict US borrowings to £100m to mitigate risk;~~<br><br>~~Finance team undertake detailed stress testing and sensitivity analysis of the Groups financial position against covenant requirements on a regular basis (e.g. liquidity, debt profile);~~<br><br>~~Quarterly updates on progress against Business Plans and assumptions are monitored by Subsidiary Boards. This includes a review of our the~~ |  | Open |

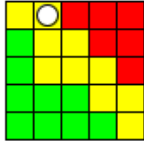| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| | limit our ability to raise borrowing at cost-effective rates or raise the required funds to meet our liquidity Golden Rules, thereby increasing the risk that we do not have enough available cash to meet our commitments or achieve our business plan objectives. | | ~~current and future valuation of the Group's asset base;~~<br><br>~~Treasury will seek alternative sources of funding which offer flexibility and attractive rates for the Group;~~<br><br>Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for 15 months + 25% contingency, and this rule is re-assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly.<br><br>We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB).<br><br>The Group's Internal Rate of Return (for appraising and approving projects) ~~would~~ will be revised when finance costs increase to ensure new build projects do not become loss-making. | | |
| SRR11<br><br>Business Continuity / Disaster Recovery<br><br>Risk Owner: Group Director of Resources (Elaine Melrose) | The Wheatley Housing Group does not have adequate or tested Business Continuity / Disaster Recovery Plans in place for key business activities (for example: repairs service, care provision/staff cover, customer payment systems/technology) including those with significant contractors, resulting in significant disruption to service and avoidable reputational damage. |  | A business continuity implementation group is responsible for collating, reviewing and designing the Group's Disaster Recovery and Business Continuity Plans.<br><br>A programme to annually test these plans has been developed.<br><br>Group Assurance continue to monitor progress and robustness of plans. |  | Minimal |

| Risk Code & Title | Description | Inherent Risk Score | Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| SRR12<br><br>Commercial Operations<br><br>Risk Owner: Group Director of Property & Development (Tom Barclay) | Failure to achieve financial growth returns in our commercial operations such as Lowther Homes and Your Place. This results in reduced surpluses available to support the Group's charitable activity, in particular through the Wheatley Foundation. | Impact / Likelihood | Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives; and<br><br>Levels of performance are monitored by Divisional Management Teams (DMTs), Executive Team (ET) and the relevant Boards as well as Group Board. | Impact / Likelihood | Open |
| SRR13<br><br>Political and Policy Changes<br><br>Risk Owner: Martin Armstrong (Group Chief Executive Officer) | The risk that political and policy changes (within Scotland and the UK) affect the ability of Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact.<br>For example: Brexit will result in the withdrawal of EU grant funding which will affect the Group's total income. | Impact / Likelihood | The current policy and national political environment (e.g. Brexit) brings a degree of uncertainty.<br><br>The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise.<br><br>The Group's policy of not building homes for sale also mitigates potential property market risk. | Impact / Likelihood | Cautious |
| SRR14<br><br>Failure to recruit, develop, retain, and succession plan<br><br>Risk Owner: Group Director of Resources (Elaine Melrose) | Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives. | Impact / Likelihood | MyContribution process for all staff / training logs for all staff / training courses at the Academy and online / leadership development programme / succession planning and talent management programme / HR policies on recruitment and selection / employee satisfaction surveys. | Impact / Likelihood | Open |

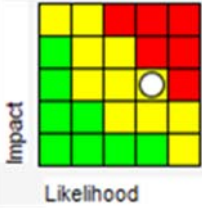| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| SRR15<br><br>Laws and Regulations<br><br>Risk Owner: Group Director of Finance (Steven Henderson) | Non-compliance with statutory laws and regulations, including but not limited to: (i) Scottish Housing Regulator and Care Inspectorate regulations, (ii) Financial Conduct Authority (FCA) regulations, (iii) compliance with Health and Safety Building Regulations (iv) Freedom of Information (Scotland) Act, and (v) General Data Protection Regulations resulting in adverse feedback and loss in confidence from Regulator, the Scottish Information Commissioner, funders, customers and potential partners, as well as potential fines and penalties. | <br>Impact / Likelihood | A Group wide Scottish Housing Charter Assurance process is being established supported by the Tenant Scrutiny Panel reviewing outcomes.<br><br>FCA regulations are considered when new products and services are developed.<br><br>Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (e.g. external wall coverings), to ensure these meet relevant building standards.<br><br>New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group Board.<br><br>Legal and financial advice is obtained for all financial offerings to customers.<br><br>Compliance Plan monitored on an on-going basis and any issues raised to Executive Team and Audit Committee on an exceptions basis. The Group has on-going relationship management with Regulator.<br><br>Group wide approach to how the Group manages information.<br><br>Privacy Impact Statements to be implemented across the Group.<br><br>Changes to existing legislation are identified and implemented by identified responsible officers across the Group. | <br>Impact / Likelihood | Averse |

| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| SRR16<br><br>Pension Deficit<br><br>Risk Owner: Group Director of Finance (Steven Henderson) | Increases in the <u>pension deficit</u> for all Group pension funds, leads to potential cost pressures for the Group if additional contributions to these funds are required. |  | The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which will be the default arrangement for new joiners and auto-enrolment in future for most subsidiaries, except where prior approval of the RAAG Committee is received. |  | Averse |
| SRR18 Supply Chain<br><br>Risk Owner: Group Director of Property & Development (Tom Barclay) | **Supply Chain**<br><br>A potential no-deal Brexit and/ or poor Brexit deal could result in the end of, or service restrictions to trade, which could adversely impact the Group and its contractors supply chain. Specific risks relate to availability / cost of materials and / or availability of trades.<br><br>This could result in:<br><br>(i) **Repairs service** – delays in completions;<br><br>(ii) **Investment programme** - delays / cost increases<br><br>(ii) **New build** – delays to meet delivery targets / increased costs;<br><br>(iv) **Operational Supplies** – delays in delivery / cost increases |  | **General**<br><span style="color:red">Procurement procedures include assessment of suppliers' financial health.</span> Proactive monitoring of supply chains by Operational leads with regular contract management meetings.<br><br>Regular engagement with Scottish Government on cost or delay impact as potential issues emerge. <span style="color:red">In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers.</span><br><br>**Repairs Service**<br>Manage stock levels of components and materials. Engagement with key suppliers.<br><br>Specific contingency plans for key services e.g. lifts. Local staff directly employed by CBG or DCPS.<br><br>**Investment Programme**<br>Manage stock levels of components and materials. Engagement with key suppliers.<br><br>**New Build**<br>Procurement with fixed tender costs for 2019/20 site starts. New framework in procurement to maintain competitiveness. |  | Cautious |

| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
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| | | | Engagement with SG on cost increase impact on grant applications. Monthly project monitoring to identify early issues relating to materials availability. Consideration of long term mitigation e.g. change of specification to locally sourced materials and components where practicable. Monitor availability of trades on site – consider increased site monitoring to ensure quality of workmanship.<br><br>**Operational Supplies**<br>Utilisation of Group and 3rd party frameworks to minimise price increase risk. Engagement with key suppliers on stock levels. | | |
| SRR19<br><br>Funding Availability<br><br><u>Risk Owner</u>: Group Director of Finance (Steven Henderson) | Our new £185m EIB loan has a clause that means it may no longer be available should the EIB's treaty privileges and immunities not be continued post Brexit. These are contained in the draft Withdrawal Agreement so may be at risk in a no-deal scenario. | <br>To reduce impact score from 5 to 4.<br> | *Legal mitigations agreed in contract* – cancellation of the loan is not automatic, EIB has the right to negotiate alternative mitigations if it wishes. We have drawn £85m of the £185m facility. We consider the risk to cancellation of availability to be higher than cancellation of drawn funds.<br><br>*Maintenance of strong relationship with EIB* – we maintain regular contact and support EIB widely, e.g. in events in other member states, to cement our status as potentially a special case/relationship and our new relationship manager is known to the WHG finance team.<br><br>*Significant alternative funding streams put in place late 2018 to provide a liquidity buffer* – this includes c£150m of new funding to provide c2 years of cash requirement even without EIB, and this funding boost was a key determinant in the S&P upgrade from negative to stable outlook. | <br>To reduce impact score from 5 to 4.<br> | Averse |

| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
|---|---|---|---|---|---|
| SRR20<br><br>Loan Security<br><br>Risk Owner: Group Director of Finance (Steven Henderson) | Loan security<br><br>In the event of a significant housing market downturn, the value of our assets held as security for our loans could fall. This principally affects properties valued at the Market Value – Subject to Tenancy ("MV-ST") basis. We have £794m of security valued at MV-T, and £1,135m at the lower, discounted cash flow basis of Existing Use Value – Social Housing ("EUV-SH"). | <br>Impact / Likelihood | We currently have £128m of unencumbered stock on an EUV-SH basis available to charge as additional security (which would take 6-9 months to legally secure).<br><br>MV-T borrowing requires a higher asset cover ratio than EUV-SH borrowing, so depending on any fall in value we may "flip" some stock to an EUV-SH basis. We continue to discuss any valuation impacts with our valuer JLL and have run a number of scenarios which show that we could reallocate existing stock and secure unencumbered stock (albeit with a time lag) to mitigate even the Bank of England's no-deal downside case of a 26% fall in house prices. | <br>Impact / Likelihood | Averse |
| SRR21<br><br>Cyber Security<br><br>Risk Owner: Group Director of Resources (Elaine Melrose) | The Group's approach to Cyber Security is not robust and staff are not actively engaged due to culture or poor staff understanding; or knowledge of the subject, the Group's response to it or their individual role.<br><br>A lack of compliance with the approach and arrangements made could lead to greater opportunity for cyber-attack, resulting in unplanned system downtime, data loss, reputational damage, customer dissatisfaction and potential legislative or regulatory breach. | <br>Impact / Likelihood | IT cyber security live tests undertaken and results reported to ET and Group Board.<br><br>Group IT has an information and cyber security approach that covers i) overall Information Security Policy for Group, and ii) staff engagement and training across 5 key learning themes.<br><br>Established processes across key risk areas: Information Security Response / Access Controls / Secure Disposal / Group Data Protection Policy /IT Cloud Services Policy / Vendor Security Assessments.<br><br>Group IT is externally assessed annually on information security and IT general controls via 3rd party auditors. | <br>Impact / Likelihood | Minimal |

| Risk Code & Title | Description | Inherent Risk Score | Risk Existing Controls / Monitoring & Check | Residual Risk Score | Risk Appetite |
|---|---|---|---|---|---|
| | | | A Bi-Annual cyber security assessment is conducted by NCC across 20 key control areas.<br><br>An internal Information Security Working Group has been established within technical teams across Group IT. | | |
| SRR22 Group growth and the DGHP partnership<br><br>Risk Owner: Group Director of Resources (Elaine Melrose) | Group growth and the DGHP partnership, which may lead to the diversification of services provided by the Group is entered into without proper risk assessment leading to the Group not achieving the expected benefits which could result in loss of confidence with Board, Investors, Regulator and DGHP. |  | Strategic growth framework which requires risk assessment of opportunities.<br><br>Due diligence review to be completed in a standard format for approval by both Wheatley Board and the Regulator in advance of any new partnerships.<br><br>Robust performance monitoring arrangements in place to agree expected outcomes.<br><br>Performance will be monitored by the Group Board. |  | Open |
| SRR23 Post-2021 Housing Policy and Grant availability<br><br>Risk Owner: Group Director of Finance (Steven Henderson) | There is a risk that a reduction in the availability of grant (both in terms of availability and allocation levels) resulting from a change in Scottish Government Housing Policy after 2021, results in a failure to fully deliver the new build programme set out within the 2020 – 2025 Strategy. |  | Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH.<br><br>Financial scenario planning in place to understand potential impact on new build programme of a variety of reduced grant allocation scenarios. |  | Cautious |

**Risk Scoring Definitions**

## Impact scoring for strategic risks

| Risk Rating Score | Impact Classification | Reputation | Health, Safety and Welfare | Finance |
|---|---|---|---|---|
| 1 | Insignificant | Managed/reported to Business Unit Local media (short term duration) | Minor injury cleared with first aid treatment | Up to £100,000 |
| 2 | Minor | Managed/reported to Departmental Management Team<br>Local media (short/medium term duration) | Reportable dangerous occurrence (near misses) | £100,001 to £500,000 |
| 3 | Moderate | Managed/reported to Team and Board Members<br>Regional media (short/medium term duration) | Reportable over three day injuries or reportable diseases | £100,001 to £500,000 |
| 4 | Significant | Regional/National media coverage (medium/long term duration) | Major reportable injury or injuries | £500,001 to £1M |
| 5 | Catastrophic | Third Party Intervention Public Interest Group<br>National/international media (long term duration) | Fatality or permanent disability | Over £1M |

## Likelihood scoring

| Risk Rating Score | Likelihood Classification | Risk Description |
|---|---|---|
| 1 | Remote | Likely to occur greater than 10 years |
| 2 | Unlikely | Likely to occur within 5 to 10 years |
| 3 | Possible | Likely to occur within 3 to 5 years |
| 4 | Likely | Likely to occur within 1 to 3 years |
| 5 | Very Likely | Likely to occur within 1 year |

Impact

| 5 | 10 | 15 | 20 | 25 |
|---|---|---|---|---|
| 4 | 8 | 12 | 16 | 20 |
| 3 | 6 | 9 | 12 | 15 |
| 2 | 4 | 6 | 8 | 10 |
| 1 | 2 | 3 | 4 | 5 |

Likelihood
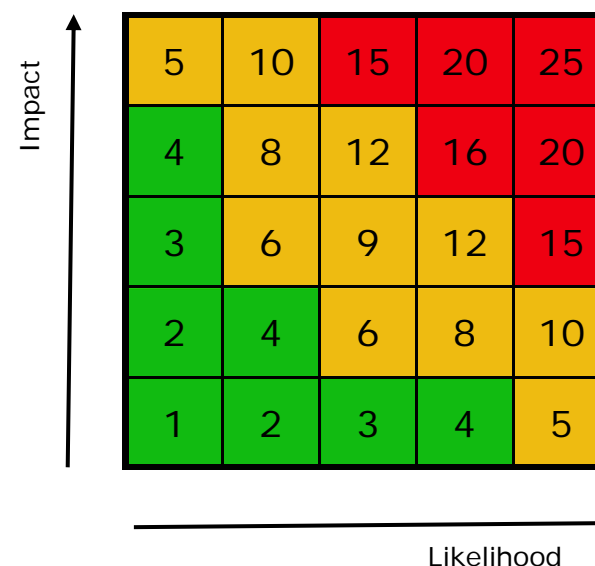
| | 1<br>Averse | 2<br>Minimal | 3<br>Cautious | 4<br>Open | 5<br>Hungry |
|---|---|---|---|---|---|
| | Avoidance of risk and uncertainty is a key Organisational objective. | Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward. | Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward. | Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.). | Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk). |
| **Risk Category** | Example behaviours when taking key decisions…. | | | | |
| **Reputation and credibility** | • Minimal tolerance for any decisions that could lead to external scrutiny. | • Tolerance for risk taking limited to those events where there is no chance of significant repercussion. | • Tolerance for risk taking limited those events where there is little chance of any significant repercussion should there be a failure. | • Appetite to take decisions with potential to expose us to additional scrutiny but only when appropriate steps have been taken to minimise any exposure. | • Appetite to take decisions that are likely to bring external scrutiny but where potential benefits outweigh the risks. |
| **Operational and Policy delivery** | • Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate.<br>• Priority for tight management controls and oversight with limited devolved decision making authority.<br>• General avoidance of systems / technology developments. | • Innovations always avoided unless essential.<br>• Decision making authority held by senior management.<br>• Only essential systems /technology developments to protect current operations. | • Tendency to stick to the status quo, innovations generally avoided unless necessary.<br>• Decision making authority generally held by senior management.<br>• Systems / technology developments limited to improvements to protection of current operations. | • Innovation supported, with demonstration of commensurate improvements in management control.<br>• Systems / technology developments considered to enable operational delivery.<br>• Responsibility for non-critical decisions may be devolved. | • Innovation pursued – desire to 'break the mould' and challenge current working practices.<br>• New technologies viewed as a key enabler of operational activity. |
| **Financial / VFM** | • Avoidance of financial loss is a key objective.<br>• Only willing to accept the low cost option.<br>• Resources withdrawn from non-essential activities. | • Only prepared to accept the possibility of very limited financial loss if essential.<br>• VFM is primary concern. | • Prepared to accept the possibility of some limited financial loss.<br>• VFM still the primary concern but willing to also consider the benefits.<br>• Resources generally restricted to core operational targets. | • Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level.<br>• Value and benefits considered (not just cheapest price).<br>• Resources allocated in order to capitalise on potential opportunities. | • Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place).<br>• Resources allocated without firm guarantee of return – 'investment capital' type approach. |
| **Compliance – legal / Regulatory** | • Avoid anything which could be challenged, even unsuccessfully.<br>• Play safe. | • Want to be very sure we would win any challenge. | • Limited tolerance for "sticking our neck out". Want to be reasonably sure we would win any challenge. | • Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences. | • Chances or losing are high and consequences serious. But a win would be seen as a great coup. |

# Report

| **To:** | **Wheatley Housing Group Board** |
| **By:** | **Elaine Melrose, Group Director of Resources** |
| **Approved by:** | **Martin Armstrong, Group Chief Executive** |
| **Subject:** | **Business Continuity annual report** |
| **Date of Meeting:** | **18 December 2019** |

_____

## 1. Purpose

1.1 The purpose of this report is to inform the Board of the status of the Group's business continuity management arrangements.

## 2. Authorising context

2.1 Under the Group Authorising Framework and Intra-Group Agreement the Board is responsible for approving Group Policies. Subsidiaries and senior management are responsible for the implementation of group policies.

2.2 The Group Board is responsible for managing Group risk and for monitoring the Group's compliance with Group policies.

## 3. Risk appetite and assessment

3.1 The Group's risk appetite relating to Business Continuity and Disaster Recovery is "Minimal" i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward. The risk tolerance of individual subsidiaries relating to business continuity and disaster recovery varies from "Averse" to "Cautious".

3.2 The Business Continuity specific risk register is regularly reviewed with responsible Directors across the Group. The key risks continue to be:

- Loss of staff;
- Loss of utilities;
- Loss of systems, IT and information;
- Loss of or access to premises;
- National disaster / terrorist attack / civil emergency; and
- Loss of supply chain.

3.3 Emerging and escalating business continuity risks whose mitigation is discussed in Section 5 are as follows:

- No Deal Brexit;
- Cyber attacks on our IT systems; and
- Introduction of DGHP to the Group (rural geography).

## 4. Background

4.1 The Group Business Continuity Policy was approved by the Group Board in October 2018.

4.2 A compliance monitoring and Business Continuity Management ("BCM") plan storage solution is in place within PIMSS, the Group's asset management system. This allows us to link the plans and related documents to the relevant property and to monitor compliance to the Group Policy. The reporting function of the system allows us to alert plan owners when they should review and exercise their plans as they approach their annual review dates. Post incident reviews are undertaken to understand lessons learned when emergency plans are activated.

## 5. Discussion

Policy

5.1 The Group Business Continuity Policy provides the framework around which the Group's BCM capability is designed and built to ensure the Group has in place the measures to manage a potential crisis or business interruption effectively.

5.2 The aims of the policy are to:

- Ensure critical services to customers and critical business processes are maintained in the event of a significant disruption to normal operations by introducing a consistent BCM methodology across the Group; and
- Ensure that the framework and processes are integrated with strategic and day-today business practices as aligned with business priorities.

Approach

5.3 Our Business Continuity Management System is based on a Group approach which coordinates the service specific plans for each part of the business with consistent templates. An overview of the Group system is as follows:

**Group Business Continuity Management**

**BC Strategy**

**BC Policy**

**Group Level Plans**

Crisis Management

IT

CSC

**Subsidiary Level Plans**

Subsidiary 1

Subsidiary 2

Subsidiary 3

Subsidiary 4

Local Plan 1

Local Plan 2

Local Plan 3

**Delivery Partner Plans**

CBG

DCPS

**Deployment, Testing, Training**
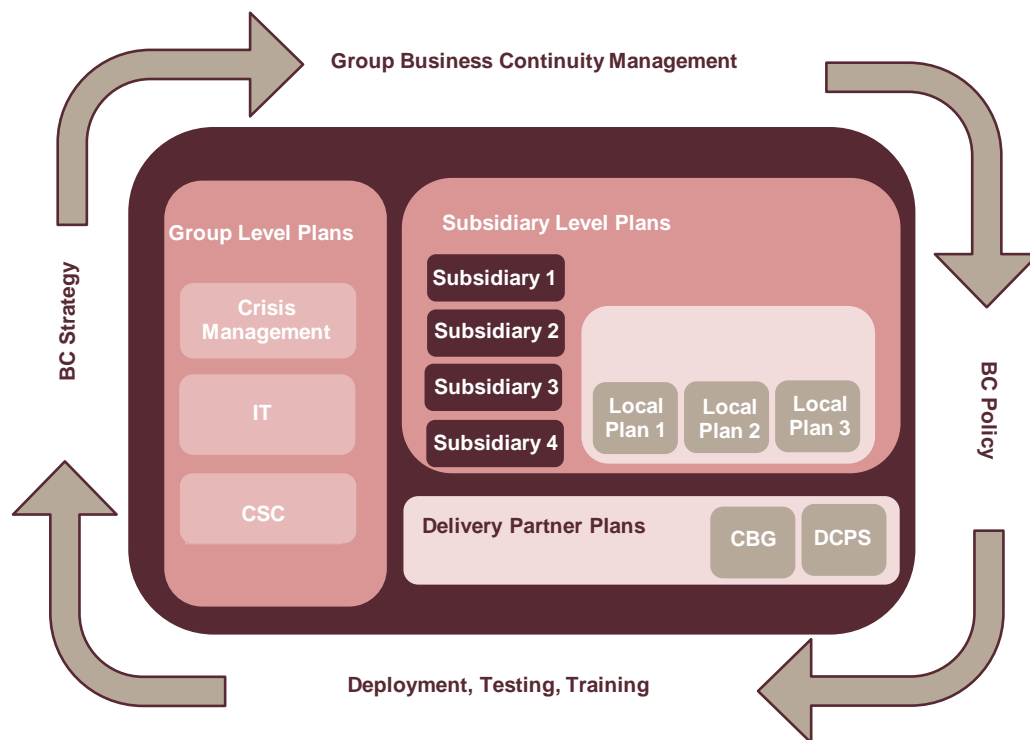
Roles and responsibilities

5.4    The Group Chief Executive has overall responsibility for business continuity for the Group.  The Group Director of Resources has overall responsibility for maintenance and implementation of this policy. All Directors, including Directors of Group subsidiaries have overall responsibility for business continuity within their subsidiary / business division. Each business division within the Group and its subsidiaries has a nominated member of staff with specific day-to-day responsibility for Business Continuity Management.

Compliance assurance

5.5    To demonstrate compliance with the Business Continuity management system all emergency plans across the Group are centrally monitored to ensure that they are regularly reviewed by the relevant business owners.  In addition to subsidiary emergency plans the Group has three strategic plans which have been reviewed and tested as follows:

Group Crisis Management Plan

5.5.1  To fulfill our obligations to prepare for a business disruption event a range of activities have been undertaken to provide assurance to key stakeholders (shown in Appendix 1).

5.5.2  During 2019 the Group Crisis Management Plan has invoked on two occasions. The team coordinated the Group's response to a gas explosion at a GHA property on 22nd March and an IT outage at Customer Service Centre on 3rd December.  Both activations by the team have been reviewed to identify lessons learned.  Summaries of these events are shown at Appendix 2.

<u>Group IT Business Continuity Plan</u>

5.5.3 This plan covers the prevention of business interruption from the delivery of Group-wide IT services and the recovery of IT services in the event of an outage. A range of activities have been undertaken to provide assurance to key stakeholders (shown in Appendix 1). The Group IT Business Continuity plan was last invoked on 3rd December 2019 to recover IT systems at the CSC as a result of an outage. A summary of the event is shown in Appendix 2.

<u>Group Customer Service Centre Emergency Plan</u>

5.5.4 This plan covers the continuation of our 24/7 call centre services for the Group in the event of a range of scenarios including lack of staff due to severe weather events, power / telephony outages and closure of the building. A range of activities have been undertaken to provide assurance to key stakeholders (shown in Appendix 1).

<u>Subsidiary and Local Emergency Plans</u>

5.5.5 These emergency plans cover a range of scenarios including lack of staff due to severe weather events, closure of the local office, fires, flooding and damage to core stock and other disruptions to services. A range of activities have been undertaken to provide assurance to key stakeholders (shown in Appendix 1).

<u>Delivery Partner Emergency Plans</u>

5.5.6 Emergency plans are in place for both our Investment and Repairs delivery partners (City Building (Glasgow) and Dunedin Canmore Property Services). In particular, their plans cover winter preparedness plans for delivery of repairs services but are also used for other severe weather events. These plans are prepared jointly with the City Building Glasgow and Dunedin Canmore Repairs, Investment and Compliance teams. The 2019 Winter Plans will cover the period 1st November 2019 to 31st March 2020 and have specific provisions for the Christmas break period. The activities undertaken to provide assurance to key stakeholders are shown in Appendix 1.

<u>Future Developments in the Business Continuity Management System</u>

*Dumfries and Galloway Housing Partnership (DGHP)*

5.6 The business continuity arrangements associated with the new partnership with Dumfries and Galloway Housing Partnership ("DGHP") are currently being reviewed. As their stock is dispersed they are protected from many large scale scenarios which could affect a single area. The stock holding in Dumfries is the largest concentration of stock and the existing emergency arrangements will be reviewed to align with the Group's approach. DGHP's stock profile does not include any multi-storey stock which further reduces its large-scale business continuity risk.

5.7 DGHP currently operates a call centre from Dumfries which covers all DGHP locations. Their approach to business continuity will be reviewed in January 2020 to ensure its effectiveness to support any business disruption event to its stock. They will be offered training and scenario testing to support their inclusion in the Group-wide approach. In addition, DGHP's IT systems will be tested in Spring 2020 for outage / disaster recovery and a management system will be deployed until they are fully onboarded to the Group IT system.

*No Deal Brexit*

5.8 An emerging business continuity risk for in 2019 has been the risk of a No Deal Brexit as identified in the Group's Strategic Risk Register. Political uncertainty continues to present this as a possible risk to the business until 31st January 2020 based on current estimates.

5.9 The immediate potential business interruption impact of a No Deal Brexit would be on Care Services, particularly relating to provision of medicine and food for residential services. Loretto and Barony are liaising with commissioning authorities to mitigate this impact so that delivery of these services is not disrupted. Some of the commissioning local authorities have asked us to provide information about our preparedness for a No Deal Brexit. Each local authority will be given a tailored response depending on the types of service and potential impact.

5.10 In addition we have worked with the Coalition of Care Providers Scotland and Local Authorities where relevant to understand potential impact on our customers within the services we manage. Managers are reviewing contingency plans and completing risk assessments for relevant individuals and services.

*Cyber Security*

5.11 Another risk which is continuing to be strategically monitored due to changes in our external environment is the risk of cyber attacks on our IT systems. We have in place a Group IT Computer Security Incident Response Plan which includes an annual test.

5.12 In 2019 we utilised the National Cyber Security Centre methodology for a Phishing email/malware attack scenario. We have a further test scheduled for February 2020 with a scenario where our Customer Relationship Management system (Astra) is hacked. This scenario will involve IT leads and engineers only. Following this tabletop exercise and review, a wider scenario involving the Group Crisis Management Team and business leads will be scheduled (expected late summer 2020).

*Data Storage*

5.13 As the Group embeds Sharepoint there is an opportunity to rely less on physical data centres for storage of our data. We are currently progressing with O365/Sharepoint adoption for staff with the aim for migration of team documents to Sharepoint in early 2020. We are progressing with the implementation of a hybrid cloud approach (moving from 2 main data centre

locations to a primary data centre plus Azure cloud). Our secondary data centre arrangement is expected to complete late 2021.

*Crisis management*

5.14 The increasing size and diversity of the Group means that communication during a crisis could become challenging without the better use of technology. Conference calling facilities are already used as an effective way of communicating key messages among senior staff and the crisis management team. The potential for skype, WhatsApp and similar group communication tools in a crisis will be explored in 2020 to optimise cross-group communication during a crisis.

5.15 The forthcoming 2020-25 Strategy and supporting plans for assets and digital include the potential for staff to work more flexibly whether in customers' homes, in any office or at home. This approach will help to mitigate the risk to business operations if buildings are temporarily closed due to an interruption event. In the next 3 years we will consider whether the physical business continuity space at South Street, Glasgow is still required as a backup plan.

*Working with key partners and suppliers*

5.16 As we continue to rationalise our supply base and work with fewer key supply partners we will continue to work with them to ensure that their business continuity / disaster recovery plans dovetail with ours. When contracts are renewed we will seek opportunities to strengthen their requirements to provide business continuity planning information.

## 6. Key issues and conclusions

6.1 Business continuity is an essential part of effectively managing a large and complex business. The process of business continuity is a continuous one of undertaking five key steps in the management cycle:

- Understanding the organisation;
- Determining the Group's BCM strategy;
- Developing and implementing the Group's BCM response;
- Exercising, maintaining and reviewing plans; and
- Embedding BCM in the Group's culture.

6.2 The Business Continuity activities noted in this report will continue to deliver the Group's preparedness and response to disruption events.

6.3 The Business Continuity Policy is scheduled for review in 2021. However due to the new partner joining the Group we will refresh the policy to reflect the addition of DGHP in 2020.

## 7. Value for money implications

7.1 There are no value for money implications as a result of business continuity activity.

**8.      Impact on financial projections**

8.1    There are no financial implications from this report.  All costs relating to business continuity are met from existing budgets.

**9.      Legal, regulatory and charitable implications**

9.1    There are no legal implications as a result of the implementation of the policy.

**10.     Partnership implications**

10.1   The Business Continuity policy and its implementation is applicable to all subsidiaries across the Group.  All subsidiaries have provided their current business continuity plans for review and central filing.  All subsidiaries have been involved in the business continuity process and are continuing to refresh and exercise their plans as per policy requirements.

10.2   A review of key suppliers' business continuity plans will be undertaken to confirm existing mitigation controls and to work together to further mitigate risks to our business.

**11      Implementation and deployment**

11.1   We undertake risk workshops every year to refresh and identify new key risks to the business, document existing mitigation and to identify areas where further mitigation could be undertaken to further reduce the risk of a business interruption event, and / or limit its impact and duration.

11.3   We will continue to maintain and monitor a central repository of the business continuity plans from across the Group.  Business Continuity plans are expected to be exercised following the annual review of the plan and after any other update to the plan.  The next annual Business Continuity update to the Board will include key outcomes and lessons learned from these exercises.

**12.     Equalities impact**

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

**13.     Recommendation**

13.1   The Board is invited to note the content of this report.


**List of Appendices**

Appendix 1 – Summary of Business Continuity Planning Activity 2019
Appendix 2 – Summary of Crisis Management Plan Activations

**Appendix 1 – Summary of Business Continuity Planning Activity 2019**

| Activity | Date Due | Status |
|---|---|---|
| **Crisis Management Plan** | | |
| Review of the Group Crisis Management Plan | June 2019 | Complete |
| Desk top scenario test with all key stakeholders on | October 2019 | Complete |
| **IT Business Continuity Plan** | | |
| Anite - physical test of recovery | June 2019 | Complete |
| iWorld - physical test of recovery | November 2019 | Complete |
| Payment Engine - physical test of recovery | December 2019 | Complete |
| Astra - physical test of recovery | October 2019 | Rescheduled to March 2020 |
| Group IT annual business continuity test | October 2019 | Complete |
| Group IT Computer Security Incident Response Plan | February 2020 | Planned |
| **CSC Emergency Plan** | | |
| Review of the Customer Service Centre Emergency Plan | June 2019 | Complete |
| Physical test of the CSC Emergency Plan | November 2019 | Complete |
| Participation in Winter 2019 planning with JV and DCPS | December 2019 | Complete |
| **Subsidiary Plans** | | |
| Review of the Subsidiary Emergency Plans | June 2019 | Complete |
| Desk top scenario tests | Ongoing | ongoing |
| **JV / DCPS** | | |
| Review and revision of Winter Plans with CBG, JV and DCPS | December 2019 | Complete |

**Appendix 2 – Summary of Crisis Management Plan Activations**

| Event | Gas Explosion, Kennedar Drive Glasgow 22nd March 2019 |
| --- | --- |
| Detail | At 0700 on 22nd March a gas explosion occurred at a GHA block of flats in Kennedar Drive.  The explosion blew out glass from all the windows onto the street and injured two people inside the flat. <br> A police major incident was declared and all residents of the block and the surrounding were evacuated to the Pearce Institute under the instruction of Police Scotland. The Locality Director, Housing officers, Group Health & Safety Manager, Group Gas Manager and a member of the Group Communications team attended to scene. The Crisis Management plan was invoked and communication was coordinated by the Group Crisis Management lead with key stakeholders (Executive Team, MD of GHA, board members etc). <br> The scene was made safe and the injured people were taken to hospital.  Residents were returned to their homes at 1430 after structural checks were completed by Glasgow City Council Building Control. <br> An investigation of root cause was undertaken by the Group Health & Safety Team in conjunction with the Police. |
| Outcome | [Redacted] <br> Repairs were completed to the flat and the one above to restore them to lettable standards. |
| Lessons Learned | The emergency response was well managed by all GHA and Group staff involved in the incident. <br> The key lesson learned was to develop a Sign in sheet and Rendezvous point for all Group staff attending the scene to log attendance and activity.  This will ensure single point of control at any major Police incident. |

| Event | IT Outage, Customer Service Centre<br>3rd December 2019 |
|---|---|
| **Detail** | At 0825 on 3rd December all staff on 1st and 2nd floors of Lipton House lost telephone services, internet services and Group IT services.<br>The CSC invoked its Emergency Plan and staff started to be moved to the Business continuity suite at South Street to restore emergency repairs services.<br>The IT team invoked their emergency plan and sent key staff to investigate cause. Key suppliers were called to attend.<br>The Loretto and Wheatley 360 emergency plans were invoked resulting in staff moving to other buildings to resume services.<br>The Comms Team and CSC changed messages on all channels (telephony, social media and websites).<br>The Group Crisis management plan was invoked to give support to coordinate communication with key stakeholders (Executive Team and MDs of all subsidiaries) |
| **Outcome** | Full IT services were restored at 1200.<br>CSC staff were moved back to Lipton House over the next 2 hours to maintain continuity of service.<br>An investigation of root cause identified that the outage resulted from the installation of an unauthorised device in a CSC meeting room by a member of staff. |
| **Lessons Learned** | All emergency plans worked well and the incident was well coordinated to manage service continuity.<br>Technical changes to the IT services at the CSC are planned for January 2020 to prevent recurrence of this issue having an impact on service.<br>In the short term instructions on installation of devices have been provided in all meeting rooms and training given to managers and staff. |

[Agenda item 13 – redacted]