



WHEATLEY HOUSING GROUP LIMITED

SC426094

MEETING OF BOARD OF DIRECTORS

Held at Wheatley House

on Wednesday 22 February 2022 at 10.30am

Directors Present: Jo Armstrong (Chair), Martin Armstrong, Jo Boaden, Lindsey Cartwright, Maureen Dowden, Bryan Duncan, Caroline Gardner, Eric Gibson, Professor Paddy Gray, Bernadette Hewitt, Martin Kelso, Mairi Martin and Mary Mulligan.

In Attendance: Anthony Allison (Director of Governance), Steven Henderson (Group Director of Finance), Olga Clayton (Group Director of Housing and Care – items 5,9 and 14 only) and Alan Burns (Executive Director, City Building, item 9 only)

1. Apologies for absence

Apologies were received from Angela Mitchell. The Chair declared that a quorum was present.

2. Declarations of interest

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

3a. Minutes of meeting held on 15 December 2021 and matters arising.

Decided: The Board approved the minute of the meeting on 15 December 2021.

3b. Action List

Decided: The Board noted that all actions were now complete.

4a. Group CEO update

The Board received an update on a range of matters including: smoke and heat detector installations; [redacted] and planned actions arising from the review; CEO and Executive recruitment; and the latest Scottish Housing Regulator sector performance data.

Decided: The Board noted the update.

4b. Committee Chair updates

Decided: The Board noted the Committee Chair updates and agreed the format for future updates

5. Wyndford regeneration

The Board were provided with an update on: the outcome of the eight week customer consultation; our rehousing strategy and progress to date; the regeneration plans and next steps.

The Board discussed the feedback from tenants, engagement with key stakeholders and the plans for ongoing engagement throughout the regeneration.

The Board discussed further how we continue to focus on the feedback from tenants throughout the regeneration.

The Board received feedback from the GHA Board's considerations of the consultation outcome and noted that the recommendations were supported by the GHA Board.

Decided: The Board:

- 1) approved reclassification of stock for the four 26 storey blocks at respectively 120, 151, 171 and 191 Wyndford Road, Glasgow to demolition status;**
- 2) agreed to progress with demolition of these four blocks as part of a wider regeneration of the area;**
- 3) agreed to communicate the consultation response and next steps to Wyndford tenants;**
- 4) noted the updates on rehousing strategy and engagement with agencies whom we lease to;**
- 5) noted the updates on regeneration plans, to be advanced with support from GCC, for Wyndford; and**
- 6) noted that, following a tender process, a demolition contract proposal will be brought back to the Board for approval in due course.**

6. Dumfries & Galloway demolition and regeneration

The Board received feedback from the strategic asset appraisal that has informed our proposed approach to development and regeneration in Dumfries and Galloway. It was reiterated that the proposals, particularly potential demolitions, are within the wider strategic context of us engaging the strategic housing authority on regeneration more widely.

The Board considered the findings, how they were informed by detailed stock performance analysis and welcomed the strong focus on community engagement. The Board reiterated the need for community engagement to be a pivotal element of any future regeneration.

The Board noted that following a detailed review the DGHP Board supported the proposed next steps.

Decided: The Board

- 1) Noted the progress and key findings for the strategic asset appraisal;**
- 2) Noted the properties and areas identified as potentially for demolition and re development, subject to further appraisal; and**

3)Noted a further paper will be bought to April Group Board and May DGHP Board with the full findings of the feasibility studies being carried out for the proposed demolition sites.

7. Group five-year development programme

The Board received a summary of the proposed 5 year development programme, which had been reviewed and agreed by each developing partner in the Group and the Group Development Committee. The Board were updated on the revised assumptions to 2026, current lending capacity and the plans to increase capacity through our refinancing.

The Board discussed the external pressures impacting our ability to deliver our development programme, the potential for this to adversely impact delivery in future and recognised the programme remains subject to annual review.

The Board noted that the wider national policy focus has moved to a 10 year horizon and uncertainties that will impact our future programme. It was reiterated that we will only progress with projects which meet our appraisal criteria and that having a strong pipeline was critical. It was further explained that the potential implications of net-zero remains a key uncertainty in terms of how this impacts building specifications and costs.

It was explained that a key focus continues to be engaging with strategic housing authorities, in particular in relation to our future pipeline and land.

Decided: The Board:

- 1) approved the Group five-year development programme (base case); and**
- 2) noted an update on our additional new build growth plans will be brought back following completion of the loan agreement amendments.**

8. Five year investment plan

The Board received a summary of the group five-year asset investment programme, including the key investment priorities and how we will continue to meet our core compliance requirements.

The Board discussed how we manage instances where forced access is required. It was explained that we have a very clear process, including escalation steps, for where we would invoke forced access. It was confirmed that forced accesses remain a small number instances in relative terms.

Decided: The Board approved the Group five-year asset investment programme 2022-2027.

9. Repairs transformation programme

The Board received a presentation setting out the core elements of the proposed transformation programme and the key outcomes we expect it to deliver.

It was explained that the proposed timescales were very tight and may be refined as we enter into the 2022/23 strategic planning process. It was agreed that a progress update would be a standing item at future meetings.

The level of repairs live at any given time was discussed, including what a manageable level would be and how it is monitored to prevent any backlog arising.

The Board sought feedback on the feedback from City Building on the proposals, including their trade unions. It was confirmed that the true unions are supportive and recognise the benefits for the workforce and, critically, tenants.

The Board welcomed the focus on enhancing the service and communication with owners.

Decided: The Board noted the update, including the proposed implementation plan, and agreed to receive updates on progress at future meetings.

10. Strategic governance review and restructuring update

The Board received an update on progress with ongoing restructuring activity and the strategic governance review implementation plan. It was confirmed all activities were in line with anticipated timescales.

The Board received feedback from the DCH and WLHP Board discussions, who both support the proposals and the benefits they will unlock for tenants.

Decided: The Board

- 1) Approve WLHP proceeding to tenant consultation on a stock transfer to Dunedin Canmore;**
- 2) Delegated authority to the Chair to attend a GHA Special General Meeting on behalf of the company and instruct her to vote in favour of any resolution proposing a name change to Wheatley Homes Glasgow;**
- 3) Noted progress with the launch of Wheatley Homes Glasgow;**
- 4) Noted progress with the restructuring of Novantie's factoring, commercial property, and mid market and private rental stock activities to management by Lowther Homes;**
- 5) Noted the progress with the Transfer of Engagements from Strathclyde Camphill Housing Society;**
- 6) Approved the appointment of Manish Joshi as a co-opted director of Wheatley Housing Group Limited and a Non-Executive Director of Wheatley Solutions Limited at the standard remuneration rate of £12,408;**
- 7) approved the Committee Chair reporting format;**
- 8) approved the revised Board template, to be used by all Boards and Committees across the Group; and**
- 9) Approved the approach to hybrid meetings set out in 6.41.**

11a. Rent and other charges 2022/23

The Board received a summary of the results of the tenant consultations on the proposed 2022/23 rent increase. It was explained that the consultation response levels were the highest in recent years, with over 4400 responses in total.

It was reiterated that the process was operated independently by Civica.

The Board welcomed the high response levels and considered the feedback from tenants. The Board disused the affordability challenges for tenants given the economic climate and that our increase was below inflation.

Decided: The Board:

- 1) Considered the feedback received through the consultation process with tenants on our 2022/23 RSL rent and service charge increase;**
- 2) Approved the 1.9% rent and service charge increase for 2022/23 for Dunedin Canmore Housing, GHA, Loretto Housing and West Lothian Housing Partnership;**
- 3) Approved the application of a 1% rent and service charge increase to all ex-Cube tenants with the exception of the 4 multi-storey blocks at the Wyndford who will have a rent freeze; and**
- 4) Approved the application of a rent and service charge increase of 2% for 2022/23 for all ex-Barony tenants and DGHP tenants.**

11b. Group and Partner Financial Projections

The Board received a detailed update on the updates to the group financial projections, projected key financial metrics and covenant compliance, and our stress testing and sensitivity analysis.

The Board discussed the assumptions regarding demolition costs and the potential for any grant support. It was confirmed we will engage strategic housing authorities as part of any demolition and regeneration.

The Board discussed the Wheatley Solutions financial projections, the overall recharge level and it was agreed a wider update on Wheatley Solutions be brought back to a future meeting. It was explained that the Customer First Centre was now also included within Wheatley Solutions and that we do undertake benchmarking of key Wheatley Solutions services.

Decided: The Board:

- 1) approved the updated projections for investment in assets and services in support of our strategy, *Your Home, Your Community, Your Future*;**
- 2) approved the RSL Borrower Group financial Golden Rules set out at paragraph 6.21 of this report;**
- 3) approved the financial projections for each of the subsidiaries attached;**
- 4) approved the revised office accommodation programme;**
- 5) agreed that the projected 2022/23 figures form the basis of next year's annual budgets for each subsidiary and the Group overall.**

12. New operating model update

The Board received a presentation on progress to date implementing our new operating model, including: updating of policies and procedures; leadership development; staff engagement; and staff feedback.

The Board discussed how we measure the impact of the new operating model. It was explained this would be through a combination of staff surveys, productivity levels, absence rates and staff engagement groups.

The Board discussed how we are managing lone working. It was explained we have refreshed our procedures and included new elements such as a staff buddy system.

The Board reviewed financial performance for the year to date, the key drivers for the variances and our covenant position, with no material issues or risks identified.

Decided: The Board noted the contents of the report.

13. Energy costs: supporting our customers

The Board received an update on the range of steps we are taking to support our customers with energy costs.

The Board welcomed our focus on supporting customers so far as possible, in particular accessing all available funding pots.

Decided: The Board noted the measures we are taking to support customers facing hardship due to the energy crisis.

14. Scottish Government New Deal for Tenants – consultation response

The Board were updated on the key elements of the consultation document and our proposed response, including the areas we are proposing could be more prominent.

The Board received the proposed response and agreed that we should include a reference to shared ownership, reference to experience elsewhere when rent controls were implemented and the link to social care.

Decided: The Board reviewed the proposed response and agreed the areas it should be expanded.

15. Risk management update

The Board received an update on the implementation of strategic governance review recommendations in relation to risk management, the risk workshops and the risk register in its revised format. It was explained that cyber security and recruitment and succession risk rating had been increased to reflect our current operating context.

The Board reviewed the revised risk register and agreed the format enhanced visibility of scrutiny being undertaken by Boards and Committees across the Group. It also agreed the changes were appropriate given our operating context.

Decided: The Board:

- 1) Noted the agreed approach for Board Risk Appetite Workshops in Spring 2022 and the current status of the risk management actions arising from the Campbell Tickell Governance review; and**
- 2) Approved the proposed changes to the Strategic Risk Register**

16. Performance report

The Board were updated on performance for the year to date. It was explained that the economic climate was now impacting our performance, in particular in areas such as arrears.

The Board discussed repairs performance, including the increasing level of demand, drivers for the increase and the impact of material availability. It was explained that we are undertaking analysis to understand what is pandemic related and where the driver for increased demand is related to factors such as the CFC making reporting repairs a highly convenient process.

The Board reviewed performance more widely and recognised the impact of the challenging operating context. It was also noted this would need to be formally reflected in our 2022/23 target setting.

Decided: The Board noted the contents of the report.

17. Finance Report

The Board received a summary of financial performance for the year to date and a detailed update on the key variances.

The Board reviewed financial performance, the drivers for variances, the full year forecast and covenant compliance. It was agreed there were material issues with performance for the year to date.

Decided: The Board

- 1) noted the Group management accounts for the period ended 31 December 2021 at Appendix 1; and**
- 2) approved the RSL Borrower Group accounts at appendix 2 for submission to the Group's lenders.**

18. Group Treasury Report

The Board were updated on the group liquidity position, treasury management and progress with our refinancing.

The Board noted progress with the refinancing and that we anticipated concluding by the end of the financial year.

Decided: The Board

- 1) noted the Group's liquidity position as at 31 December 2021;**
- 2) noted our compliance with covenants for the quarter to 31 December 2021; and**
- 3) noted the status update on our funding renegotiations.**

19. AOCB

There was no other competent business.

Signed _____

Chair