



WHEATLEY HOUSING GROUP LIMITED

SC426094

MEETING OF BOARD OF DIRECTORS

held by videoconference

on Friday 18 September 2020 at 14.00

Directors Present: Alastair MacNish (Chair), Jo Armstrong, Martin Armstrong, Jo Boaden, Sheila Gunn, Bernadette Hewitt, Martin Kelso and Peter Kelly (Items 1-5 only)

In Attendance: Anthony Allison (Director of Governance), Steven Henderson (Group Director of Finance), Elaine Melrose (Group Director of Resources, items 5-7 only) and Olga Clayton (Group Director of Housing and Care – item 12 only)

1. Directors not in attendance

The Chair declared that a quorum was present. It was noted that consistent with the interim proposals for our governance Bryan Duncan, Professor Paddy Gray, John Hill, Angela Mitchell, James Muir and Mary Mulligan were not in attendance but their feedback on the reports had been circulated to attendees in advance.

2. Declarations of Interest

The Board noted the standing declarations of interest. No new declarations were made.

3. Minutes of meeting held on 26 August 2020

Decided: The Board approved the minute of 26 August 2020.

4. Group CEO update

The Board received an update on a range of matters including: our approach and processes relating to how we manage any instances of staff testing positive for Covid 19; changes to the SHR regulatory Framework; the 20/2021 draft Programme for Government; and the Foundation's expansion of the bursary scheme.

5. [item redacted]

6. Covid 19 – Approach to Local & Sector Specific Lockdown Restrictions

The proposed framework approach to the provision of services in the event of local and sector lockdown restrictions was set out in detail. It was explained that the framework would allow us to be sufficiently prepared and flexible to respond to emerging issues but in a structured way.

The Board considered our sensitivity testing of staff absence rates and our scenario planning assumptions. It was agreed they represented a very material increase and provided assurance we will be in a position to maintain essential services.

The Board discussed how we continue to support staff resilience and wellbeing more widely. It was confirmed we have a range of engagement and support activities in place across the Group.

Decided: The Board

- 1) Noted the content of this report**
- 2) Approved the services framework as the basis of the Groups continuing response to the emerging impact of Covid pandemic**
- 3) Noted that partner Business Continuity Plans will be updated to reflect these proposals and presented to the next cycle of Boards**

7. Group Strategy update

The Board received an update on the refinement of our Group strategy, with the revised summary reflecting the feedback from the Strategic Development Committee and individual partner Board strategy workshops. It was explained the performance and planning framework would be developed over the remainder of the calendar year.

The Board considered the updated Executive Summary and agreed it reflected the discussion to date, whilst reiterating that the majority of the existing content remained valid.

Decided: The Board

- 1) Noted the feedback from the partner Board workshops to date;**
- 2) Agreed, subject to any comments, the updated Group Strategy Executive Summary; and**
- 3) Noted that a full strategy document will be brought to the October Board meeting**

8. [item redacted]

9. Review of new build appraisal target return rate

The findings from the review of our target return rate were set out in conjunction with the associated proposals for new targets.

The Board discussed the proposed targets, how they take into account our embedded interest rates for borrowing and the differentials across tenure types. The Board further discussed the current Development Fund level and the specific circumstances relating to DGHP.

Decided: The Board

- 1) Approved the revision to the IRR target rate for the RSL Borrowing Group to 5.7% over 30 years for social rent and MMR new build projects;**
- 2) Approved the revision to the IRR target rate for DGHP to 5.7% over 35 years for social rent and MMR projects;**
- 3) [redacted]**
- 4) Agreed that these arrangements be subject to formal review by the Board at least every three years to reflect changes in our operating context and future interest rate assumptions**

10. Five-year review of City Building (Glasgow) LLP

The draft Terms of Reference for the review, which it was would take place in year 5 at the time of creating the Joint Venture, were set out. It was explained that tenant feedback will be a key feature of the review.

The Board considered the Terms of Reference and agreed that tenant feedback was a critical element of the review.

Decided: The Board approved the proposed Terms of Reference that we will set for the 5-year review of our City Building (Glasgow) LLP joint venture.

11. Rent remobilisation – Phase 2

The Board received a detailed update on work undertaken to move towards the remobilisation of business as usual activities in relation to rent, income and arrears collection and the next steps as we transition to Phase 2 of our remobilisation.

The Board considered our current arrears performance relative to the sector, which is approximately 20% lower than the Scottish average. The Board sought and received further detail on the steps in the escalation process and the application of wage arrestments.

Decided: The Board

- 1) **Noted the content of this report**
- 2) **Provided feedback on the proposed approach for remobilisation of rent and income collection from lockdown and phase 1 position towards a more normalised position in phase 2**
- 3) **Approved the proposed approach for remobilisation of rent and income collection from lockdown and phase 1 position towards a more normalised position in phase 2.**

12. 2020/21 Full year forecast out-turn

The Board received an update on the Group's 2020/21 full year forecast out-turn as compared against the approved 2020/21 budget.

The Board discussed the impact of our reduced development activity on rental income and sought confirmation the impact was not material. It was confirmed this was the case, with the impact manageable within our overall budget.

Decided: The Board:

- 1) **Noted the revised 2020/21 forecast out-turn; and**
- 2) **Approved the updated ERVR programme of £12.0m.**

13. Group Desktop Technology Refresh – contract award

It was explained that the proposals related to our end of service standard review and options appraisal process.

The Board discussed the diligence undertaken on the proposed contractor and that it confirmed it represented a low counterparty risk.

Decided: The Board

- 1) **Approved the award of the Group contract for the provision of desktop hosting services to Iomart Group PLC for a period of 4 years;**

- 2) Delegated authority to the Group Director of Finance to execute the contract agreements; and
- 3) Noted that a Group technology plan will be brought to the December Board as part of our new operating model proposals.

14. AOCB

There was no other competent business.