



**WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING**

**Wednesday 15 March 2023 at 10am
Wheatley House, 25 Cochrane Street, Glasgow**

AGENDA

1. Apologies for absence
2. Declarations of interest
3. a) Minute of meeting held on 22 February 2023 and matters arising
b) Action list
4. Group CEO update
5. Strategic agreements
6. [redacted]
7. Five-year capital investment in existing homes
8. Repairs, damp and mould update
9. Finance update
10. Broadband opportunity
11. AOCB

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Strategic agreements

Date of Meeting: 15 March 2023

1. Purpose

- 1.1 To ask the Board to approve the attached draft strategic agreements between Wheatley Group and Glasgow City Council (GCC) and Wheatley Group and Dumfries and Galloway Council (D&GC).

2. Authorising and strategic context

- 2.1. Under the Group Standing Orders, we are responsible for approving group strategy and any changes to this. The proposed agreements are of strategic importance, given they set out the key elements of our partnership working relationship with two key local authorities. For that reason, they are presented to the Group Board for review, following which they will be presented to the Wheatley Homes Glasgow, Loretto, Lowther, Wheatley Care and Wheatley Homes South Boards.
- 2.2. Our five-year strategy *Your Home, Your Community, Your Future* makes clear, as part of enabling our ambitions, the importance of strong relationships with key stakeholders. This includes being '*clear in our engagement with partners about what our asks and expectations are of them, in order to achieve mutual objectives, placing a greater emphasis on the contribution they will make in support of Wheatley's contribution*'. The draft Agreements with GCC and D&GC are part of our continued approach to ensuring we have a productive relationship with two of our most important partners.
- 2.3. The draft Agreements are due to be presented to Council Committees for approval over the coming months and may be subject to change. Any changes will be notified to all relevant Boards for discussion prior to the Agreements being finalised.

3. Background

- 3.1. Our relationships with Local Authorities in the areas we operate are critical to delivering our strategy. Councils have a statutory role in Scotland as "Strategic Housing Authorities", responsible for setting the Local Housing Strategies and Strategic Housing Investment Plans within which we work.

- 3.2. They have responsibilities for the prevention of homelessness, the planning and building control system, commissioning care services (often jointly with the NHS), defining regeneration strategies and strategic energy plans such as local heat network plans. In Glasgow and Edinburgh, the Local Authorities are responsible for the administration for grant funding for new build housing and property adaptations.
- 3.3. In Glasgow, through our RSLs and Wheatley Care, we have an extensive track record of working strategically with GCC. This relationship is based on delivery in many areas including creating a legacy from stock transfer, new build development, strengthening our communities and innovation in care delivery. It is also reinforced through our City Building (Glasgow) joint venture and the Strategic Agreement that we entered into with GCC in 2016 which has now expired. We, along with GCC, are now looking to refresh this Strategic Agreement.
- 3.4. In Dumfries and Galloway our relationship with the Council has strengthened considerably since DGHP, as it was then, joined our Group in 2019. This relationship is built on collaboration in key areas including housing, regeneration and the increasing contribution of Wheatley Homes South in local communities across Dumfries and Galloway. The draft Strategic Agreement with D&GC is an opportunity to reinforce the progress made and create a platform for future joint working.
- 3.5. In Edinburgh, we are in early stage discussions with the City of Edinburgh Council and other housing associations about a new multi-party Strategic Partnership Agreement. This would supersede a previous similar arrangement from 2016. The context in Edinburgh is different from Glasgow and Dumfries & Galloway, since the Council has retained social housing stock and we represent a smaller part of the social housing system. The Board will be updated on progress with this agreement later in the year.

4. Discussion

Glasgow draft Strategic Agreement

- 4.1. The draft Strategic Agreement with GCC is attached at Appendix 1 for Board consideration. In preparing the agreement with GCC officers, our objective was to update the previous document to reflect our current operating context and strategic objectives. The draft Agreement:
- takes a longer term approach to partnership working and planning – the previous Agreement was for three years, this one sets aspirations over a 10 year horizon, including the objective to deliver 4,000 new homes in Glasgow. Priorities in the agreement to support this include developing a pipeline of sites with GCC and City Property, progressing regeneration at the TRAs, Wyndford and Milton and improvements to planning processes;
 - continues to place Wheatley and its RSLs as the most significant housing and care delivery partner for GCC across a range of strategic priorities, thereby differentiating the Group strategically and operationally from others in the City;
 - identifies practical improvements in how we work together that will help accelerate the delivery of new homes, through the planning process and delivery of land for housing. This will include playing a key role in the Council's City Centre Living Strategy;

- for the first time since stock transfer, allows access to grant funding through the Affordable Housing Supply Programme for property adaptations for ex-GHA homes; addressing a legacy issue that put GHA tenants at a disadvantage compared to other housing association tenants in Scotland;
 - brings a shared focus on emerging and common areas with GCC that are increasingly key to our customers and business including sustainability resilience planning and digital connectivity; and
 - evidences the strength of our strategic partnership to our investors and rating agency.
- 4.2. The draft Agreement includes key shared outcomes with GCC which reflect priorities. These are:
- 6,000 homeless people/families provided with a home by Wheatley over the first 5 years of this agreement;
 - 4,000 new homes in Glasgow between now and 2032;
 - 7,000 people being helped to continue living independently in their homes through our new adaptations partnership thereby helping reduce delayed discharge;
 - Broadband take-up rate among Wheatley customers higher than the average for residents in Glasgow;
 - Harmful emissions from Wheatley Homes reduced by 80,000 tn of CO2; and
 - Creating over 2,500 employment opportunities for people in Glasgow including through our City Building Glasgow joint venture with its *state-of-the-art* training centre and focus on developing the skills and expertise it will need for 'green' jobs
- 4.3. The draft Agreement includes a high-level action plan with early priorities and a commitment to review progress at set points. These reviews will allow the actions in the plan to be updated as required and help ensure aspects of the Agreement, such as our forward plan for new build development, remain current. Having an action plan as part of the Agreement will also provide a basis for assessing what is achieved. There is also a commitment to a full review of the Agreement in five years' time.
- 4.4. GCC is currently progressing the draft Strategic Agreement through its governance arrangements, and is expected to seek approval at its Policy Committee in May and Council Administration Committee in June. Until then it is possible that the Council may request some modification to the draft Agreement at Appendix 1, although the version presented here has been agreed with senior Council officials and reviewed by their legal team. Any changes arising from this will be subject to the Board's approval.
- 4.5. The refresh of the Strategic Agreement discussed here is part of wider engagement with GCC as part of what it terms its Council family review. This review also includes a joint examination of aspects of our City Building (Glasgow) ("CBG") joint venture to ensure it is meeting the needs of both partners, and that CBG has the skills and capabilities to meet future workload priorities.

Dumfries & Galloway draft Strategic Agreement

- 4.6. The draft Strategic Agreement with D&GC at Appendix 2 takes a consistent approach to the draft Glasgow Agreement and has been developed in close collaboration with Council officials.
- 4.7. Developing the Agreement jointly with the Council has been a positive process in building relationships at member and officer level, creating a shared vision and establishing common cause which will be essential to Wheatley Homes South in meeting its objectives. Ambitions in the draft Agreement include:
- 900 new homes in the area
 - Developing a funded approach to property buy backs
 - Support for adaptations to promote independent living
 - Joint working, building on successful engagement at Lochside and elsewhere, on safe and peaceful communities
 - Exploring opportunities for co-location
 - Joint working on resilience planning which is already producing results through joint lessons learned sessions on the response to recent floods
- 4.8. Engagement is on-going with Council members on the draft Agreement and with officers on the process for finalising this; the draft agreement has also been reviewed by the Council's legal team. Discussions are also taking place on an action plan which will support implementation. In keeping with the strategic nature of the Agreement and its importance to the Council and Wheatley, it is proposed that the Agreement is signed by the Council Leader and Group Chair.

5. Customer Engagement

- 5.1. Customer priorities have informed the development of these draft documents.

6. Environmental and sustainability implications

- 6.1. The draft Agreements include commitments to close working to deliver sustainability objectives including building energy efficient new homes, developing expertise in modern methods of construction and regeneration where it brings environmental, as well as wider benefits, for customers including helping to address fuel poverty and building homes that meet customer needs. Shared aims in reducing CO2 emissions and working towards retrofitting existing homes are also reflected in the agreement.

7. Digital transformation alignment

- 7.1. Close working with both Councils will help further our digital ambitions especially in ensuring connectivity for our customers. An example of this is the proposal from Giggle Broadband, that is due for consideration at this meeting, which will deliver more affordable broadband for customers in Glasgow. This has been developed in discussion with GCC which has helped emphasise the importance of addressing digital exclusion among our customers.

8. Financial and value for money implications

- 8.1 The commitments in the draft Strategic Agreements, such as in relation to support for adaptations and new build will support the delivery of the assumptions in our business plan.

9. Legal, regulatory and charitable implications

- 9.1. There are no legal, regulatory or charitable obligations associated with entering the Agreements. They are statements of commitment to partnership working and therefore not legally binding on either party, although it is intended to provide clear and agreed direction for joint working and priorities. Both draft agreements have been reviewed by both Councils' respective legal teams.

10. Risk Appetite and assessment

- 10.1. One of our stated strategic outcomes is to influence locally and nationally to benefit our communities. Our risk appetite in relation to our reputation and credibility in this area is open. This is defined as:

“Cementing our position as a leading influencer is a key theme for this strategy period. We aim to confidently and deliberately raise our profile further and take a leading role on the UK and international stage, which will also support our ambitions to raise future finance. We must ensure that the Group's existing reputation and credibility is protected, while maximising the impact of future exposure. In this context, we are prepared take decisions which have the potential to expose us to additional scrutiny if appropriate steps have been taken to minimise any negative exposure, and the overall benefit to the Group's profile will outweigh it.”

- 10.2. The draft strategic agreements with GCC and D&GC will help reinforce our reputation with key partner local authorities and is in keeping with progressing the stated strategic objective and risk appetite.

11. Equalities implications

- 11.1. There are no equalities implications associated with this report.

12. Key issues and conclusions

- 12.1. Draft strategic Agreements with GCC and D&GC have been developed for Board consideration.
- 12.2. The Agreement with GCC updates the previous document from 2016 and provides a strong basis for our future strategic relationship. Key areas in the Agreement include our shared commitment, with GCC, to:
- Housing Supply & Regeneration
 - Homelessness, Health & Social Care
 - Climate Emergency & Sustainability
 - Tackling Poverty and Inequality and Increasing Opportunity for All
 - Optimising Outcomes from our Joint Resources
 - City Strategic Resilience
 - Monitoring
- 12.3. The draft Agreement with D&GC would be a first for the Group and would reinforce our close working relationship locally. The structure of this Agreement is broadly similar to that with GCC.

- 12.3. Between them, the draft Agreements set a strong platform for close partnership working with two key local authority partners. They support the delivery of nearly 5,000 new homes, joint action on tackling homelessness, climate change and digital inclusion.

13. Recommendations

- 13.1. The Board is asked to approve:

- 1) the attached draft strategic agreement with GCC;
- 2) the attached draft strategic agreement with DGC;
- 3) that the draft documents be presented to relevant subsidiary Boards (Wheatley Homes Glasgow and Wheatley Homes South) for their consideration; and
- 4) that any changes to the draft documents be notified to the Board and relevant subsidiary Boards (or confirmation that there are none) prior to signature.

List of Appendices

Appendix 1: Draft Strategic Agreement with Glasgow City Council [redacted]

Appendix 2: Draft Strategic Agreement with Dumfries and Galloway Council [redacted]

Report

To: Wheatley Housing Group Board

By: Frank McCafferty Group Director of Repairs & Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Five-year capital investment in existing homes

Date of Meeting: 15 March 2023

1. Purpose

- 1.1 This report seeks approval of our five-year capital investment programme in existing homes.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders the Group Board is responsible for approving the five-year capital investment programme. The Group Board is also responsible for the approval of the key business planning considerations which arise from the approved business plan, including the approval of its investment profile, priorities and capital investment programme.
- 2.2 Each individual RSL and the Lowther Homes Board approved their individual five-year capital investment programmes, which form the basis of the Group position presented in this report.
- 2.3 Our capital investment programme underpins our strategic ambition to make the most of our homes and assets, specifically our commitment to investing in our existing homes and environments.

3. Background

- 3.1 Our Group capital investment programme details our approach to major property improvement works across our housing asset portfolio and our neighbourhoods over the next five years. The programme includes both our RSL portfolios as well as that of Lowther Homes.
- 3.2 Whilst there is a consistent approach taken to our asset investment planning across group subsidiaries, cognisance is taken of different stock requirements for Lowther assets and our different RSL stock. These requirements are built into each individual capital investment programme.
- 3.3 Our investment programmes are reviewed and updated annually to reflect changing customer expectations, emerging regulatory requirements, and new strategic investment objectives. This report seeks board approval for changes from the previously approved programme. All amounts include irrecoverable VAT where appropriate.

4. Discussion

- 4.1 We have a robust approach to the management of our assets. This includes a commitment to continue investing in our existing homes, ensuring the quality, safety, and environmental sustainability of our property portfolio.
- 4.2 Our five-year capital investment programme across the RSLs and Lowther provides for a total investment of £379m in our homes. This includes a core capital programme budget of £181m, which will be directed towards major property improvement works. In addition, the programme includes £106m for capitalised repairs and improvement works to void RSL properties and £92m for the delivery of major medical adaptations for RSLs, an allocation of overhead from City Building and the provision of in-house technical staff who play a key role in delivering to the programme. Grant funding is applied for across our local authority areas, with an agreement reached with Glasgow City Council (“GCC”) on funding arrangements for the ex GCC stock that were part of the stock transfer.
- 4.3 Our core investment activities over the next five years will continue to focus on the delivery of improvements, which provide the greatest value to our customers. Our ongoing customer engagement and locality planning activities tell us that customers want modern, energy efficient homes and safe neighbourhoods. Our investment programme outlines our commitment to deliver on these priorities with the programme content falling within three broad themes:
- Warm, high-quality homes,
 - Safe homes; and
 - Great neighbourhoods

Warm homes

- 4.4 This theme encompasses our core energy efficiency and internal modernisation programmes. We plan to invest **£73m** over the next five years in improving the energy efficiency of our homes. These measures will include upgraded window replacements, wall insulation and preparation for a programme to upgrade existing fossil fuel reliant heating systems with low and zero-carbon alternatives.
- 4.5 Our capital investment programme prepares us to introduce hydrogen ready boilers from 2025 onwards. This is in response to the UK Government’s ambition to decarbonise the gas network via blending hydrogen with natural gas. However due to the increasing uncertainty around the potential future role of hydrogen for domestic heating at any significant scale, we will ensure our capital investment programmes remain agile to any changes in approach including as outlined in our sustainability framework, an assessment of alternative low and zero-carbon heating solutions.
- 4.6 Our planned programme of energy efficiency improvements will not only benefit our customers in terms of reducing heat demand and fuel poverty but will also assist in relation to the objectives of our sustainability framework and delivering our legislative obligations in relation to the Scottish Government’s Energy Efficiency Standard for Social Housing (“EESH2”).

- 4.7 This new standard requires, as far as reasonably possible, that RSL properties reach Energy Performance Certificate (“EPC”) Band B by 2032, although exceptions are permitted on the grounds of cost, feasibility, and consent. The Scottish Government proposes to review the EESSH2 in 2023 to strengthen and realign the standard with the target for net zero heat in houses from 2040, as set out in their Heat in Buildings Strategy and the Housing to 2040 Route Map. Our wider strategic approach to the delivery of EESSH2 will be informed following the outcome of this review.
- 4.8 We are committed to exploring the use of new technological innovations to help us deliver our sustainability ambitions. By the end of March 2023 we will have completed the installation phase for two Smart Sensor pilots in a total of 100 Wheatley Homes Glasgow properties across the city. These pilots will be used to test and assess the practicalities of installing sensor technology to collect and interpret data (such as temperature, humidity, and air-quality), to improve services and make better informed decisions in relation to managing our assets. A further pilot project planned for delivery during 2023/24 will involve the trial of an innovative solution for connecting tenement properties in Maryhill Glasgow to a single rooftop solar system. This would allow customers living in these flatted properties to also enjoy the benefits of solar power generation, specifically a reduction in their energy bills. We will assess the outcome of these pilot projects in 2023/24 to determine the customer and business benefits and financial implications before consideration is given to any wider roll out.

District Heating Consolidated Control and Management System

- 4.9 **£3.5m** has been allocated in year 1 of our capital, investment programme to deliver a new control management system encompassing 1,741 Wheatley Homes Glasgow assets that are connected to a district heating network and which are managed in-house. This includes Biomass systems which are on a rolling month to month service/maintenance contract with the current service provider and our highly inefficient Heat with Rent homes. Excluded are those networks which are already under concession contracts to third parties e.g. Wyndford, Commonwealth Games Village and Queens Quay. The objective of the control and management system is to improve the overall efficiency of these heat networks and reduce fuel consumption. Customers will also see an improved customer experience by enabling them to manage their usage or regulate their home comfort fully.

Scottish Housing Net Zero Fund (SHNZ)

- 4.10 Our warm, high quality homes programme will be further supported by the continuation of our SHNZ programme, which commenced in August 2022. Funding from the Scottish Government was secured through this scheme facilitates the delivery of three strategic projects across West, East and South regions. The projects include the accelerated delivery of our Connected Response programme in the West of the country to improve electric storage heating in around 7,500 properties, a bespoke internal energy efficiency standard for around 60 traditional pre-1919 tenement properties in the East and whole house retrofit (EWI, Air Source Heat Pumps, Solar PV and Battery Storage) in 283 low efficiency and high carbon intensity homes across the South.

Quality Homes

- 4.11 Maintaining excellent internal housing quality standards is essential in ensuring that our homes are modern and desirable. Our five-year capital investment programme includes the installation of around 3,150 new kitchens and a further 1,200 new modern bathrooms. This programme will include a combination of reactive replacements in void properties and a planned lifecycle replacement programme, investment in our existing homes.

Safe Homes

- 4.12 Our capital investment programme places a strong emphasis on ensuring our homes remain safe and secure, supporting Group's Fire Prevention and Mitigation Framework. Over the five years of our investment programme, we will deliver improvements across a range of Home Safety Compliance related programmes encompassing:
- Installation of emergency lighting completed in all our core stock MSFs by 2024/25,
 - Domestic wiring upgrades where required through our periodic electrical inspection regime,
 - Installation and/or lifecycle replacement of smoke and heat detection across all stock types,
 - Installation of Thermostatic Mixer Taps for our most vulnerable customers,
 - Provision for planned improvement works as recommended in our Fire Risk Assessments,
 - Upgrade of vital Mechanical & Electrical communal infrastructure
- 4.13 Our five-year capital investment programme also continues to fund additional fire safety measures for some of our most vulnerable customers through supporting our fire safety officers in providing innovative solutions to help keep people safe. Measures include enhanced smoke/heat detection, portable fire suppression systems, fire retardant blankets and stove guards.

Great Neighbourhoods

- 4.14 We are committed to investing in our wider communities through the improvement of our common areas and environments. Maintaining the "kerb appeal" of our environments is an integral part of our asset management approach to ensure that our neighbourhoods are secure and desirable for both existing and prospective customers.
- 4.15 Our Investment Programme will help to support the delivery of our 'Keep Scotland Beautiful' environmental quality standard through works to improve controlled entry, common areas and backcourts.

Mechanical & Electrical infrastructure upgrades

- 4.16 Our capital investment programmes recognise the importance of our mechanical and engineering (M&E) infrastructure in ensuring our assets function correctly. This is particularly important in our multi storey properties, where vital services are required such as common ventilation, water supply, CCTV and lifts. Our five-year programme includes for planned improvements to critical M&E components including the lifecycle replacement of pump sets and water storage tanks, ventilation fans/plant and lifts.

Mould and Damp

- 4.17 We recognise the negative impact that damp and mould can have on our customers' health & quality of life. The primary cause of damp within our homes relates to condensation, generally resulting from excessive humidity and inadequate ventilation. To tackle this, we have restructured our MyRepairs delivery teams with co-located Wheatley Homes Glasgow and CBG teams to further enhance our approach and management of mould and damp in our homes. A similar approach is being taken within the WHE and WHS structures. This will involve embedding new processes where customers with repeat cases of damp and mould are referred to our fuel advice service to ensure they are provided with advice around energy tariffs and benefits to which they are entitled.
- 4.18 Considering recent events elsewhere we have reviewed our processes around damp and mould and are strengthening these further through the following actions:
- refresh of training for staff and partners to assist the identification, reporting and remediation of damp, mould and condensation;
 - appointment of an external consultant to assist in the rectification of damp, mould and condensation and with the verification and validation of actions; and
 - establishment of a customer factsheet highlighting actions that can be taken to prevent damp, mould and condensation.
 - Agreed criteria for forcing access
 - Reduced timescales for responding to mould and damp requests
 - A zero-tolerance approach to tackling mould and damp
- 4.19 Our capital investment programme seeks to further support this approach through the delivery of a targeted mechanical ventilation upgrade programme over the next five years. This investment will ensure customers have efficient and effective means of ventilating their home to help mitigate the effects of condensation dampness. The programme will be developed using asset intelligence to identify trends in response repair data, which will help to inform priority areas and stock types. We will pilot several new ventilation technologies in 2023/24 to assess the impact before commencing with an increased programme of upgrades from 2024/25.

External Funding Opportunities

- 4.20 We will continue to explore external funding opportunities to help support and maximise the value of our investment programme for tenants and factored homeowners alike. This is demonstrated by our innovative energy retrofit project for Wheatley Homes Glasgow at Linkwood, Drumchapel which will see the delivery of a package of energy measures for tenants and owners, with significant funding from the UK Government backed Energy Company Obligation (ECO) scheme. Further grant support has been obtained from Glasgow City Council and Glasgow Heritage Trust to support factored homeowners involved in our major planned repair programme for pre-1919 tenement homes in the city centre. Our internal asset teams will continue to work closely with City Building and other external partners across our RSLs/Lowther to identify and capitalise on any new funding opportunities that may arise.

Year 1 programme (2023/24)

- 4.21 Our capital programme in Year 1 (2023/24) of the five-year programme has a total value of £85m (including capitalised staff costs).

5. Customer Engagement

- 5.1 As a landlord, we have a legal responsibility to keep our tenants safe in their homes. These safety and compliance duties drive the allocation of a significant proportion of the overall investment budget. With our remaining resources however, our aim is to increase customer participation in future investment planning decisions, both in relation to the type and timing of investment, putting customers firmly in control of their homes.
- 5.2 The allocation of the discretionary elements of the budget beyond compliance and safety work has been informed by customer feedback in recent years, such as that gathered through pop-up local events pre-pandemic, from customer satisfaction surveys, rent consultations and the input of locality directors, heads of housing and frontline housing teams, reflecting the views coming from customers in local communities across the country.
- 5.3 Over the next five years, we propose to go further, through our 'Stronger Voices, Stronger Communities' framework. This framework:
- Gives customers greater control of their home by choosing how and where investment is delivered,
 - Uses both online and offline approaches to make it easier for customers to engage and to share their priorities; and
 - Adopts new technologies such as a community voice app to enable interactive engagement e.g., voting on investment proposals, ordering improvements for their home, making choices, and providing feedback on our investment and asset services.

Stronger Voices Investment Programme

- 5.4 Our investment programme includes our 'Stronger Voices' budget in support of this framework, which will deliver £6.65m of customer driven investment over the next five years. This budget will be used to deliver an enhanced programme of local priority investment work over and above existing planned customer investment commitments. The content of this programme will be informed exclusively by our tenants working with our frontline housing teams. This programme is in addition to over £80m already allocated to deliver current customer priority larger investment work programmes such as new windows, heating systems, new kitchens and community environmental improvements.

6. Environmental and sustainability implications

- 6.1 The Scottish Government have set ambitious targets for the reduction of carbon footprint and the country's green agenda and response to climate change. We will look to embrace this challenge and contribute towards Wheatley's overall objectives in these areas. We plan to deliver £73m of energy efficiency improvements over the life of the five-year programme.

- 6.2 Our recently published Group Sustainability Framework set out our ambition to reduce emissions and reach net zero. Commitments include increasing our previous target for CO2 emissions reduction over the strategy period (from 2021 to 2026) from 20,000 tonnes to 26,000 tonnes with a target in 2023/24 for a 6,000 ton reduction.
- 6.3 Since April 2021, we have reduced the CO2 emissions of our homes by 12,145 tonnes as a result of our investment in improved insulation, new windows, doors and smart heating controls including Connected Response. The investment in this plan is expected to save a further 6,892 tonnes of CO2 in 2023/24.
- 6.4 As part of improving energy efficiency, we have undertaken an in-depth analysis of our stock to establish a baseline energy performance rating for all properties as well as the expected 'distance to travel', in terms of SAP (Standard Assessment Procedure) points required to meet EPC B by 2032 – the previous EESSH2 target which is currently being reviewed by Scottish Government.
- 6.5 Currently we estimate that we have 8,133 properties at EPC 'B'. This is an 8.7% improvement on the baseline we set at the start of 2022/23 and was achieved through investment during 2022/23.

EPC letter	Baseline Start	Updated Baseline	Movement - against Baseline	
A				
B	7485	8133	648	8.7%
C	47078	46921	-157	-0.3%
D	6162	5671	-491	-8.0%
E	875	875	0	0.0%
Grand Total	61600	61600		

- 6.6 While the table above provides a helpful summary, reaching EPC B is a more complex journey as it requires the SAP rating of each property to be increased through investment works until it reaches '81' points. Cumulatively we estimate that the investment work undertaken this year has delivered over 35,000 SAP point improvements to over 4,400 homes, which in turn has helped move properties closer EPC 'B'. The table also shows that we have not yet improved our least energy efficient properties (EPC E). However, this will change in the year ahead as the investment being made by Wheatley Homes South, and other parts of the group, on deep retrofit projects including Scottish Government funding discussed earlier, is completed.
- 6.7 The EPC methodology has been contentious and does not always reflect the energy performance of properties. This issue is part of the Scottish Government's review of the EESSH 2 standard. We are represented on the working group as part of this process.

7. Digital transformation alignment

- 7.1 We will look to align our investment services with our digital transformation strategy. Historically we asked our customers to make a visit – often at a time of our choosing - to an office to view investment plans and make choices. Now, we will look to provide more interactive and convenient methods for the customer to inform investment in their homes. An example of this will be developing tools that make kitchen design and colour choices a digital experience.
- 7.2 We have phased out whitemail customer satisfaction surveys with individual investment project satisfaction surveys now carried out by text. The digital platform that we have procured, and are introducing initially for repairs, will enhance this further allowing us to gather more insightful information on the service experience.

8. Financial and value for money implications

- 8.1 The investment programme will deliver value for money in several ways including:
- **Meeting customer aspirations** - Our investment programme supports the delivery of customer investment aspirations with our locality planning process and Stronger Voices approach helping to inform the development and content of our investment programmes
 - **Quality of life** - Our investment programme help to improve our customers' quality of life and tackle fuel poverty through the provision of warm and affordable homes, which meet SHQS and EESSH standards in relation to quality and energy efficiency. Our investment planning also recognises the importance that a good quality environment can have on the desirability of our communities and on quality of life, with significant funds committed to deliver improvements in these areas
 - **Environmental maintenance** - Our approach to the delivery of environmental improvements, designed with input from our NETS service, across the country will help to build capacity by reducing the maintenance burden on this service, enabling resources to be focussed on other key service priorities.
 - **Factored homeowners** – our investment programme demonstrates a commitment to seeking innovative solutions to assist factored homeowners to participate in our investment programme, helping to reduce the financial burden where possible, whilst also benefitting our tenants living in mixed tenure stock.
 - **Joint Venture with City Building Glasgow** – our relationship facilitates a more efficient approach to investment planning and delivery, maximising our buying power with suppliers to drive value for money and deliver wider community benefits and apprenticeships; and
 - **Asset sustainability** - By continuing to deliver investment in our existing assets across our RSLs and Lowther we help ensure the long-term sustainability of our assets, and over time aim to drive down the frequency of responsive repairs, whilst giving assurance to our lenders that we have a robust approach in place to manage and maintain our assets.

- 8.2 The core investment programme is reflected within the 2023/24 financial projections approved by the Board in February.

9. Legal, regulatory and charitable implications

- 9.1 There are no specific implications arising from the creation of the Investment Programme.

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for investing in existing homes and environments is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level". We have a "cautious" approach to finance and a "minimal" approach to legal and regulatory compliance matters. These risk appetites are reflected in our five-year investment programme.

11. Equalities implications

- 11.1 Our aspiration is for our homes to meet the long-term needs of our customers, enabling them to remain in their home and to live as independently as possible. Our approach to medical adaptations enables customers to self-refer for minor adaptations such as handrails and lever handle taps. Major adaptations such as level access showers and structural alterations are also funded through the capital programme subject to a referral from an Occupational Therapist.
- 11.2 We have a robust approach to the identification and assessment of customer requirements as part of our project planning activities. Individual customer needs are considered on a project-by-project basis, and this helps to inform the project design and specification.
- 11.3 Our communications strategy takes account of the broad cultural mix of our customer base with the ability to tailor correspondence to a range of different languages.

12. Key issues and conclusions

- 12.1 Our core investment programme will deliver £181m of planned improvements in our property portfolio over the next five years. In addition, the programme includes £106m for capitalised repairs and improvement works to void RSL properties and £92m for other works including the delivery of major medical adaptations for RSLs, City Building overhead and staff to deliver the programme. The total capital programme over the five years is £379m.
- 12.2 The continuing focus of our programme is on delivering improvements that contribute the greatest value to our tenants and communities, with almost 60% of our core programme geared towards known customer priority investment.
- 12.3 Customers will continue to shape our investment plans through our Customer Voices programme, and we will empower housing officers to make investment decisions at the front line that delight our customers through our Think Yes for Investment programme.

- 12.4 Safety remains a key priority for us with over £10m of our core investment programme earmarked for property compliance, security and fire safety related works over the next five years.
- 12.5 2023/24 will see the continuation and completion of our Social Housing Net Zero funded energy efficiency programmes across West, East and South regions.
- 12.6 Our capital investment programme will support the objectives of our sustainability framework, specifically around the decarbonisation of our fossil fuel heated property portfolio and the delivery of EESSH2.
- 12.7 There is increasing uncertainty around the planned introduction of hydrogen blending into the UK gas network, therefore our annual review of our capital investment programme will allow us to be agile to react to any change in direction, including the consideration of alternative low and zero-carbon alternatives
- 12.8 We recognise the negative impact that mould and dampness can have on the health & wellbeing of our customers. Our capital investment programme makes provision for proactive investment interventions designed to mitigate the occurrence of mould within our homes in tandem with robust management arrangements.
- 12.9 We will continue to deliver investment works that benefit energy efficiency as part of our overall capital investment programme that will assist with our approach towards improving EPC banding and reducing carbon emissions.

13. Recommendations

- 13.1 The Board is asked to approve the Group's five-year capital investment in existing homes programme 2023-2028.

LIST OF APPENDICES:

Appendix 1: Five Year Capital Investment Programmes

Table 1 – Wheatley Homes Glasgow Five Year Core Investment Programme

PROPOSED WHG PROGRAMME (INC VAT)						
WorkGroup	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£'000	£'000	£'000	£'000	£'000	
Gas Heating	2,491	2,399	2,384	2,676	3,176	13,126
Net Zero/Low Carbon Heating (ASHP, District Heating etc)	0	0	0	1,800	0	1,800
Electric Heating Renewals	830	132	144	1,433	1,680	4,219
Connected Response (SHNZ funded 0% Vat) (Includes £170k for EPCs)	4,117	0	0	0	0	4,117
Low-rise Fabric	160	939	360	360	360	2,179
Pre-1919 Tenements (Major Fabric Repair)	600	299	360	360	360	1,979
Pre-1919 Tenements - Internal Retrofit (SHNZ funded 0% Vat)	200	0	0	0	0	200
Kitchen	1,326	1,200	2,702	3,100	2,440	10,768
Bathroom	466	580	611	611	1,200	3,467
Rewire	720	1,200	1,708	1,680	2,420	7,728
Windows & Doors	2,532	240	1,820	3,100	2,423	10,115
Environmental	2,105	3,124	2,536	300	900	8,964
Common Work	0	0	240	220	395	854
Mechanical & Electrical	966	450	480	300	300	2,496
High-rise Fabric	586	1,200	500	360	1,200	3,846
EESSH/Archetype Specific Energy Measures	240	0	0	0	0	241
Lift Replacements	833	1,320	2,250	1,500	1,800	7,703
Fire Safety	300	480	480	480	480	2,220
Living Well	80	0	0	0	0	80
Stronger Voices	1,000	1,000	1,000	1,000	1,000	4,998
Think Yes for Investment	200	200	200	200	200	1,002
Central Contracts (Non JV)	24	24	24	24	24	120
District Heating Component Replacements (Non JV)	108	228	168	180	600	1,284
District Heating Control Management System	3,500	-0	-0	-0	0	3,500
Core Programme Total	23,385	15,014	17,967	19,683	20,958	97,007
Emergency Lighting Installations	1530	1980	0	0	0	3,510
Smoke/Heat Detector Installs	72	72	720	720	720	2,304
TMV Taps	479	234	172	168	179	1,232
Capital Compliance Total	2,081	2,286	892	888	899	7,046
Core Programme & Capital Compliance Total (inc VAT)	25,466	17,300	18,859	20,571	21,857	104,053

Table 2 – Loretto Five Year Core Investment Programme

LORETTO HOUSING PROGRAMME (INC VAT)						
WorkGroup	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Gas Heating	108	180	200	180	180	848
Net Zero/Low Carbon Heating (ASHP, District Heating etc)	0	0	148	301	200	649
Low-rise Fabric	1030	0	398	66	180	1674
Kitchen	60	422	360	90	96	1028
Bathroom	18	32	32	36	142	260
Rewire	24	90	96	102	108	420
Windows & Doors	288	274	173	132	18	884
Environmental	0	970	310	390	0	1671
Common Work	80	392	300	50	0	822
Mechanical & Electrical	0	0	60	60	60	180
EESSH/Archetype Specific Energy Measures	0	0	426	121	657	1204
Fire Safety	6	12	12	12	12	54
Stronger Voices	0	120	184	304	304	911
Think Yes for Investment	0	36	36	36	36	144
Core Programme Total	1,614	2,529	2,735	1,880	1,993	10750
Smoke/Heat Detector Installs	6	25	60	60	180	331
TMV Taps	10	10	10	10	10	49
Capital Compliance Total	16	35	70	70	190	380
Core Programme & Capital Compliance Total (INCL VAT)	1,630	2,564	2,805	1,949	2,182	11,130

Table 3 – Wheatley Homes East Five Year Core Investment Programme

WHE PROGRAMME (INC VAT)					
WorkGroup	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gas Heating	100	100	150	150	200
Electric Heating Renewals	272	177	150	100	100
Low-rise Fabric	200	150	200	150	350
Pre-1919 Tenements (Major Fabric Repair)	695	695	750	695	750
Pre-1919 Tenements - Internal Retrofit (SHNZ funded 0% Vat)	650	0	0	0	0
Kitchen	250	250	241	200	200
Bathroom	484	420	420	350	400
Rewire	0	0	0	0	240
Windows & Doors	450	400	400	366	400
Environmental	180	180	150	150	200
Common Work	200	180	180	130	341
Mechanical & Electrical	0	0	100	100	200
EESH/Archetype Specific Energy Measures	136	100	100	100	150
Lift Replacements	70	80	100	100	150
Fire Safety	110	110	110	110	150
Stronger Voices	148	100	100	100	100
Think Yes for Investment	49	49	49	49	49
Core Programme Total	3,994	2,991	3,200	2,850	3,980
Smoke/Heat Detector Installs	50	50	50	50	150
TMV Taps	110	121	0	0	0
Capital Compliance Total	160	171	50	50	150
Core Programme & Capital Compliance Total (INC VAT)	4,154	3,162	3,250	2,900	4,130

Table 4 – Wheatley Homes South Five Year Core Investment Programme

WHS CORE INVESTMENT PROGRAMME (INC VAT) 2023-2028						
PROGRAMMES	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£'000	£'000	£'000	£'000	£'000	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
Gas Heating	£ 120	£ 180	£ 120	£ 120	£ 180	£ 720
Low Carbon Heating (ASHP)	£ 450	£ 720	£ 550	£ 570	£ 720	£ 3,010
Net Zero Heat	£ 9,975	£ -	£ -	£ -	£ -	£ 9,975
Low-rise Fabric	£ 600	£ 1,200	£ 700	£ 600	£ 1,350	£ 4,450
Sturctural	£ 100	£ 300	£ 100	£ 100	£ 300	£ 900
Kitchen	£ 65	£ 1,000	£ 337	£ 165	£ 1,300	£ 2,867
Bathroom	£ 65	£ 65	£ 65	£ 65	£ 65	£ 325
Windows & Doors	£ 1,000	£ 1,400	£ 1,000	£ 700	£ 1,400	£ 5,500
Environmental	£ 150	£ 264	£ 264	£ 219	£ 264	£ 1,161
Common Work	£ 375	£ 432	£ 432	£ 375	£ 432	£ 2,046
Mechanical & Electrical	£ 275	£ 320	£ 320	£ 317	£ 320	£ 1,552
Environmental Sensors	£ 210	£ 340	£ 340	£ 300	£ 340	£ 1,530
EESH/Archetype Specific Energy Measures	£ 58	£ 57	£ 57	£ 57	£ 120	£ 349
Fire Safety	£ 35	£ 65	£ 65	£ 35	£ 65	£ 265
Living Well	£ 25	£ 50	£ 50	£ 25	£ 50	£ 200
Stronger Voices	£ 35	£ 40	£ 40	£ 35	£ 40	£ 190
Think Yes for Investment	£ 30	£ 40	£ 40	£ 30	£ 40	£ 180
Garages	£ 20	£ 62	£ 40	£ 20	£ 54	£ 196
Core Programme Total	£ 13,588	£ 6,535	£ 4,520	£ 3,733	£ 7,040	£ 35,416
TMV Taps	£ 178	£ 180	£ -	£ -	£ -	£ 358
Capital Compliance Total	£ 178	£ 180	£ -	£ -	£ -	£ 358
Core Programme & Capital Compliance Total (INCL VAT)	£ 13,766	£ 6,715	£ 4,520	£ 3,733	£ 7,040	£ 35,774

Table 5 – Lowther Five Year Core Investment Programme

[redacted]

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs & Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Repairs, damp and mould update

Date of Meeting: 15 March 2023

1. Purpose

- 1.1 To update the Board on how we are continuing to improve our repairs service and also how we are building on our already strong processes for dealing with reports of mould and damp in our customers' homes.

2. Authorising and strategic context

- 2.1 Under the Group Standing Orders, the Group Board has an ongoing role in monitoring our approaches to risk and performance across the Group. The approval and amendments to the Group Managing Dampness, Mould and Condensation Policy is reserved to this Board.

3. Background

- 3.1. Following the work undertaken through 2022 to drive further improvement into our repairs service, a commitment was made to update the Board on the agreed actions.
- 3.2. Ensuring we deal with any reports of damp and mould has always been a priority for the Group. A detailed Policy and Procedure were approved by the Group Board in December 2021, with further updates provided to the Board in August and December 2022.
- 3.3. In November 2022, the coroner's report into the tragic death of a child, Awaab Ishak, at his social rented property in Rochdale was released. This cited that he died of a respiratory condition caused by mould in his home.
- 3.4. Following this case, the Scottish Housing Regulator wrote to ask all governing bodies and committees to consider the systems they have in place to ensure their tenants' homes are not affected by mould and dampness and that they have appropriate, proactive systems to identify and deal with any reported cases of timeously and effectively. This report sets out how we are continuing to build on our already strong approach in this area to ensure our culture and processes take a "zero tolerance" approach to mould and damp.

4. Discussion

4.1 *Repairs Service Improving Management of Repair Works*

4.1.1 Customer insight and feedback from how customers viewed our repairs service identified two main areas for improvement:

- improving the communication around repairs appointments
- improving the management of complex repair works (reducing the number of visits to complete a repair)

4.1.2 As approved within the October Board meeting both of these areas would be the focus of the service in terms of developing and implementing improvements.

4.2 *Management of Repair Works*

4.2.1 The re-designed MyRepairs operating structure for Glasgow and the West went live on 23rd January 2023. Since then, we have continued to increase the staffing of this service throughout February 2023, which allowed the service offering for the frontline CFC and Housing Officers, to be increased.

4.2.2 This service will individually case manage complex repairs providing customers with a single point of contact, with the service having a focus on ensuring that repair works are completed satisfactorily in line with the commitment given to customers and that the customer is kept informed throughout in relation to timescales, appointments etc.

4.2.3 As noted above engagement has also started with each of the service areas involved in the delivery of the repairs service through a series of Think Yes sessions through which we're looking for ways to improve the qualitative aspects of service delivery by focussing on the customer experience/journey.

4.2.4 The MyRepairs service is now handling call transfers and emails from the CFC and Housing Officers in relation to existing repairs. It is anticipated that over time this will lead to improved call handling time for Repairs enquiries at the CFC whilst our longer-term goal will be to reduce the call volumes particularly around Existing Repair Enquiries.

4.2.5 The service has also been overseeing the delivery of complex repairs referred to it by Locality Housing Directors and is liaising with the customers on these to provide a single point of contact. This has now been expanded out further for referrals directly from Housing Officers

4.3 *Improving communications*

4.3.1 The "Book It, Track It, Rate It" pilot, to undertake live testing of the system with repairs operatives prior to any launching with customers, commenced in Glasgow on 21 November 2022 as planned. The pilot testing identified a technical issue with delays processing of messaging which would be issued to customers eg texts and map link. Following a pause of the pilot to identify a solution, these issues have now been resolved.

- 4.3.2 The expanded roll out of the pilot for Book It, Track It, Rate It was re-commenced in mid-February 2023, with live communications with customers planned to commence in mid-March 2023. The rate it part of the pilot is programmed to go live at the end of March 2023. It is also being planned to bring forward the roll out of Book It, Track It, Rate It forward for WHS and WHE to April 2023.
- 4.3.3 It is anticipated that in addition to increasing customer satisfaction through improved communication around repairs, the introduction of Book It, Track It, Rate It will also lead to a reduction in calls through to the CFC enquiring About when appointments are scheduled for and tracking progress with the tradesperson on the day of the repair.
- 4.3.4 Actions are also underway with the service delivery teams involved in the Repairs Service, including City Building to improve communications with customers around follow on repairs where these are needed so that the customer remains fully informed of what remains to be done and the timescales for these. This need for this improvement has been highlighted through a series of Think Yes Together sessions which commenced in WH Glasgow/West at the end of February and will continue to be an area of focus for City Building operational managers meetings and toolbox talks with the trades operatives.
- 4.3.5 Individual case management will also be undertaken through the new MyRepairs operating structure as highlighted above.

4.4 Other Improvement Areas

- 4.4.1 As part of our continued focus on improving the Repairs Service the following improvement activities are also planned for 2023/24
- change to structure and service model in WH South
 - IT enhancements in WH East and WH South
- 4.4.2 Currently works to void properties in WH South are carried out through City Building (Glasgow) which was put in place in 2022/23 to help address workload demands on a temporary basis.
- 4.4.3 Analysis of the works undertaken to bring voids up to standard has been carried out and a proposal is being finalised to enhance the existing workforce so that this work can be carried out by the in-house team. This proposal is expected to bring about a number of benefits including:
- Improved management of this workstream as the works will be undertaken by the in-house service
 - Overall reduction in costs of delivery of the void workstream
 - Improvements in the quality of the works being delivered again due to these being delivered through the in-house service rather than through 3rd party sub-contractors in some cases
 - Local employment opportunities through the additional trades posts that will be created
- 4.4.4 It is anticipated that this proposal will be finalised in March and the new structure in place and operational by early May. A critical part of delivering an efficient and effective Repairs Service is having effective IT systems which assist the operational planning and delivery of works but which also support the performance management of the service, including the identification of areas for improvement.

- 4.4.5 Over the summer months enhancements are being scheduled to the existing Servitor System operating in WH South and which will bring benefits in the:
- Delivery of the Voids Service
 - Management of Compliance Programmes through a single IT source and which in turn will enable better reporting and more effective analysis
- 4.4.6 Improved reporting tools will also be introduced to help drive further service improvements through easier reporting and analysis of productivity as well as service failure areas e.g. no accesses
- 4.4.7 The existing legacy IT systems in the repairs service in WH East are being scheduled for replacement in late Summer which will see this service area also utilise Servitor for the management of the repairs service and for reporting on this. The introduction of servitor will bring:
- Improved workflow management and scheduling;
 - Repairs service delivery will operate through a single system thereby removing points of failure that can occur through system integration; and
 - Improved repairs reporting which will aid analysis of service delivery and help the identification of future improvement areas
- 4.4.8 We are also concluding the development of a single suite of Key Performance Indicators for use across the Group to monitor the performance of the Repairs Service and which will enable direct comparison of performance and assist in the identification of areas for improvement. Central to this is the adoption of the Servitor system, in place in CBG and WHS, and programmed to be implemented in WHE in the summer. It is expected that this development work will be concluded, and the new reporting arrangements will be in place, for the new financial year.

Damp, Mould and Condensation

- 4.5. Our Group dampness, mould and condensation policy recognises the four main causes of dampness:
- penetrating dampness;
 - rising dampness;
 - defective plumbing; and
 - condensation
- 4.6. All of these have the potential to lead to mould growth, which in turn is recognised as a potential public health issue.
- 4.7. These also take account of contributing factors such as fuel poverty, roof repairs, blocked or broken ventilation and customer management of the home etc. and provide detailed guidance on how reports of dampness, mould & condensation should be managed consistently across Group. This highlights the importance of using insight and intelligence to inform our proactive approach.
- 4.8. Our process was enhanced through August and September of last year as set out to Board in the report in August. This now includes an automatic visit for every complete damp and mould repair by a Housing Officer to ensure our customer is satisfied and that the repair has been effective in preventing the return of any mould and/or damp.

4.9. Having further reviewed our processes and procedures, we have taken further action to reinforce our strong approach to damp and mould. This includes:

- daily review of all cases, with actions on an individual property basis tracked and monitored by a central team comprising senior managers with expertise in property maintenance and housing management/tenant support
- we will aim to offer to visit a customer's home within **48 hours** of a report of mould
- if the customer reports, or if any of our staff members observe, a significant mould issue, this will be treated as an emergency and the customer will be visited by specialist trades staff **within 3 hours**
- a new target to **complete** repairs within 15 working days, down from the previous target of 30 working days (noting that some repairs may be larger or more structural in nature – for example where a new roof is needed, in which case a management and monitoring regime will be instigated for every affected property to contain the issue and support the customer pending completion of these works; this may on occasion involve the decant of tenants)
- enhanced reporting arrangements – mould and damp figures are now included as routine in Board performance reports
- increasing the resources within our repairs team with additional specialist resources such as in-house building surveyor skills, and integrating this with the City Building rot team in the west of Scotland
- augmenting our internal team with an on-call building surveyor firm to provide specialist technical input on an as-needed basis – this will include assistance in the diagnosis of root causes of damp, mould and condensation and with the verification and validation of our proposed actions
- refreshing the customer factsheet highlighting actions that can be taken to prevent mould and condensation
- training for staff and access to a full range of support services for customers including the “Here for You” fund
- writing to tenants to remind them of the support we have available over the winter months – including our Here for You fund – and to re-affirm that they should call us immediately if they are aware of any issues with mould, damp and condensation in their homes
- subsidiary RSL boards agreed at their November meetings to a new forced access approach, whereby if a customer has reported mould but has not permitted access following 3 visits, we will force access to the property to inspect on health and safety grounds

4.10 We reviewed and considered other possible measures we could take to reinforce the **“zero tolerance”** approach to reports of mould and damp, including any other measures that can enhance the rapid rectification of reports of damp and condensation including:

- the review of existing damp, mould and condensation policy and operational procedures (attached as Appendix 1)
- review of our no access approach
- continuing to improve format and IT processes supporting daily reporting and case management
- enhancement of the quality assurance process
- enhancement of staff and partner training materials to assist with the identification, reporting and advice
- improving customer factsheets/support materials
- establishing stocks of damp and mould prevention products for customers

- 4.11. The first year of a rolling five-year survey of the condition of our housing stock across the Group has recently been completed by our independent property consultants JLL. This involved “in person” visits to assess the condition both internally and externally of over 2,600 of our homes. This will increase to cover over 13,000 inspections, representing 20% of our homes, over the five-year period of the contract. JLL worked together with qualified building surveyors from JMP Construction and Property Consultants, and the properties surveyed were spread across a variety of archetypes in Wheatley Homes Glasgow, Wheatley Homes East and Loretto. A large proportion of homes in Wheatley Homes South were surveyed in 2019 in conjunction with the partnership discussions at that time and were not included in the properties selected for survey this year, but will form part of the sample from year two (2023/24) onwards.
- 4.12 The results of the surveys confirm a high level of confidence in the stock condition data held on our asset management system PIMMS and validate our lifecycle assumptions on component replacements. The inspections themselves provide an opportunity to highlight any specific issues within inspected properties including unreported damp and mould cases. Across the properties surveyed no systemic damp and mould issues were identified, however we have taken the decision to supplement the general stock condition surveys with targeted inspections by JMP of a sample of properties within archetypes that are more susceptible to damp and mould issues to provide additional third-party assurance. As at 3 March 2023, 2,396 surveys had been completed (40%) and from this 8 cases of mould/damp have been identified for immediate follow up action through the MyRepairs team.

Good Practice in Managing Mould and Damp

- 4.13 The Housing Ombudsman Service for England recently published its one year follow up report “Spotlight on damp and mould – it’s not lifestyle” on 2 February 2023.
- 4.14 Whilst the Housing Ombudsman Service is not a Regulatory body in Scotland, given that this report highlighted areas of best practice as well as identifying areas of continued concern across the housing sector in England it was considered appropriate to carry out a self-assessment against the 10 key factors. These are areas that the Housing Ombudsman Service considers will have an impact on how successful any action plan is in practice, and which helps in testing the adequacy of these.
- 4.15 Appendix 2 notes the outcome of our self-assessment and provides detail of the current status against each of the 10 key factors as well as further actions being taken or underway.
- 4.16 Overall this summary reinforces that we are in a good position with regards to processes and procedures around dealing with reports of damp and mould and taking the further actions noted will assist in strengthening this position even further.
- 4.17 We will also continue to engage across the Housing sector, reviewing any best practice guidance issued and attending awareness/training events to identify best practice which can further strengthen/enhance our approach.

Current Performance

- 4.18 A breakdown of the current status of all live mould cases, with categorisation for those that have already had an inspection, is as follows:

Subsidiary	Live Cases	Cat 3	Cat 2	Cat 1
WHG	276	106	33	0
Loretto	18	8	0	0
WHE	44	25	10	1
WHS	33	19	14	0
Lowther	[redacted]	[redacted]	[redacted]	[redacted]
Group	397	173	58	1

Category 3 – Requires a fungicidal wash down and decoration (completed in one appointment)

Category 2 – As with category 1 but covering a larger physical area which will require a longer appointment to complete (completed in one appointment)

Category 1 – More extensive mould with an underlying issue which will require follow on repairs required after the initial treatment of the mould. This will require more than one appointment or a more structural fix following the treatment of the mould. Any cases that would meet the UK Government's "Housing Health and Safety Rating System (HHSRS)" definition of posing a serious and immediate threat to health were the tenant to remain in situ with untreated mould are also included under this category.

- 4.19 The service target is to treat/remove any mould present within 48 hours of this being reported and this is generally undertaken at the first visit to the property. For category 1 repairs noted above there may be an element of further repair works needed to resolve leaks or water penetration issues and which will require further repair visits to fully resolve the underlying cause of the mould.
- 4.20 We will continue to focus on the management and reduction of live mould, damp and rot cases. It is anticipated that as we move forward into spring/summer, increased temperatures will also help with reducing the live caseload through a reduction in condensation related referrals.

5. Customer Engagement

- 5.1 Customers will continue to be engaged through a number of means, including winter preparation campaigns/information, newsletters and annual customer conversations.

6. Environmental and sustainability implications

- 6.1 This report has no environmental or sustainability considerations.

7. Digital transformation alignment

- 7.1 This report aligns with the Group digital strategy, where we will use our systems to support the monitoring, tracking and analysis of damp and mould cases.

8. Financial and value for money implications

- 8.1 Costs for repair and investment work related to remediating damp and mould in our properties including additional staffing resource is provided for in the 2022/23 business plan and annual budget.

9. Legal, regulatory and charitable implications

- 9.1 Ensuring tenant and resident safety is a critical part of the work of social landlords in Scotland. The Scottish Housing Quality Standard requires that the homes provided by social landlords:
- Meet the Tolerable Standards;
 - Be free from serious disrepair;
 - Be energy efficient;
 - Have modern facilities and services; and
 - Be healthy, safe and secure
- 9.2. All RSL boards have approved that forced appointments can be used where customers do not allow access to enable reported issues of damp and mould to be addressed.

10. Risk Appetite and assessment

- 10.1 Our agreed risk appetite in investing in existing homes and environments is cautious. Ongoing financial strength is crucial to enable us to continue to improve, modernise and maintain our homes. We will revise our well-established investment processes to include more focus on what creates most value for our customers. Value for money will still be the key factor in our decision making, but wider benefits, such as reducing levels of emergency and reactive repairs and customer satisfaction, will also be considered.

11. Equalities implications

- 11.1 As part of the work referenced to develop a new end to end process for the management of dampness, mould and condensation we will review and look to strengthen our advice/guidance to customers and make these available in a range of formats and mediums that are readily understood and practical. We will also engage through customer focus groups to develop bespoke solutions where needed to meet the needs of individuals and families as part of a proactive approach to the management and prevention of mould, dampness and condensation in our homes.

12. Key issues and conclusions

- 12.1 Damp and mould are a serious health concern and are being treated across the Group in the same manner as other key compliance workstreams, such as gas safety checks and fixed electrical testing.
- 12.2 Each Group subsidiary has robust processes to deal with reports of mould and damp, and these have been strengthened over 2022. We will continue to keep the Board updated on our work in this area.

13. Recommendations

- 13.1. The Board is asked to:
- 1) note the contents of this report; and
 - 2) approve the updated Group Managing Dampness, Mould and Condensation Policy attached as Appendix 1

List of appendices

- 1) Group Managing Dampness, Mould and Condensation Policy [redacted]
Available here:
[GroupManagingDampnessMouldCondensationPolicyMarch2023.pdf](#)
(wheatley-group.com)]
- 2) Self-assessment: housing ombudsman service

Appendix 2

Housing Ombudsman Service

“Spotlight on damp and mould – it’s not lifestyle – published 2nd February 2023

Outcome of Self Assessment against 10 key Factors

From Reactive to Proactive	Current position and sources of assurance	Further enhancements in progress
<p>Find your silence</p> <p>Complaints systems are there so people can raise their issues and get them addressed quickly. Landlords should analyse who is not using their complaints process, and why. This will help prevent receiving unexpected Letters Before Claim and/or press enquiries. Most importantly, however, finding your silence will help to ensure parity in accessing the complaints process and help to identify any shortfalls in its reach. Receiving a high volume of complaints is not necessarily indicative of a failing. Rather, it could indicate your complaints process is accessible, you are open and transparent, residents feel they can complain and believe there is a value to doing so. The Housing Ombudsman is as concerned by low levels of complaints as high ones, particularly with larger landlords.</p>	<p>Our complaints policy and process are published on our website. Complaints can be reported via multiple channels including in person through local staff eg Housing Officers and NETs operatives, in writing, by phone and via our Web Self Service.</p> <p>The volumes of complaints received and the breadth of these would suggest that the complaints process is easily understood and accessible.</p> <p>We have consciously diversified our customer voices profile to ensure that a wider range of voices are informing our work, feeding back customer experience and co-creating the way we deliver services which will include how we tackle harder to reach tenants.</p> <p>Each Housing Officer undertakes an annual visit. Part of this includes ensuring that the customer has no issues they have been unable to raise or have resolved. We have a translation service to ensure customers who do not speak English have a mechanism to communicate any issues with us and Housing Officers are aware of this service.</p>	<p>As part of the new end to end processes being developed to deal with reports of damp/mould we will incorporate contact with customers 1 month after the repair completion and again after 3 months to ensure that there are no further issues.</p> <p>The introduction of book it, track it, rate it will allow customers to provide real time feedback on repairs and request an immediate call back if they're dissatisfied with a repairs appointment (including mould and damp). The follow up visit to the customer by the housing officer within 5 days of notification of completion of the work will also present an opportunity for the customer to note back any concerns.</p>

<p>Proactive communication strategy</p> <p>Advice given to residents needs to be provided in multiple formats. The tone of the advice is key. The resident should not be patronised, insulted or blamed, for example, by making impractical suggestions about keeping the heating on all the time. The onus for resolving the issue should not be placed solely on the resident with a subtext that the issue is within their control. Our call for evidence highlighted there is good practice regarding what actions landlords are taken, but this often isn't communicated effectively to residents.</p>	<p>Our staff training and all associated procedures are extremely clear that the guiding principle for all customer interaction is that there is no fault with customers and that 'lifestyle' is not a factor. It is also clear that rectifying the issue is our responsibility as a landlord, not the customers.</p> <p>We provide advice through multiple channels and formats, including in writing via our websites, through fuel advisors, Housing Officers and technical staff such as Repairs and Investment officers. The focus of advice is that it is practical and workable and where appropriate has assistance such as fuel vouchers to cover the cost of running temporary heaters or dehumidifiers.</p>	<p>Customer communications are currently being fully reviewed, including having key information accessible/translatable in multiple languages via our website. This will include how the updated policy and procedure is communicated to tenants. When complete these will be subject to review by Customer Voices focus groups.</p> <p>Damp and mould will become a formal element of our future winter ready campaigns. The specific advice and communication as part of this will be reviewed in advance by a selection of customer Voices.</p>
Take Responsibility	Current position and sources of assurance	Further enhancements in progress
<p>Treat residents fairly</p> <p>Each case needs to be treated individually, even where similar cases have been seen before. This will help to prevent assumptions being made. Behind each report of damp and mould, there is a person or people who may be suffering and that should be the focal point.</p>	<p>Every case is managed individually and where it is a repeat occurrence in the same property in most cases this will trigger a surveyor or technical specialists to ensure that we identify the underlying issue.</p> <p>Our categorisation is not confirmed until an initial assessment is physically undertaken i.e. individually not based on an assumption linked to similar cases.</p>	<p>Further works to be planned with customer groups to consider bespoke solutions/advice/guidance.</p>

This case management is by a specialist team to ensure it has the appropriately skilled staff however this is coordinated with the local Housing Officer given their existing relationship with the customer. Within 5 working days of notification of the damp/mould works being completed the Housing officer will undertake a reassurance visit to ensure that the works have been successful in dealing with the damp/mould and to provide any other guidance/support that may be needed which can include access to funding and the like. The follow up visit to the customer by the housing officer, typically around 5 days, of notification of completion of the work will also present an opportunity for the customer to note back any concerns.

The need to manage each case individually is reinforced as part of our training. Our bespoke training module for frontline service teams which will assist in the identification of damp and mould and with conversations with customers on the joint solution to the specific issue. This is being rolled out across the frontline service teams and completion of this will be mandatory.

<p>Improve record keeping</p> <p>An intelligence-based approach is essential, but this requires good knowledge and information management. Good record-keeping is an integral part of service provision, not an optional extra. It benefits all concerned. Landlords have clarity on what the issues are and can evidence actions they have taken. It helps to prevent complaints being raised and/or escalated as landlords are able to communicate efficiently with residents and answer queries without the need for the resident to continuously chase</p>	<p>All our repairs, including damp and mould, are recorded on our IT systems. We have already undertaken a review of the data held and:</p> <ul style="list-style-type: none"> ▪ Improved the data capturing arrangements to allow for better analysis, monitoring and case management such as capturing images for all cases and introducing categorisation of cases ▪ Additional staff resources and skills, such as Building Surveyors, to aid the diagnosis of structural issues and fixes required ▪ Undertaken analysis of cases with multiple mould and damp related repairs and fed this into our future investment programme; ▪ an independent review of c10% of properties is underway across the Group, carried out by specialist property surveying firm JLL. The sample focuses on properties with greater potential risk or history of mould and damp 	<p>We have undertaken a full process mapping for damp and mould for all three repairs services (CBG, WHE and WHS) and identified where we can and need to harmonise the data we capture, change the date we capture and update our system to record data in a different way. The findings are now being converted into a range of actions which will be implemented over the coming months and will improve:</p> <ul style="list-style-type: none"> ▪ The automation of data reporting ▪ The ease by which we can analyse data such as trends and patterns ▪ Case management functionality within ASTRA which will enhance visibility of cases for the CFC ▪ The recording of all protocols and processes in a central repository for both exiting and new staff
<p>Know your residents</p> <p>Occupancy factors may include overcrowding and the availability and use of heating and ventilation systems. They also include individual circumstances such as disability, financial hardship, and health conditions</p>	<p>The initial diagnosis following a report of mould/dampness will take account of individual/family circumstances and this will be further taken account of when the Housing Officer attends to undertake the follow up visit on completion of the works to determine the effectiveness of the repairs/actions taken and to assess whether any further supports are needed.</p>	

Focus on the Fabric	Current position and sources of assurance	Further enhancements in progress
<p>Check net zero plans</p> <p>Landlords need to consider whether a green drive will push people into fuel poverty, particularly as electrical heating costs more than gas. Landlords need to be equipped to offer appropriate and empathetic signposting and referrals to agencies who may be able to support</p>	<p>We have dedicated fuel advisors who support and assist tenants.</p> <p>As part of our assessment of heating systems we consider how they fit with the wider energy efficiency of the property with a focus on keeping costs down for tenants.</p>	<p>We are strategically considering how heating systems and future regulations will impact tenants. This includes retrofit and new build properties. The costs of running systems will be a key factor in determining future works programmes specifications</p>
<p>Know your stock</p> <p>Structural factors include property age, design, and modifications. For example, certain types of properties such as converted street properties, buildings of concrete construction or traditional solid type construction are more susceptible to damp and mould than others and can require significant investment to address the issues. Property 'MOTs' and audits can help landlords to identify which of their properties are at risk of damp and mould, or already have this problem and works are needed before making this property available.</p>	<p>Reviewing where reports of mould/damp are being made from alongside other property information gathered through the ongoing survey of 10% of the stock to determine what proactive actions can be taken in relation to house types.</p> <p>Reviewing contract specifications based on works already completed</p>	<p>Analysis of data on what's being reported and from where (areas and property types etc) will be undertaken to determine any general improvement actions needed against stock types etc as part of a prevention plan.</p> <p>The first year of a rolling five-year validation survey of the condition of our housing stock across the Group has recently been completed by our independent property consultants JLL. This survey will inspect 20% of our homes over the 5 year period and involves "in person" visits to assess the condition both internally and externally our homes. This year we have enhanced this survey to cover 6,000 properties.</p>

		<p>As well as validating stock condition, these surveys will also identify any cases of mould and damp, and escalate any cat 1 issues for immediate resolution. In undertaking these surveys, JLL is working together with qualified building surveyors from JMP Construction and Property Consultants, and the properties surveyed were spread across a variety of archetypes in Wheatley Homes Glasgow, Wheatley Homes East, Wheatley Homes South and Loretto. A large proportion of homes in Wheatley Homes South were surveyed in 2019 in conjunction with the partnership discussions at that time and were not included in the properties selected for survey this year but will form part of the sample from year two (2023/24) onwards.</p> <p>The results of the surveys carried out so far confirm a high level of confidence in the stock condition data held on our asset management system PIMMS and validate our lifecycle assumptions on component replacements. The inspections themselves also provide an opportunity to highlight any specific issues within inspected properties including unreported damp and mould cases. Across the properties surveyed no systemic damp and mould issues</p>
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		<p>were identified, however we have taken the decision to supplement the general stock condition surveys with targeted inspections by JMP of a sample of properties within archetypes that are more susceptible to damp and mould issues to provide additional third-party assurance.</p>
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Zero Tolerance Culture	Current position and sources of assurance	Further enhancements in progress
<p>Dedicated damp and mould strategy</p> <p>This should include looking wider than the individual report (s) raised and look for themes and trends. It also requires a review of parallel processes, such as mutual exchange and the void standard, to ensure these are aligned with the damp and mould strategy.</p>	<p>Our allocations policy currently permits mutual exchanges which can be used to alleviate overcrowding.</p> <p>No void property would be relet where any damp or mould was identified.</p>	<p>Our next allocations review will consider whether overcrowding that is likely to increase the likelihood of damp and mould</p> <p>Review of the current procedural documents are taking place on completion of the new “to be” processes and procedures being developed from a range of operational workshops. This work will be linked across to other workstreams including void works to ensure that consistent practices are followed when dealing with mould and damp related matters</p>
<p>Empower staff</p> <p>We encourage landlords to consider the Chartered Institute of Housing’s Professional Standards if they have not already done so. In particular the ‘Skilled’ standard requires housing professionals to ‘solve problems, be flexible, adaptable and respond to situations creatively, in the moment’ and considers practical application of this standard to include ‘taking pre-emptive action and proactively problem solving’ and ‘finding solutions, even if they lie outside “normal” activity.’</p>	<p>There are a range of training and development arrangements in place for Housing Officers including the “Ignite” programme. Housing Officers can also undertake the Chartered Institute of Housing’s Professional standards Qualification on a voluntary basis.</p> <p>There are also specialist technical staff engaged in the resolution of mould/damp cases including professionally qualified and accredited Building Surveyors. External specialist consultants are also engaged wherever additional technical support is needed</p>	<p>We will continue to review training and development opportunities for officers engaged at all points in the resolution process for damp/mould reports.</p>

<p>Use the complaints system to learn</p> <p>Continue to use the complaints process, even where legal action has been suggested, as there still may be an opportunity to resolve the matter. Analyse the complaints received to look for common as well as emerging themes and trends. Use this insight to make improvements to your service delivery and/or complaints process.</p>	<p>Analysis of the reason for complaints currently takes place to understand the underlying cause and to determine any actions needed to prevent any similar complaint types in future</p>	<p>A bespoke training module has been developed for frontline service teams which will assist in the identification of damp and mould and with conversations with customers on the joint solution. This is being rolled out across the frontline service teams and completion of this will be mandatory.</p>
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Report

To: Wheatley Housing Group Board

By: Pauline Turnock, Group Director of Finance

Approved by: Steven Henderson, Group Chief Executive

Subject: Finance Update

Date of Meeting: 15 March 2023

1. Purpose

- 1.1 The purpose of this paper is to:
- Seek approval from the Board for an endowment from the RSLs to the Wheatley Foundation;
 - provide an update on gift aid payment from Wheatley Development Scotland and Lowther Homes; and
 - seek approval from the Wheatley Group Board for the placement of the key insurance renewals for 2023/24.

2. Authorising and strategic context

- 2.1 Under the Terms of Reference, the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.
- 2.2 The strategic context is one of a challenging external environment for both the business and our customers. We have been able to increase the level of support available to our customers during the current financial year through the creation of the £6m Here For You Fund using financial capacity available within the 2022/23 budget. While inflation is expected to reduce during 2023/24, it will remain high and continue to have a significant impact on our customers' finances.
- 2.3 The key themes and aims of the 2021-26 strategy Your Home, Your Community, Your Future set the context for the preparation of the 2022/23 budget. The 2022/23 budget effectively mirrors the first year of the business plan financial projections for each entity and will allow each Board, as well as the Group Board, to monitor progress during the year against our business plan targets.
- 2.4 Under the Scheme of Financial Delegation (SoFD), within the Group Standing Orders, approval of revenue contracts over £1 million is reserved to the Group Board. The financial value of the annual premiums for Property Damage, Cyber Liability and Combined Liability covers is £3.5m.

3 Background – Financial projected out-turn to 31 March 2023

- 3.1 A re-forecast of the full year out-turn was completed following the end of the third quarter which projected a statutory surplus of £23.4m, £16.7m higher than budget.

£m	Q3 Forecast		
	Budget	Forecast	Variance
Turnover	395.7	417.3	21.6
Operating expenditure	(323.5)	(330.0)	(6.5)
Operating surplus	72.2	87.3	15.1
<i>Operating margin</i>	<i>18.3%</i>	<i>20.9%</i>	
Net interest payable	(65.5)	(63.9)	1.6
Statutory surplus	6.7	23.4	16.7
Net Capital Expenditure	(133.9)	(134.2)	(0.3)

- 3.2 The key drivers for the variance to budget are:
- a higher level of grant income on the completion of new build properties reflecting the updated profile for delayed 2021/22 units completing in the current financial year
 - recognition of grant funding from the Scottish Housing Net Zero for investment projects
 - within operating expenditure, the inclusion of the additional £3.5m for the Here For You Fund and additional reactive repairs costs.
- 3.3 After excluding new build grant income and adding back core investment in existing homes, the adjusted operating surplus forecast interest cover covenant remains at [redacted]% in line with the 2022/23 budgeted position. This provides headroom against the covenant level and meets our interest cover Golden Rule.

4. Discussion

Foundation 2022/23 endowment

- 4.1 During 2022/23, as the cost of living crisis deepened, we agreed an additional £3.5m of funding from the RSLs to the Wheatley Foundation which when added to existing Foundation budgets allowed us to create the £6m Here For You Fund. This is being used to help RSL and Lowther tenants who are impacted the most by the cost of living crisis and provide assistance with rent, food and fuel.
- 4.2 To date we have supported over 17,000 tenants through the Here For You Fund. While predictions for inflation and fuel prices show these reducing during the coming financial year, they still remain historically high and cost of living pressures will continue to have a significant impact in our tenants finances into 2023/24. Inflation is expected to reduce to around 5%; a slowdown in the rate of price increases rather than a reduction; and the energy price cap is expected to come below the government's energy price guarantee of £2,500, which while lower is still more than double the cap of £1,138 in winter 2021.

- 4.3 To help continue our support for our tenants through this financially challenging period, we propose providing the Foundation with further funding to allow the continuation of the Here For You Fund through into 2023/24 and beyond through the provision of an endowment of up to £11.5m from the RSLs in March 2023.

Impact of the proposed endowment

- 4.4 Our most recent 2022/23 financial forecast outturn presented in February 2023 shows us meeting our planned level of interest cover covenant headroom of [redacted]% with £[redacted] of financial headroom compared to the covenant level. The chart below illustrates the impact of the payment of the proposed endowment in March 2023 on the profile of the RSL Borrowing Group interest cover covenant. It shows that while the level of headroom against the covenant reduces and we remain compliant against the covenant measure, the utilisation of the available headroom reduces the interest cover level below our Golden Rule. The Golden Rule is a Board-approved measure to ensure we have adequate headroom against our bank covenants for forward planning purposes. For interest cover, this headroom is set at 25% above the bank covenant level, i.e. where the bank requires 100%, the Golden Rule requires 125%. If we proceed with the proposed endowment, the forecast outturn for interest cover will be at [redacted]% which still provides a good level of headroom above the covenant level. Future Golden Rule compliance will not be compromised, the breach of this rule will be restricted to this quarter-end only and the yellow line remains above our golden rule position and in line with the approved business plan from 2024 onwards, complying with our financial policies.

Figure 1: Interest cover profile

[redacted]

- 4.5 An updated projection of our gross debt per unit covenant is shown in figure 2 below which shows the minimal impact the proposed endowment has on our debt per unit position, and shows a forecast of continuing compliance with the covenant.

Figure 2: Revised debt per unit projection

[redacted]

- 4.6 There is a risk that the final outturn interest cover position for 2022/23 may be adverse to our forecast. For that reason, we will retain 10% headroom against the covenant limit which provides £7.5m of forecast headroom on our interest cover covenant this year as mitigation to this risk.
- 4.7 The level of the proposed endowment will allow us to extend the Here For You fund through into 2023/24 as well as provide financial resources within the Foundation to support other tenant welfare projects over the next few years. More detailed proposals for the allocation of this additional capacity in 2023/24 will be brought to the April board meeting and will include a review of the operation of the Here For You Fund following the end of the 2022/23 financial year.

Year-end Gift Aid payments

- 4.8 Both Wheatley Developments Scotland (“WDS”) and Lowther Homes are liable to corporation tax on their retained taxable profits. Both companies make payments of gift aid to fellow charitable subsidiaries within the Group to maximise the tax efficiency of the Group structure. Gift aid payments for 2022/23 need to be made on or before 31 March 2023.
- 4.9 For WDS, this is the first year of operation following the extension of its remit across all Group RSLs, having previously contracted for and made gift aid payments to WH South. The most recent forecast of 2022/23 shows taxable profits for WDS of £1,280k and the gift aid payment to the RSLs from WDS will be close to that amount. The forecast out-turn has been shared with our tax advisors EY to confirm any adjustments for taxable purposes that need to be taken into account in finalising the gift aid payment. Once finalised, the gift aid payment will be allocated on a proportionate basis between the RSLs in line with the activity undertaken by WDS on their behalf during the year.
- 4.10 Lowther pay gift aid to the Wheatley Foundation, with payments made monthly in line with the approved annual budget. [redacted]

Insurance Renewal

[4.11 to 4.23 redacted]

5. Customer Engagement

- 5.1 While there are no direct customer engagement implications, this report outlines a proposal for additional funding from our RSLs to the Wheatley Foundation which will be utilised to provide support to our customers.

6. Environmental and sustainability implications

- 6.1 There are no environmental or sustainability implications arising from this report.

7. Digital transformation alignment

- 7.1 There are no digital transformation alignment implications arising from this report.

8. Financial and value for money implications

- 8.1 As noted above

9. Legal, regulatory and charitable implications

- 9.1 It is a requirement of our funding agreements that we demonstrate that appropriate insurance arrangements are in place in relation to our property portfolio and other key risks. The Group’s funding arrangements permit a deductible up to £[redacted]k for property damage on an each and every claim basis.
- 9.2 Gift aid payments will be made by WDS and Lowther on or before 31 March 2023 to comply with tax requirements.

10. Risk Appetite and assessment

- 10.1 The Board's agreed risk appetite for business planning and budgeting assumptions is "open". This level of risk tolerance is defined as "prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level". Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.
- 10.2 In relation to the renewal of our insurance cover this provides a level of mitigation for the risks of damage to our housing properties, combined liability and cyber liability.

11. Equalities implications

- 11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

- 12.1 The challenges around cost of living and financial pressures on our tenants' finances are likely to persist through into 2023/24. The rate of price increases may slow but inflation and utility costs will still present affordability challenges for many of our customers. The paper outlines a proposal to use up to £11.5m of available financial capacity within the 2022/23 forecast results to provide a one-off endowment to the Wheatley Foundation to be used to help to do more to support our customers through this extend period of pressure while remaining within our financial covenants.
- 12.2 The provision of gift aid payments from Wheatley Developments Scotland to our RSLs and from Lowther Homes to the Wheatley Foundation will be made prior to the year end. WDS will provide gift aid in the region of £1.3m back to the RSLs in addition to the VAT benefits attributable directly to the respective RSL new build developments. Lowther gift aid for the year will be £3,128k in line with the 2022/23 business plan and budget.
- 12.3 [redacted]
- 12.4 [redacted]

13. Recommendations

- 13.1 The Board is requested to:
- 1) Approve an endowment of up to £11.5m from the RSLs to Wheatley Foundation agreeing that the RSL Borrowing Group will deliver an interest cover covenant position outwith Golden Rule policy parameters, but will remain within interest cover covenant limits.
 - 2) Note the planned levels of gift aid from Wheatley Developments Scotland and Lowther Homes.
 - 3) Approve the placement of the following key insurance covers:
 - Property damage insurance [redacted].
 - Cyber Liability insurance [redacted].
 - Combined liability insurance [redacted].

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs and Assets

Approved by: Steven Henderson, Group Chief Executive

Subject: Broadband development opportunity

Date of Meeting: 15 March 2023

1. Purpose

- 1.1 To update the Board on an opportunity for the roll out of fast broadband to our homes in Glasgow and to seek agreement to arrangements that will support this.

2. Authorising and strategic context

- 2.1. Delivering Exceptional Customer Experience is one of the key themes in Your Homes, Your Community, Your Future. As part of achieving this we commit to:

“invest(ing) in digital infrastructure to enhance our ability to provide services and engage with our customers, while continuing to use our national influence to advocate for an expansion of digital inclusion in our communities, such as low cost broadband availability.

- 2.2. The proposal here is part of how we are looking to use our influence to address digital exclusion through encouraging the availability of low cost broadband in our communities. Board consideration and agreement is being sought given the strategic nature of this proposal.
- 2.3. The agreements and wayleaves discussed later in this report would be in the name of the three group partners whose customers would benefit from what is proposed and who own the properties that the wayleave would cover – namely Wheatley Homes Glasgow, Lowther Homes and Loretto Housing. Subject to respective Board agreements, these wayleaves and agreements would be signed in line with our Disposals and Acquisitions Policy Framework.

3. Background

- 3.1. Like society in general, broadband connectivity is increasingly essential for our customers. It is also worth noting that connectivity alone is no longer enough with people requiring faster connections to allow multiple devices to access the internet simultaneously and for streaming. Information available indicates that broadband take up among our customers is low at about 54% compared to typical levels in Glasgow of around 67%. Take up of fast broadband, typically above 300mbps, is lower still at 5% compared to 8% in Glasgow overall.

- 3.2. Availability of fast broadband in our homes is estimated at around 30% whereas basic broadband is available from at least one provider in most locations. Pricing for basic (less than 300 mbps) broadband is typically between £21 and £30 a month, whereas fast broadband is between £30 and £50 a month. Operators also offer what they term 'social tariffs' to customers on certain benefits.
- 3.3. The most attractive of these is Hyperoptic's Fair Fibre tariff at £20 for 150 mbps although others are available. Typically, these social tariffs provide speeds and pricing below those of basic broadband. Take up of basic social tariffs is low with Ofcom indicating levels of less than 5% of those eligible. It is likely this is because of the price/speed on offer, and requirements for customers to demonstrate eligibility each month to operators.
- 3.4. Other factors including contract length, which typically range between 18 and 24 months with no break without penalty, are also likely to have a bearing on take up among our customers.

4. Discussion

- 4.1. Our approach to ensuring customers have broadband connections and, more generally, are not digitally excluded includes:
- facilitating network deployment by operators through working with them to put wayleaves in place that permit operators to safely deploy connections to our buildings.
 - supporting the development of digital skills among our customers through the work of the Wheatley Foundation.
- 4.2. These two elements come together through agreeing a contribution to the Foundation for its digital skills work as part of agreeing wayleaves with network providers.
- 4.3. While this approach has, and is working, as illustrated by the broadband availability figures above, digital exclusion among our customers remains high. Price of broadband service is likely to be a major factor in this but so is the strategy of most operators who target their service on potentially most profitable communities. Broadband speed from existing operators is also an issue with their offer for our customers being at lower speeds including through 'social tariffs'.
- 4.4. [redacted]
- 4.5. [redacted]

4.6. [redacted]

4.7. [redacted]

4.8. [redacted]

4.9. [redacted]

4.10. [redacted]

4.11. [redacted]

5. Customer Engagement

5.1. We do not intend engaging customers on the value, or otherwise, of [redacted] offer as we do not believe it is for us to make a judgement on this on behalf of customers who will have individual requirements and circumstances. We will, however, ensure that customers are aware that [redacted] is building its network in their area and able to provide broadband service. Doing this has advantages for us and customers in ensuring they are informed and in pre-empting any concerns relating to works in their community.

6. Environmental and sustainability implications

6.1. This report relates to a network build by a third party and, as such there are no direct sustainability implication for us. Having quality broadband fits with the UN Goal of Sustainable Cities and Communities, and also, at a more local level, will benefit our customers and our sustainability objectives through allowing customers to access services and education without the need to travel.

7. Digital transformation alignment

7.1. Increasing availability of broadband connectivity among our customer is a key enabler of digital transformation. As well as this, [redacted] offer to us includes availability of network capacity that we could make use of in the future to support deployment of IoT technology such as sensors.

8. Financial and value for money implications

8.1 [redacted] offer to customers is good value relative to what is available in market currently, and as such will help, to a limited extent, customers with the cost of life crisis. The savings for customers will depend on their current broadband arrangement although typically around £[redacted] a year might be expected.

8.2 [redacted].

9. Legal, regulatory and charitable implications

9.1. There are no legal, regulatory or charitable obligations associated with this report. Our in-house legal team are familiar with putting wayleaves in place and have supported the development of the draft agreements with [redacted]. No issues have been identified.

10. Risk Appetite and assessment

- 10.1. Encouraging provision of fast broadband to our customers aligns with our strategic commitment to Progress from Excellent to Outstanding, and relates to financial or VfM risk consideration. Our risk appetite in this area is Cautious (We aim to deliver the highest levels of customer service whilst optimising VfM for the services provided). The proposal here is in fitting with this as we look to reduce the cost of everyday services for customers.

11. Equalities implications

- 11.1. Extensive availability of broadband at an affordable price is expected to . help digital exclusion among our customers.

12. Key issues and conclusions

- 12.1. Broadband take-up among Wheatley customers in Glasgow is low relative to others in the city. There are various reasons for this including lack of choice among operators and price. [redacted], a new entrant to the market, has come to us with a stated intention of providing a more attractive broadband offer to our customers. This offer, and the support that [redacted] is looking for from us to deploy its network has been assessed by experts in the telecommunications market at Analysis Mason. Analysis Mason have highlighted that what [redacted] is proposing is good value for customers. Possible risks and issues for Wheatley have also been highlighted but none are considered particularly significant or a reason not to work with [redacted] for the benefit of our customers.

13. Recommendations

- 13.1. The Board is asked to note the opportunity presented through [redacted] Broadband's proposal to roll-out its services to our customers and agree the terms of this as set out in the letter at Appendix 1 and Wayleave at Appendix 2. List of Appendices

Appendix 1: [redacted]

Appendix 2: [redacted]

Appendix 3: [redacted]