



WHEATLEY HOUSING GROUP LIMITED

SC426094

MEETING OF BOARD OF DIRECTORS

held by videoconference

on Tuesday 12 May 2020 at 10.00

Directors Present: Alastair MacNish (Chair), Jo Armstrong, Martin Armstrong, Jo Boaden, Sheila Gunn, Bernadette Hewitt and Martin Kelso.

In Attendance: Anthony Allison (Director of Governance) and Steven Henderson (Group Director of Finance)

1. Directors not in attendance

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

2. Declarations of Interest

The Board noted the standing declarations of interest.

3. Minutes of meeting held on 19 February 2020 and 8 April 2020

Decided: The Board approved the minutes of 19 February 2020 and 8 April 2020.

4. Group CEO update

The Board received an update on a range of matters including: City Building (Glasgow) achieving their profit target for the year and future financial projections; homelessness support; DGHP accommodation lease break plan; interim governance arrangements and a planned review; and our award from the Scottish Government Wellbeing Fund.

Decided: The Board noted the updates

5. Business Update

The Board received feedback on our service response across the Group and confirmation that we have continued to progress key strategic projects. It was confirmed the Wheatley Care creation was completed and the DGHP repairs service brought in house. The support from our Trade Union partners was acknowledged.

The Board sought an update on Covid 19 related staff absence. It was explained that after an initial spike of self-isolation our absence levels have stabilised at a relatively low level, with no current cases of Covid 19 amongst our staff.

The Board welcomed that our initial response to recruit additional staff has provided a buffer which has allowed us to maintain all care service levels. The Board reiterated the importance of maintaining strong communication lines with tenants, particularly as we transition our service models, particularly repairs.

The increase in Anti-Social Behaviour instances was discussed and it was agreed a more detailed update be brought back to the Board for consideration.

The Board discussed our Personal Protective Equipment (“PPE”) supplies, welcomed the level of supplies we have in place and sought an update on how we ensure all equipment meets the appropriate standards. It was confirmed that our inventory is from existing supply chains who meet the requisite quality standards and it was reiterated we have steps in place to comply with all PPE requirements.

The Board discussed the Scottish Housing Regulator (“SHR”) return information and the other means through which we are providing feedback to the SHR. It was explained that we are part of the Social Housing Resilience Group which the SHR Chief Executive also attends.

The Board considered the potential scenarios relating to loss of rental income, the potential financial impact and engagement with stakeholders on a longer term options for arrears.

Decided: The Board noted the contents of the report.

6. Framework for startup and renewal of activity

The Board received a draft framework for the staged resumption of more of our business operations over the coming months. It was explained it would remain subject to prevailing Scottish Government advice.

The Board discussed how we ensure the health and safety of our staff if we increase those returning to the workplace, particularly a differentiation for groups who may be more vulnerable. It was reaffirmed that the presumption remains homeworking. The media reports of higher vulnerability to Covid 19 among BAME individuals was discussed, with reference to the proportion of BAME individuals in our workforce.

The Board discussed how we refine our people related approach to reflect the anticipated longer term nature of the revised operating model, such as leave policy and home working facilities. It was explained that our policies are under review and that as part of the next phase we will consider these areas.

The Board discussed the potential business plan implications of the likely medium to long term impact of Covid 19 on our operating environment. It was confirmed that, in addition to ongoing sensitivity analysis and scenario testing, we are making adjustments to our base business plan and a revised plan will be brought to the next Board meeting.

The Board discussed the potential impact on the wider sector nationally. It was explained that this is a key issue for the resilience group and as part of this we have agreed to support other RSLs in the delivery of life and limb repairs services.

The Board were updated on the feedback from a review undertaken with staff across the Group seeking their feedback on the current operating model. It was

confirmed the feedback on home working was mainly positive and that we were exploring how we can support staff further in more challenging areas such as working while caring for children.

Decided: The Board agreed the proposals set out in the report in principle, subject to the timing of their implementation and any adjustments necessary to ensure ongoing compliance with Scottish Government legislation and guidance

7a. Financial performance 2019/20 and 2020/21 budgets

The Board received a summary of year end financial performance for 2019/20, with the key variances, primarily relating to DGHP and grant income, set out. The underlying financial performance excluding one-offs was further set out, including our performance relative to our key ratio covenants.

The budget for the year was set out, acknowledging that while actual outturns will now diverge from this, we require to have a reference point as well as a requirement to furnish our funders with a budget.

The Board discussed bad debt levels and variations across the Group. It was explained this included an element of provisioning and that actual underlying performance was largely consistent between our partner RSLs. The approach to how we calculate the provision for bad debt was set out in further detail.

Decided: The Board:

- 1) noted the financial performance for the Group to 31 March 2020;**
- 2) approved the RSL Borrower Group accounts at appendix 2 for submission to the Group's lenders; and**
- 3) approved the Group budget for 2020/21.**

7b. Treasury update

The Board received an update on our treasury position, particularly our high levels of liquidity and the savings we have achieved relative to our business plan in relation to funding costs.

The Board discussed how we allocate and deposit our cash with counterparties. Our approach to placing cash was set out, including the assessment of credit risk and timescales for accessing funds.

The Board discussed the timescale for transitioning DGHP into the wider borrower group. It was confirmed this remained under review as we take into account the impact of the reprofiled investment programme and the impact this might have on our covenants.

The Board received feedback from the recent annual Standard and Poor's credit review, with the final rating outcome expected in the coming weeks.

Decided: The Board noted the contents of the report.

8. Group Coronavirus Response - Technology Supported Service Delivery

The Board received feedback on how we have deployed technology to support our revised operating model. It was explained that the foundations already in

place as part of our digital transformation strategy have been critical in underpinning our transition.

The Board welcomed the successful deployment of technology in supporting the transition and sought an update on whether the enhanced digital approach has impacted our counterparty risk for IT software and equipment. It was explained that we have utilised existing, well established supply chains which are continuing to meet our demands.

Decided: The Board noted the contents of this report and acknowledged the progress on technology supported delivery of significantly amended business services across all Group operations.

9. Procurement update

The Board received feedback on our proposed approach to future procurements, taking into account the current operating environment.

The Board discussed the proposed extensions, our confidence levels of supply and the projected ground maintenance expenditure. It was explained that the ground maintenance contract reflected a maximum overall value and this did not represent committed spend.

Decided: The Board

- 1) Noted the revised approach to procurement priorities discussed here;**
- 2) Agreed the appointment of Shell (UK) as fuel card provider for a maximum period of four years based on estimated contract value of £3.2 million; and**
- 3) Agreed the delegation of authority to enter into the contract with Shell (UK) on behalf of Wheatley Group to any of the Group Director of Resources or the Director of Lowther & Business Growth.**

10. Personal Protective Equipment Update

The Board received an update on our supply of PPE, where we have had no issues to date with supply and have a clear monitoring approach to ensure we understand future demand requirements.

The Board welcomed the consistent availability of PPE we have secured and the reassurance this offers our staff.

Decided: The Board noted the content of the report.

11. Alertacall expansion

It was explained that consideration of the expansion of the service, beyond the modest proposed additional rollout, was already underway. This reflected the positive feedback from customers on the existing service.

The Board reflected on the positive impact to date in our Livingwell service and sought an update on how we would test the market should we materially expand the offering. It was confirmed this would be considered, along with a detailed financial analysis should we seek to further expand the service.

Decided: The Board noted the progress made with phase one and two of the of the roll out and plans and associated timescales for phase three.

12. Early release of prisoners

The Board received an update on the planned early release of prisoners and how we are engaging with stakeholders to understand the risk assessments which will be undertaken. It was confirmed that requests would be received via Section 5 referral.

The Board discussed how we will ensure appropriate wraparound services will be available. It was confirmed this will be considered as part of the risk assessment.

The Board further discussed the testing arrangements for individuals being released. It was confirmed individuals will be tested prior to release.

Decided: The Board noted the update on the Scottish Government's early release of prisoners programme.

13. Group new build performance report

The Board received an update on the yearend outturn performance, the position with our current projects and how we are engaging our contractors to understand their ongoing viability. It was confirmed we had no contracts with the organisation on our framework who entered administration.

It was noted the Group Development Committee were due to consider our programme in more detail and would consider areas such as potential cost inflation.

The Board discussed the business plan implications, including grant income assumptions and the viability of sites in our pipeline. It was confirmed we would not progress with sites should cost inflation mean they become no longer financially viable.

The Board discussed the potential impact on market demand for Mid-Market Rent and Full Market Rent properties and how this could vary across local markets. It was explained that this was under detailed consideration and that a report would be brought back to a future meeting.

Decided: The Board:

- 1) Noted the contents of this year end performance report confirming a total of 824 homes to our asset base and attached Group New Build Performance Dashboard to 31 March 2020; and**
- 2) Noted the contractor engagement summary during the on-going lockdown and financial exposure summary as contained in this report.**

14. Governance update

The Board received a summary of the proposals, which reflected previous discussions on Board tenure and associated constitutional changes. It was explained that the proposals relating to membership were focussed on decision making being driven by tenants.

Decided: The Board:

- 1) Approved the proposed Article changes;**
- 2) Delegated authority to the Chair to call a Special General Meeting to pass a resolution to adopt the revised Articles;**
- 3) Agreed the proposed changes to the membership model and recruitment and appointment approach for RSL partner Boards;**
- 4) Agreed the proposed amendment to the Group Standing Orders to incorporate the DGHP Development Committee;**
- 5) Agreed the proposed delegations to the Board and Group Chief Executive for DGHP; and**
- 6) Approved the appointment of Maureen Dowden as a Subsidiary Chair Director effective immediately and her entry into the Register of Members**

15. AOCB

The Board recognised the significant effort of our staff across the Group in our response to Covid 19.