WHEATLEY HOUSING GROUP LIMITED
BOARD MEETING

Thursday 25th August
10.30am,
Westerwood Hotel, Cumbernauld

<u>AGENDA</u>

1. Apologies for absence

2 Declarations of interest

3. a) Minutes of meetings held on 29 June 2022 and matters arising
   b) Action list

4. Group CEO Update

<u>Main Business</u>

5. Transforming our repairs environment

6. Property condition assurance approach

7. Wyndford regeneration (presentation)

8. [redacted]

9. Policy updates

   a) Group Protecting People Policy Framework
   b) Allocations policy review
   c) Group Complaints & Unacceptable Actions Policies

10. a) 2020/21 Group Statutory Accounts
    b) Internal Audit Annual Report and Opinion 2021/22

Other Business Items

11. Finance report

12. Treasury report

13. Performance report

14. Governance update

15. Hybrid Mail and Digital Mailroom Services Contract

16. AOCB

Date of next meeting – AGM/Board Wednesday 28 September at 13.30

Wheatley Group

Report

To: **Wheatley Housing Group Board**

By: **Frank McCafferty, Group Director of Repairs and Assets**

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

Subject: **Transforming our repairs environment**

Date of Meeting: **25 August 2022**

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1. Purpose

1.1 This report provides an update on the ongoing programme to transform our repairs and maintenance services.

2. Authorising and strategic context

2.1 Under its Terms of Reference, the Board is responsible for considering matters relating to the delivery of strategic priorities and business performance. The nature and performance of our repairs service, given its importance to customers and our business, is such a matter.

2.2 The Board considered the repairs transformation at its February 2022 meeting and agreed that updates should be brought to its subsequent meetings.

2.3 Our 2021-26 strategy, 'Your Home, Your Community, Your Future' recognises the vital importance of the repairs service to our housing customers, and the need to build on this with continued innovation to create an outstanding service.

2.4 The vision in our strategy is a customer-led repairs service. Having the customer voice shape the service will help ensure it continues to deliver value for money and meets the needs and expectations of different customer groups.

3. Background

3.1 The plan for transforming the repairs service that the Board agreed previously has three inter-related elements:

- reducing the current number of live and overdue repairs jobs, so they return to normal pre-pandemic levels;
- delivering 'quick wins' that make an immediate difference to the repairs service; and
- the wider transformation to an exceptional, modern service.

3.2 To realise the vision, various objectives that the transformation programme should deliver have been developed and included within previous board reports. Reducing the number of responsive repairs that are 'live' at any given time was a pre-requisite for successful transformation, as it provides a stable base from which to enact change. This formed a key part of the work across Group subsidiaries since February.

4. Discussion

4.1 Given the different operating models in our west, east and south operations, each is discussed in turn below.

West

4.2 Work on the repairs transformation is being taken forward jointly by staff in City Building Glasgow ("CBG") and Wheatley, and a steering group has been established to monitor and ensure progress. This steering group meets every two-weeks and is chaired by our Group Director of Repairs and Assets, and CBG's Executive Director.

4.3 In February 2022, the number of live responsive jobs peaked at approx. 9,500. This is significantly more than acceptable for normal operations and to address this, CBG put a specific plan in place with extra trades resources and logistic arrangements to reduce the volume of live responsive repairs to 4,500 prior to the start of July 2022. This target was achieved by the required date and the number of live jobs is now being monitored closely to ensure action is taken if the numbers start to increase.

4.4 In parallel with reducing the number of live jobs, the number of overdue repairs peaked at over 1,000. A target of under 200 was set and achieved by the required date of July 2022.

4.5 A number of early actions, or "quick wins" were identified, focused on process flow and communication issues, particularly between our Customer First Centre and CBG. The changes were designed to improve our responsiveness to and clarity of communication with customers. The six wins, associated progress measures and current status are below:

Quick win	Progress measure	Status	Customer Benefit
Direct Customer First Centre ("CFC") access to CBG repairs system "Servitor"	CFC staff are able to access repair jobs and status directly on CBG's IT platforms.	Complete June 2022	CFC Advisor has better access to information which can be provided to the customer without the need to call back.
Centralised CBG team to support CFC	CBG having a team of at least 6 people in place, with operating procedures agreed to satisfaction of CFC.	Complete June 2022	Ability for CFC advisor to provide immediate information to customer from CBG on more complex repairs.

Increase use of next day appointments	Diagnostics restructured so emergency jobs are raised as a last resort, and Customer Service Advisors are trained accordingly.	Complete June 2022	More choice for customers for repairs to be carried out at a time suitable to them.
CFC follow up on emergency no access	Process in place whereby the CFC make follow-up contact with customers where a no access occurs on an emergency job. Specification developed to automate process via our customer relationship management system.	Complete June 2022	Emergency repairs are undertaken and not missed due to no access.
Refresh customer messaging	Approach agreed to revise customer comms through the new "book it, track it rate it" system, to be provided by an external software provider called "Localz". Pilot begins.	Design work on going. Pilot in Nov 2022	Better communication, choice and ability to rate the repair experience.
New approach to cancelled lines	Process in place whereby the CFC have full visibility over all cancelled lines and new cancellation reasons are defined for improved monitoring.	Review undertaken and categories input into Servitor Sept 2022	Minimises disruption to customers when appointments are changed.

4.6 Progress has been made across all of the quick wins although the two highlighted orange above are ongoing due the upgrade to CBG Servitor system. Servitor is the core system that CBG uses to manage repairs delivery workflows and interface with our CFC. The upgrade was carried out in July 2022 and is complete, however CBG are working through a number of post-implementation support issues which are currently programmed to be complete by the end of August 2022, following which the remaining two quick wins can be complete.

- ***Direct CFC access to servitor*** – arrangements are in place at present for Wheatley staff to access servitor. all CFC servitor accounts have been set up and shared with staff. **This action is complete.**

- ***Centralised CBG team to support CFC*** – CBG has recruited six staff for this support team and operational procedures including approach to communications and working hours have been agreed with the CFC team. The team is working well as a single point of contact for the CFC to quickly resolve customer queries. **This action is complete.**

- ***Increase use of next day appointments*** – changes have been made to the diagnosis system, so it no longer defaults to raising an emergency and CFC staff have been trained to, where appropriate, channel the repair to an agreed appointment. **This action is complete.**

- ***CFC follow up on emergency no access*** – reporting tools have been developed so CFC staff have much more rapid information when there is no access on an emergency repair. Processes have now been developed to use this information and follow up with the customer. Specification has been agreed with Verint to automate the process via ASTRA **This action is complete.**

- ***Refresh customer messaging*** – Existing customer communications have been mapped refined, and work is on-going with Localz on messages to customers and the repairs event (e.g. agreeing an appointment, reminder on day of repair, operative on route) that will trigger a message being sent. Information for these 'triggers' will be provided through the CBG Servitor upgrade. Detailed technical design work is underway and the **Localz Pilot is now programmed for November 2022.**

- ***New approach to cancelled lines*** – work to analyse the reasons for cancellation has been carried out, and new cancelation codes have been agreed which will provide greater insight and are planned as part of the Servitor upgrade. **This action has been partially complete and has been programmed for input into Servitor in September 2022.**

4.7 As set out in previous updates, the wider transformation is structured around seven work streams. Detailed planning, including scoping workshops, have been undertaken for each workstream, and key outcomes and required activities have been defined. Work is now on-going on the detailed project implementation plans, co-ordinated by the Wheatley project manager.

4.8 The seven workstreams are:

- ***Customer contact and communications*** – a full review of the who, how and why customers are being contacted has been mapped. This information is being analysed in conjunction with the additional functionality of both the Servitor and Localz systems to map a refined strategy for customer communication. A pilot of the full "Book it, Track it, Rate it" system provided by the Servitor/Localz systems will be implemented in **November 2022**.

- ***IT and systems*** – this includes various priorities such as the upgrade to CBG's Servitor and DRS systems, developing Localz, creating an overarching IT strategy and simplifying the systems architecture and interfaces that support repairs delivery. Six Scoping workshops covering the key areas of Repairs will take place on 23/24 and 30/31 August and 6/7 September. Resources across Group and CBG have been agreed for the workshops and the output will be used to shape the future IT strategy. Work to re-launch "Web Self Service" was also complete in August, and this system is now live.

- ***Service and process redesign*** – this workstream is closely linked to the IT workstream with additional system functionality providing the opportunity to improve current repairs processes. Priorities include making repairs categorisation and diagnostics more straightforward and scoping the extent to which core repairs activities, relating to building compliance can be embedded in the core Servitor IT system. Early successes include re-categorisation of medical adaptations to improve completion timescales for customers; **The full plan will be completed by the end of October 2022.**

- ***Encouraging diversity*** – this workstream is working through apprentice recruitment and encouraging more leadership progression for women through the Equality Working Group. Recommendations and actions proposals are programmed to be presented for approval by **the end of September 2022;**

- ***Leaner and greener*** – the Working Group engaging in this workstream is progressing. Fifteen new electrical vehicle chargers were installed within Darnick Street as part of the pilot for both fleet and employees, as well as additional segregation of waste products within vans from repairs;

- ***Meeting the needs of MMR/PRS tenants and owners*** – this considers and looks to improve core processes for these customer groups including repairs timescales, completions and cancellations, billing and complaints. Early progress includes holding workshops covering core processes and developing the approach to customer engagement to ensure the needs of customers shape service development; **An action plan will be complete prior to end of September 2022.**

- ***Information and performance*** – this recognises that timely, reliable and shared information is essential in transforming the repairs service. Priorities include specifying an updated performance framework, ensuring data is collected at source and making use of reporting capabilities in Servitor, to improve the customer experience. An action plan has been drafted and proposals will be presented for consideration by **the end of September 2022.**

4.9 The steering group has also identified areas of communication which needed to be improved, including the strengthening of local communication between Housing and CBG repairs teams. Staff events to discuss the transformation programme, update teams on its objectives and work plan, and reinforce our expectations of culture and service quality with CBG and housing teams will be organised from September to December.

<u>South</u>

4.10 Our in-house repairs service was established in DGHP in April 2020. After a significant Covid backlog, and some delays in materials provision, from our contractor Saint Gobain, good progress is being made in improving the service we provide to our DGHP customers.

4.11 Similar to the west, a build-up of live repairs was also an issue in DGHP and a programme was implemented to bring the number of repairs back to pre-pandemic levels. This was supported by CBG colleagues providing the DGHP void works, allowing resources to be prioritised in reducing the backlog and delivering improvements across the service;

- Live repairs have reduced from a high of circa 3,800 in January 2022 to 1,924 as of 8 August 2022 with 1,651 of these sitting with the in-house repairs team and the remaining 273 the responsibility of sub-contractors

- 610 (32%) of the 1,924 total are currently overdue, with 11,329 jobs have been completed to date. This is an improvement to the 55% of jobs that were overdue in January 2022. The Repairs Service is working hard to reduce the overdue figure even further, and circa 1,070 of the 1,924 total already have an appointment scheduled for the repair to be carried out

4.12 A number of changes implemented following a review of service delivery and the effectiveness of the repairs model that was in place the following structural and service improvement changes have been made;

- **Strengthening our internal team capability** under a single Repairs, Investment and Compliance Lead to ensure there is closer, and more efficient, joint working across our repairs and investment services – mirroring the approach taken at Group level.
- **Delivering an improved and more streamlined appointment service for our customers** co-locating the planners and CFC staff in our new Brasswell office in Dumfries. This has delivered a more efficient 'front end' to our repairs service.
- **Improving productivity and delivering faster repairs for our customers** through a new IT solution for materials/parts management and successful migration to the new Servitor repairs management software, as well as completion of a detailed training needs analysis which saw additional training and support provided to all levels of staff to ensure they have the required skills and knowledge to deliver a sector leading repairs service.
- **Strong contract management of our material supplier and widening our range of back-up suppliers – helping improve the timescales for customer repairs** - following contractual discussions with Saint Gobain around performance they have recruited a new branch manager in the Dumfries Hub. This has resulted in significant improvements to the level of service being provided by Saint Gobain.

East

4.13 Staff from the repairs service in Dunedin Canmore have been providing support and resources to colleagues in DGHP as part of increasingly close working between our two in-house repairs services. This work will continue with the planned upgrade of Dunedin Canmore repairs system to the Servitor platform (bringing it in line with the DGHP and City Building systems) in April 2023.

4.14 Reducing the number of live repairs has also been a priority within the Dunedin Canmore service, and these have been reduced from 1,686 in May 2022 to 1,096 in July 2022.

Performance

4.15 Group-wide, our year-to-date performance in the principal repairs measures reported under the Scottish Social Housing Charter has remained strong, with improved emergency repair times exceeding target at 2.61 hours, repairs right first time at 91% and satisfaction at 89%. The average time for non-emergency repairs from April to June was 8.51 days in comparison to 8.08 days for the same period last year. This figure was impacted by the work undertaken to reduce the volume of repairs in the system over that period, and we anticipate this will improve over the rest of the year.

5. Customer engagement

5.1 Developing the customer voice so actual experience of the service helps shape the transformation is a key priority and included in the transformation programme.

5.2 Your Home, Your Community, Your Future, sets out how we would want customers to describe their repairs experience:

- I feel in control and have choices
- I have greater control over how I access services.
- I can give instant feedback.
- 80% of my transactions are digital, but face to face support is there if I need it.
- I get timely contact and service offers
- My customer journeys are seamless and feel personal.
- I have access to the information I need
- I am proud of my home.
- I get help when I need it/my needs change.
- I only have to tell my story once.
- You listen to me and I feel you know what matters to me

5.3 The work carried out to date has provided a platform to move our Repairs Service from excellent to Outstanding and customer engagement will be prioritised in the next 3 months.

5.4 We have had early positive feedback on the reintroduction of the Web Self Service for repairs and the introduction of Localz, the technology which will allow customers to track their repair and rate it on the day, will be a step change in how we receive and act on feedback from our customers. The launch of this will take place in November with a pilot, with the full launch a soon after.

6. Environmental and sustainability implications

6.1 A specific workplan is included in the transformation programme to make the repairs service including CBG greener and cleaner. This will include plans to electrify the repairs fleet, decarbonise the Offices at Darnick Street and provisions for segregated waste disposal, to encourage more re-cycling of waste material.

7. Digital transformation alignment

7.1 Digital transformation is key to a range of priorities that are included as part of the workstreams discussed above including having direct access to CBG systems for CFC staff, tracking progress with a repair and providing real time feedback on satisfaction.

8. Financial and value for money implications

8.1 The repairs transformation is expected to provide a service that better meets customer needs and expectations of value, while also improving processes so that waste is reduced, and business value increased.

9. Legal, regulatory and charitable implications

9.1 Delivering a high quality repairs service is a key element in meeting our legal responsibilities as landlord to ensure properties are maintained in an appropriate condition. It is also an important part of the Annual Return on the Charter to the Scottish Housing Regulator.

10. Risk appetite and assessment

10.1 The risk appetite relating to our operating model, including repairs services, is "hungry" i.e. eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).

10.2 The risks associated with cost inflation and supply chains remain significant, although there have been some signs of improvement in materials availability in recent weeks. In our in-house services, we have strong control over issues of control, systems and processes, and are making good progress with these.

10.3 The position in the west of Scotland is more complex, with our joint control position over CBG requiring us to work with CBG and Glasgow City Council on issues such as IT systems, pricing mechanisms and staff culture. The delay in the CBG Servitor system upgrade, which was a key dependency for a number of transformation programme actions, including introducing the "book it, track it, rate it" IT platform, was one example of this. We will continue to work closely with GCC and CBG colleagues on key elements of the programme and the Group Audit Committee is due to receive a further update in respect of its scrutiny of the programme at its next meeting.

11. Equalities implications

11.1 The repairs transformation included a specific workstream to increase the diversity of staff that deliver the repairs service. Having this is expected to contribute to the stated aim of having a repairs service that is tailored to the needs of customers.

12. Key issues and conclusions

12.1 Progress is continuing to be made across the three areas that make up the repairs transformation:

1) reducing the number of live repairs jobs in the system; complete and are now being monitored
2) quick wins, 4 of the 6 complete, with significant progress in the remaining 2; and
3) wider transformation activities, progress made across all 7 categories.

12.2 The work carried out to date in the transformation programme in the west has provided a platform for the next level of improvements to be made in the repairs service over the next 6 months. It should also be noted that work continues in DGHP to improve the repairs service following the introduction of the Servitor system and the experience gained during this process will be used to inform the programmed upgrade to the IT systems in the east of Scotland, planned to take place in April 2023.

13. Recommendation

13.1 The Board is asked to note progress and that updates on progress will continue to be provided to future meetings.

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Frank McCafferty, Group Director of Repairs and Assets
Hazel Young, Group Director of Housing & Property Management

Approved by: Martin Armstrong, Group Chief Executive

Subject: Property condition assurance approach

Date of Meeting: 26 August 2022

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1. Purpose

1.1 This paper updates the Board on our approach to property condition assurance.

2. Authorising and strategic context

2.1 Under the Group Standing Orders the Group Board has an ongoing role monitoring our approaches to risk and performance across the Group.

3. Background

3.1 In July 2022 a report was published by a UK Government select committee - The Levelling Up, Housing & Communities Committee. The report was titled "Report on the Regulation of Social Housing" and the scope was the quality and regulation of social housing in England.

3.2 The report was to some extent a response to some high profile events in the social housing sector in England, including the recent critical media investigations into the quality of accommodation that some social housing tenants are experiencing. The report made some key recommendations for social housing organisations on the management of their social housing stock. Despite the focus on the social housing sector in England, the findings and recommendations are very relevant for our consideration.

3.3 The report concluded from the evidence reviewed that the principal causes of housing disrepair seemed to be:

- the age and design of the social housing stock, aggravated by the lack of funding for regeneration and the lack of new social housing;
- the competing financial pressures on providers, particularly the need to remediate building safety defects and decarbonise the housing stock;
- fuel poverty and overcrowding, resulting in and worsening damp and mould from condensation; and
- poor housing management, which manifests itself in many different ways, including a failure to respond properly to requests for repairs.

3.4 There was a strong view within the report that housing providers needed to be more proactive in monitoring or auditing the condition of their stock, rather than relying on tenants to report problems and recommended that housing providers put in place systems for regularly monitoring the condition of their stock.

3.5 In addition to this recent report from the select committee, the English Ombudsman published a report in 2021 on the approach to dampness following an investigation involving 142 landlords across England. This also recommended a more proactive approach and highlighted the need for better use of data, including insight from actual customer demand, and technology to better understand what is happening in our homes and to inform our approaches. Following this report, we developed a dampness mould and condensation policy which was approved by the Board in December 2021.

3.6 We have further reviewed our systems and approaches for monitoring stock condition in the light of the recommendations from the select committee report.

4. Discussion

Stock condition surveys

4.1 Our asset management records must accurately reflect the current condition of our homes and inform future investment over the long-term to ensure we meet legal property condition requirements through the Scottish Housing Quality Standard ("SHQS") and Energy Efficiency Standard for Social Housing ("EESSH"). External validation of this data has commonly been undertaken via a detailed stock condition survey (SCS). RSLs in Wheatley have traditionally undertaken large stock condition surveys periodically. Initially this was linked to GHA's then post stock transfer funding regime, although such requirements no longer exist. The Group's most recent SCS was undertaken by Savills for DGHP in 2019 covering c.9,000 units.

4.2 Undertaking periodic detailed stock condition surveys has a considerable impact on customers, staff and the business plan due to the 'big bang' nature of the review every c5 years. It also has limited value from an asset management perspective as the focus is often on the needs of external stakeholders and the survey process rather than using the findings to enhance our existing stock information.

4.3 We have therefore recently changed our approach to move to annual validation surveys rather than large, periodic SCSs. Over five years we would aim to have a minimum of 20% of stock externally surveyed. This approach will reduce the number of impacted customers per year, will be manageable from a resource planning perspective and will reduce the fees to an annual cost, rather than the one-off expense every five years.

4.4 It will also move from a relatively static, infrequent report to a more responsive annual review where we can take a risk-based approach, using the findings from external surveys to validate the information we hold on our stock and future investment requirements and making sure our business plans contain adequate provision (noting that there is a question on costs to achieve net zero). This work will be carried out for us by JLL. If the sample surveys identify issues that require further investigation, we may increase the sample sizes accordingly.

4.5 The outputs of a periodic SCS and stock validation survey are broadly similar, with a report prepared which will:

i. Provide external validation of the asset management data held in PIMSS;
ii. Validate assumptions in the Group's investment programme;
iii. Confirm (or otherwise) that we have sufficient provision in the business plan to support investment in the Group's assets;
iv. Inform the assumptions used by JLL in their annual valuation work; and
v. Remove the requirement to implement one-off stock condition surveys on a 5-yearly basis

4.6 The stock validation approach will provide the Group, and its stakeholders, with more frequent external validation of our asset data, investment programme assumptions and our sustainability/environmental impact data per archetype as we work towards EESSH2 and net zero compliance. This should provide increased confidence, including for Boards, on the Group's asset management data and approach for future investment.

Dampness and Mould

4.7 A common theme in a number of the cases of poor property maintenance highlighted in the media, leading to the Ombudsman's report and the Levelling Up Committee report, related to mould and damp. Following Board approval of our new policy on dampness, mould and condensation last December, we have been continuing to strengthen our practice with the creation of a dedicated team to cover dampness and mould issues across the Group. This team will:

- Monitor case data and resolution;
- Ensure implementation of the policy;
- Track trends for any repeat issues in certain property types to identify any structural solutions required;
- Co-ordinate wider advice and support to customers; and
- Develop strategies for any wider assistance we can provide, particularly to support customers in managing condensation in their homes.

4.8 We have also introduced a process whereby each customer who reports a dampness or mould repair also gets an automatic visit from their Housing Officer, both when the repair is raised and also on completion of any works to ensure the customer is fully satisfied and to provide any follow up response or support required.

Proactive Housing Management

4.9 Our operating model also ensures that we understand the quality of our housing stock and can identify any homes where there are outstanding repairs which have not been reported. There are a number of strands to this.

Housing Officers in Communities

4.10 Our Housing Officers are based in our communities, visiting, and supporting our customers. As well as delivering a service to customers who are making requests, they proactively contact customers on issues such as arrears, anti-social behaviour, tenancy management and welfare concerns/support. Importantly, they ensure that every customer has at the very least an annual visit which includes accessing the property.

4.11 We have a format for these visits – they are branded as "customer conversations" and they include discussion on a number of topics and also a check of the property. This picks up any outstanding repairs which have not been reported, a check of the property's condition, eg for any visible mould and damp, as well as any concerns as to how the customer is managing in their home. In regards to property condition, this is a "backstop" measure, that ensures that every property, in our RSLs and Lowther, will receive at least one proactive physical inspection every year. This helps address the key criticism of the Levelling Up Committee report, that housing providers should not rely on tenants reporting issues as their only mechanism for identifying whether any issues exist in relation to property condition.

4.12 In carrying out this work on our communities, the Housing Officers are supported by our wide range of wrap around services. A few examples of these are our Repairs, Investment and Compliance (RICs) teams; our expert fuel advisors; and our tenancy support service (TSS). Our Think Yes culture ensures that the staff collaborate to find appropriate solutions to the needs and wants of our customers.

<u>Neighbourhood Environmental Teams ("NETs") teams in Communities</u>

4.13 Our NETs teams are present in the community every day, carrying out environmental maintenance and in some areas a concierge service. As well as picking up and actioning any communal repairs they also carry out fire safety checks in communal areas, ensuring that any fire risks are identified and action taken. The quality of our neighbourhoods is externally assessed through our partnership with Keep Scotland Beautiful and benchmark very well in terms of standards achieved, which includes communal maintenance.

<u>Repairs operatives in Communities</u>

4.14 We are also introducing an approach which ensures that when a repairs operative is in a property and notice any outstanding issues over and above the repair they have attended to resolve, that they feed that back via their team leader who can then raise it with our asset management team. This will allow any issue to be escalated for appropriate action.

<u>Compliance programme</u>

4.15 We have an extensive programme which ensures compliance with our legislative responsibilities in our housing stock. This includes an annual gas servicing programme and a five year fixed electrical installation test within the property. As part of this programme, the fire, heat and smoke detection within each property is checked. We also have a 3 year rolling programme of fire safety checks within our MSFs and supported accommodation properties, carried out by Fire Safety Officers.

<u>Use of data and insight</u>

4.16 Our asset information is held on our PIMMS system which provides reports on the condition and compliance status in our properties. We can also review repairs history within the IWorld housing management system. This is available to Housing Officers as well as to repairs and asset staff and enables visibility for Housing Officers as to the repairs activity on their patch.

4.17 Our asset team will also use this data to identify any properties which may require more regular monitoring due to their architype, location, condition etc.

5. Customer Engagement

5.1 The annual “customer conversation” enables a personal and holistic discussion with the customer about the condition of their home, their services and any support needs. At this time, we also promote our Customer Voice programme with customers to encourage wider involvement and emphasising their ability within our Stronger Voices; Stronger Communities engagement framework to control and influence their services and wider neighbourhood issues.

5.2 In addition to individual customer conversations, as part of our Stronger Voices; Stronger Communities framework regular walkabouts take place in neighbourhoods with our customers and Housing Officers and NETs teams. They will also be joined on some occasions by Investment and Repairs officers.

6. Environmental and sustainability implications

6.1 Maximising the lives of stock condition components in our homes, such as kitchens and boilers, has a positive impact on the environment through delaying the production of CO_2 associated with manufacturing process. In addition, the interrogation and validation of our asset management data will provide the assurance that the environmental impact of our homes (as measured by EPC/SAP score) is accurate. This robust data will also support and inform decisions for the investment programme towards achieving regulatory requirements for energy efficiency standards.

7. Digital transformation alignment

7.1 The external interrogation and review of our asset management information forms part of the Group’s investment in digitising our processes and data to drive efficiencies.

8. Financial and value for money implications

8.1 The proposed stock validation process augments the condition reporting undertaken by our in-house teams through repairs, investment and compliance programmes, and will provide assurance that the £290m we plan to invest in our customers' homes in the next 5 years is spent on the right measures, in the right properties at the right times, and provides confidence that the investment predictions in our 30-year business plan are appropriate.

8.2 Making the most of our homes and assets is one of our strategic themes and in line with our commitments to provide our customers with high quality, well maintained housing we invested over £190million in our customers’ homes across major capital improvements and repairs in 2021/22. In benchmarking our level of capital investment with other large UK housing providers we invested on average 30% more per property when compared with a peer group of 30 organisations with more than 25,000 units. This is based on data published by the Regulator of Social Housing for 2019/20 being the most recently available comparative period free from pandemic related disruption.

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator ("SHR") last issued asset management guidance in 2012, and is consulting on updated guidance. The 2012 guidance stated:
Each organisation should consider carefully how to ensure it has a sufficiently robust picture of stock condition that has been turned into a sensible set of 30-year investment assumptions. The approach to the survey, the sampling approach required, and the frequency with which it is repeated will depend on the nature of the stock. From a strategic asset management and business planning point of view, the key aim is to ensure that broadly realistic costs are assumed in the business plan over time, so that future maintenance of the stock can be said to be fully funded.

9.2 Our RSL business plan 30 year investment assumptions are cross-checked to the independent assumptions made by JLL in their stock valuations, which are discounted cash flow calculations, including the investment they consider would be necessary to manage and maintain the stock appropriately over the period.

9.3 The outputs of the proposed stock validation survey will provide equivalent coverage of our stock over this 5-year period, to typical large, periodic stock condition surveys, albeit on a more responsive manner. Should it be necessary, we will refine our approach in light of the SHR's updated guidance when this is published.

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 homes across the Group. 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 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 Following the publication of The Levelling Up, Housing & Communities Committee's "Report on the Regulation of Social Housing", this paper reviews our approaches to provide assurance that our housing stock is in good condition without outstanding repairs.

12.2 Our approaches comprise best practice in carrying out stock condition surveys supplemented by a proactive approach to engaging with each individual customer on the condition of their property. The design of our operating model enables a proactive approach and local accountability, and our Think Yes culture ensures that issues are resolved and/or escalated as required.

13. Recommendations

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

Report

To: Wheatley Housing Group Board

By: Laura Pluck, Group Director of Communities

Approved by: Martin Armstrong, Group Chief Executive

Subject: Group Protecting People Framework

Date of Meeting: 25 August 2022

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1. Purpose

1.1 To provide the Board with information around the review of the Protecting People Policy Framework (PPPF) and suite of Group Protection Policies that sit within this.

1.2 To seek comment from the Board on the revised content contained within the individual policies and PPPF, which contains feedback received from subsidiary boards; and seek approval for sign off on these documents for wider launch across Group.

2. Authorising and strategic context

2.1 Under the Group Standing Orders the Group Board is responsible for setting the Group Policy Framework, including the designation of policies as Group policies. We are responsible for approval of our individual operational policies and implementing Group policies to reflect local circumstance.

2.2 Our work in this area will align to each of the five strategic themes within our strategy as follows:

Strategic Theme	Areas of activity where this theme will be met
Delivering exceptional customer experience	• The policies in the framework are designed to empower our customers to enable them to lead a life free from risk of harm and support them to do so through the provision of advice, support, and guidance, wraparound support services, and clear identified pathways to access additional assistance as required.
Making the most of our homes and assets	• The voice of the customer is represented within our Domestic Abuse Policy through engagement with key partners from the Domestic Abuse Specialist Services Sector, who are well placed to provide comment around the content and policy applicability and suitability in supporting victims.

Changing lives and communities	• Our polices allow us to deliver on our strategic outcome around developing peaceful and connected neighbourhoods, where they clearly set out our services and wraparound support for customers, to help staff identify where there are concerns individuals are at risk of harm and abuse
Developing our shared capacity	• Having a Protecting People Policy Framework (PPPF) supports staff to confidently deal with safeguarding concerns within our communities and affords them the knowledge to be able to safely recognise and respond to any issues of this nature that arise.
Enabling our ambitions	• The existence of a suite of policies pertaining to public protection issues puts us in a very strong position as being sector leading in this area. Taking the Domestic Abuse policy, this is a prerequisite for signing up to the Chartered Institute of Housing's Make a Stand Pledge and allows us as an organisation to have signed up and demonstrate our clear commitment as an organisation towards supporting victims and their families.

3. Background

3.1 The Group PPPF is our group wide approach to keeping our communities safe and provides us with a strong platform for sharing learning and best practice around public protection and safeguarding issues across all Group subsidiaries.

3.2 The strategic aim of the PPPF is to ensure that: *we work with customers, staff, and partners to make homes and lives better and safer for all and that we will design and deliver services to minimise the risk of harm and abuse within our communities*

3.3 The documents contained within the PPPF include:

- Group Protecting People Policy Framework;
- Group Multi Agency Public Protection Arrangements (MAPPA) Policy;
- Group Domestic Abuse Policy;
- Group Child Protection Policy; and
- Group Adult Support and Protection Policy.

3.4 The PPPF and policies sit within the remit of the Group Protection team, who assume responsibility for ensuring these documents remain current, compliant with relevant legislative and regulatory requirements, and remain fit for purpose for those who use the documents, to obtain clear guidance around supporting some of our most vulnerable customers.

3.5 The policies within the PPPF were approved by Wheatley Group Board in April 2017 and reviewed with updates in April 2019. They are now due again for review under the 3-year cycle outlined in the policy review and consultation section of each policy.

4. Discussion

4.1 Since initial drafting of the PPPF and policies within, there have been some significant changes occur which have had a profound impact on how we deliver our services and engage with our customers, communities, and partners; most notably the global covid-19 pandemic, Brexit, and the current ongoing cost of living crisis.

4.2 The PPPF and suite of polices within were reviewed to take account of the developments above, as well as new legislation implemented, organisational changes, partnership developments and services introduced. They also take cognisance of updated figures and trends across each of the areas covered in the policies, to demonstrate the current picture at this time of writing.

4.3 The main changes within the PPPF and each individual policy are detailed below. It is worth noting that for all policies and the PPPF, the following updates were applied across them commonly, to bring them fully up to date:

- Updated throughout to remove references to our previous Group strategy, Investing in our Futures, and replaced with information of relevance contained within our 2021-2026 Your Home, Your Community, Your Future Strategy;
- Figures provided throughout updated to more current statistics available across all separate areas;
- Updated our objectives within each document to include the creation of tailored training for staff and the development of a communications and engagement strategy;
- Organisational changes accounted for in terms of our new operating model, partnerships, team structures and services delivered;
- Formation of a Group Protection Team accounted for in the policies, whereas originally it was only the Group Protection Liaison Manager in post and referenced;
- Revised with Wheatley Foundation current service offering, including revised model for Eat Well;
- Confirmation that a full performance monitoring framework has been established within the Group Protection Team and is compiled for use in statistical data analysis and resource planning;
- Change from My Contribution to My Appraisal system;
- Additional detail around some of the work undertaken by the Group Protection Team to support the frontline in dealing with cases, including publishing a regular Group Protection Matters Bulletin, development of staff training and overview sessions;
- Revised to incorporate the correct section of the Group Data Protection Policy which must be considered – which is appendix 2 and not appendix 3;
- Language updated in line with National change, where significant case reviews are now referred to as learning reviews;
- Updated to reflect the current work across the Communities of Excellence (CoE) network and no longer specifically restricted to the Protecting Communities CoE;
- Endnotes section incorporated across the PPPF and MAPPA, Domestic Abuse and Child Protection Policies.

Protecting People Policy Framework (PPPF)

4.4 This overarching framework which sits above the Group Protection Policies was designed and signed off in 2016, in advance of the policies themselves, which came the following year in 2017. The PPPF document required to be revised to bring it up to date with the fact the policies had been published and the changes that went alongside implementation of these policies in each of the key areas.

4.5 The PPPF allows us to define what it means to keep our communities safe from harm and to set sector leading standards in Group Protection areas. The PPPF clearly outlines how the activity and service delivery within each of the policies aligns with our Group *Your Home, Your Community, Your Future* strategy.

4.6 The main changes made within the revised version of the PPPF are as follows:

- Updated in line with development work around attendance at additional Multi Agency forums since last iteration of policy was formulated;
- Revised to update the formal name of the third category of offender managed under MAPPA;
- Additional points made to strengthen the success measures that will be used to demonstrate the PPPF is making a difference and having a positive impact;
- Information included around the rationale for sharing information around Domestic Abuse, as no one single agency holds the full picture of risk faced by a victim and their children, however, collectively can see this by working together;
- Legislation section brought up to date in line with all amendments within individual policies.

Multi Agency Public Protection Arrangements (MAPPA)

4.7 Multi Agency Public Protection Arrangements (MAPPA) are a set of statutory partnership working arrangements introduced in 2007 by virtue of Section 10 and 11 of the Management of Offenders etc (Scotland) Act 2005. The 2005 Act places a statutory duty on the Responsible Authorities in a local authority area to jointly establish arrangements for assessing and managing the risk posed by certain categories of offender. These categories of offender are as follows:

- Registered Sex Offender (RSO);
- Mentally disordered restricted patient;
- Other Risk of Serious Harm Offender (previously referred to as violent offenders).

4.8 There have been no direct MAPPA legislative changes since the initial draft of the policy was made. The Children (Scotland) Act 1995 is due to receive some modifications through The Children (Scotland) Act 2020, however this is not currently in place yet. It has been included within the legislation section to future proof the document for when this does come into force.

4.9 In terms of guidance, there has been an updated version of the MAPPA National Guidance published in March 2022, however nothing contained within this document has resulted in any fundamental changes to our policy.

4.10 The main changes made within the revised version of the MAPPA policy are as follows:

- Update of team name non Registered Social Landlord (RSL) requests should be directed to – Group Information Governance team;
- Confirmation of exact name of legislation which outlines the duty to cooperate requirement for RSLs;
- Revised to provide additional guidance to staff around potential risks to take into consideration when working with RSOs which require to be fed into the responsible authorities to support with their risk management (eg antisocial behaviour, pregnancy of any partners) and also to dispel some common myths around RSOs;
- Revised to include the improved community care allocations process for restricted patients returning to the community;
- Removed reference to short term National Accommodation Strategy for Sex Offenders (NASSO) working group and Scottish Government short life working group on Environmental Risk Assessments, which have both now concluded;
- Removed reference to change of circumstances being picked up at annual review at the latest;
- New section incorporated to explain the occurrence of RSOs having their status outed within the community;
- Information provided on the keeping children safe scheme, also referred to as the Police Scotland Sex Offender Community Disclosure Scheme.

4.11 As noted above, the policy had the insertion of an additional section on advice and guidance for staff around RSOs having their status 'outed' within the community. The reason for this is linked to a noted rise in occurrences of this activity and therefore a requirement to ensure staff are equipped to feel confident in dealing with these types of enquiries.

Domestic Abuse

4.12 Our service offering as a team and organisation has increased significantly since the original draft of the Domestic Abuse Policy in 2017.

4.13 There have been legislative changes since the last iteration, which have been included into the document. The changes include:

- Domestic Abuse (Scotland) Act 2018 coming into force in 2019, recognising coercive control as a specific criminal offence;
- Future legislation which has been passed in the form of the Domestic Abuse (Protection) (Scotland) Act 2021, which received royal assent on 5th May 2021, however, has yet to be formally implemented. As such full details of this new legislation was not included in the document at this time, however in line with the agreed review periods, this will be incorporated when the legislation is formally implemented.

4.14 The main changes made within the revised version of the Domestic Abuse policy are as follows:

- Strengthened to provide some further examples of coercive controlling behaviours in line with the new legislation which came into force criminalising this abuse and details a wider range of sexual abuse examples;

- Details of established partnerships to support in dealing with cases of Domestic Abuse;
- Overview of our increased service offering in relation to Domestic Abuse, including attendance at the Multi Agency Risk Assessment Conferences (MARAC), information sharing, training package to support staff and role of Group Protection for offering support;
- Updated with a new section detailing our award-winning training package for supporting staff to recognise and respond to domestic abuse.

4.15 There were also suggested changes made by colleagues within the Domestic Abuse Specialist Services sector as part of the customer engagement piece carried out for this policy, which is picked up in section 5.4 below.

<u>Child Protection</u>

4.16 Child Protection is an area of development for the Group Protection team within 2022/2023, where we are working to strengthen our service offering, established partnerships and training for staff in relation to these vital issues. Recent concerning cases of child neglect and abuse in the media make the existence of a Child Protection Policy even more pertinent, to ensure staff are adept at spotting the signs of a child or young person at risk, and importantly, having the knowledge around how best to help them.

4.17 There was withdrawal of proposed legislation in relation to the named person scheme, which was mentioned within the initial policy, which has now subsequently been removed. The Children (Scotland) Act 1995 is due to receive some modifications through The Children (Scotland) Act 2020, however this is not currently in place yet. It has been included within the legislation section to future proof the document for when this does come into force. The Domestic Abuse (Scotland) Act 2018 was also included within the legislation section as this is applicable.

4.18 In terms of guidance, there has been an updated version of the Child Protection National Guidance in 2021, however nothing contained within this document resulted in any fundamental changes to our policy.

4.19 The main changes made within the revised version of the Child Protection policy are as follows:

- Information emphasised around requirement to submit the required Child Protection referrals to the Local Authority and details of each Social Work Child Protection Team across Scotland provided;
- Enhanced information outlined in terms of how Child Protection concerns may originate;
- Revised wording around requirement to pass concerns to local authority and contact Police if any criminality is established;
- Update provided around Group Protection Team Multi Agency Meeting Attendance to support with issues around Child Protection;
- Information included to support victims of domestic abuse who wish to remain within their property.

Adult Support and Protection

4.20 Adult Support and Protection is another key area of development for the Group Protection team in 2022/2023, where the intention is to strengthen our service offering, established partnerships and training for staff in this area. We know that a number of our customers could be described as vulnerable and some of these customers will be susceptible to harm, abuse or neglect, or indeed self-neglect. Our Adult Support and Protection Policy supports staff to notice concerns and have awareness of the established mechanisms to report these concerns to the appropriate authorities. It also outlines the service provision and support available to our customers through our wraparound support services.

4.21 There have been no legislative changes since the initial draft of the policy was made. In terms of guidance, the Adult Support and Protection Code of Practice document was revised in July 2021. This document is primarily aimed at those with the statutory duty to investigate and perform functions under the act, however it is also of relevance to those organisations reporting concerns. There isn't anything specific within this guidance document that changes the nature of the policy in terms of its review.

4.22 The main changes made within the revised version of the Adult Support and Protection policy are as follows:

- Updated to include potential for disclosure of Adult Support and Protection issues at Multi Meeting Attendance of the Group Protection Team and role in attendance at these meetings for supporting our customers;
- Strengthened to outline the steps that will be taken if any customer informs a member of staff that they intend to take their life;
- Information provided around the 32 Local Authority Adult Support and Protection Teams for ease of staff reporting concerns;
- Revised to update role of Multi Agency meeting attendance in recognising adult support and protection concerns.

5. Customer Engagement

5.1 As detailed within the Group Policy Framework, the Domestic Abuse policy was the only one within the PPPF requiring specific customer engagement built into the review of these documents.

5.2 Given the sensitivities around customer engagement with victims/survivors who have experienced domestic abuse, including the potential for re-traumatisation, it was agreed that engagement with partners within the domestic abuse specialist services sector would be a more suitable alternative, to ensure the voice of the customer is captured within. This is in addition to the feedback/views we hear regularly from customers affected which are always considered when developing or reviewing policies.

5.3 The Domestic Abuse policy was sent to an Operations Manager within ASSIST (Scottish Government funded service to support victims of Domestic Abuse going through Court), Wigtownshire Women's Aid and our partners at Home Connections (Revive England) for comment.

5.4 The feedback received from all organisations was that the policy was robust, victim focussed and fit for purpose. All suggested additions and amendments were incorporated into the revised policy document.

6. Environmental and sustainability implications

6.1 There are no environmental and sustainability implications relative to the content of this report.

7. Digital transformation alignment

7.1 All policies will be held digitally on our Protecting People WE Connect page and when approved and ready for relaunch, a full communications plan, including a digital plan, will be adopted to ensure all relevant staff are aware of the update to these documents, to allow them to engage digitally with the new PPPF.

7.2 Our new operating model will support a digital roll out of the updated policies and allow information regarding their launch to reach the relevant staff across Group who have a stake in these documents and the vital content they include to promote and enhance safeguarding our vulnerable customers.

8. Financial and value for money implications

8.1 The costs associated with the delivery of the PPPF lie within ensuring staff receive the appropriate training, information, and support to understand the content and the requirements of what is expected from them to keep our customers safe from harm. This is picked up within the current staffing structure of the Group Protection team, where delivery of training is contained within their remit to work with academy colleagues to provide this and all other associated information, guidance and process mapping is devised by the team and cascaded to staff as necessary.

8.2 Value for money is provided where we can support our customers to remain within their homes safely, without requirement to move on to seek safety if this is their desired choice. We achieve this through information sharing and partnership working with key agencies, providing access to pioneering safety products, and ensuring the appropriate safety measures are in place to facilitate this.

9. Legal, regulatory and charitable implications

9.1 Each policy within the PPPF has been fact checked to ensure all relevant legislation remains current and compliant in relation to the area in which it covers.

9.2 Where there have been any amendments to legislation, or new legislation implemented, this has been incorporated. For example, the Domestic Abuse policy contains details of the new Domestic Abuse (Scotland) Act 2018.

9.3 Colleagues within the legal team have reviewed each policy within the framework and the framework itself, and any suggested amendments have been incorporated into the documents.

10. Risk Appetite and assessment

10.1 This report is relevant to our five strategic themes; in particular, delivering exceptional customer experience, changing lives and communities, and developing our shared capability.

10.2 The existence of this suite of policies helps support our customers from risk of harm, therefore without these documents our risk level around safeguarding and public protection concerns would rise. It is of equal importance that these documents are kept up to date and take full account of legislative, regulatory, and procedural changes, therefore this review of the suite within the PPPF is crucial to adhere to this.

10.3 In terms of the Wheatley Group Risk Appetite, it would be described as minimal - p*reference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.*

As our policies and subsequent procedures within Group Protection require tight legislative and regulatory compliance, it is essential that we would *'want to be very sure we would win any challenge'.*

11. Equalities implications

11.1 The policies were updated accordingly to take cognisance of equality impact. Within the Adult Support and Protection Policy where it referenced 'his or her' this was changed to 'their', and within the Domestic Abuse Policy where it referenced men and women, this was changed to reference 'individuals'.

11.2 Policies within the PPPF cover all customers across Group and have been designed to be inclusive, non-judgemental and promote a consistent approach being undertaken when dealing with those impacted by the issues covered across the policy framework.

11.3 Equality Impact Assessments (EIA) were undertaken on the following documents as part of this process:

- Protecting People Policy Framework;
- Domestic Abuse;
- Child Protection;
- Adult Support and Protection.

12. Key issues and conclusions

12.1 The PPPF and polices within have been reviewed in line with their 3 year review schedule and updated to reflect all relevant legislative, regulatory, organisational and procedural amendments that have occurred since the last version of each policy.

12.2 This applies to the following documents in the suite:

- Group Protecting People Policy Framework;
- Group Multi Agency Public Protection Arrangements (MAPPA) Policy;
- Group Domestic Abuse Policy;
- Group Child Protection Policy;
- Group Adult Support and Protection Policy.

12.3 Customer engagement has taken place on the Domestic Abuse policy, which was issued to partners within the Domestic Abuse Specialist Services Sector in line with agreed sensitivities in engaging directly with customers impacted. The policy was sent to one of the Operations Managers from ASSIST, Wigtownshire Women's Aid, and the Revive England Manager at Home Connections, to get a balance of input and engagement.

12.4 Each document has been reviewed by colleagues within the legal team to ensure they are fully compliant.

12.5 The policies have been reviewed in line with the new 2021 Group Strategy – *Your Home, Your Community, Your Future* and are aligned to the strategic themes and key outcomes accordingly, to ensure compliance and continuity across Group activity.

12.6 The policies within the framework are a key tool for staff to support some of our most vulnerable customers across Group and are utilised to ensure the correct measures are implemented, reporting processes are followed, and support offerings are provided, to help mitigate against any risk of harm or abuse.

12.7 Having a structured PPPF ensures that as an organisation we are taking a coordinated approach towards issues of public protection and safeguarding, which enhances staff confidence in dealing with these issues and ultimately strengthens our response to support our most vulnerable customers.

13. Recommendations

13.1 The Board is asked to review the PPPF, the individual Group Protection Policies and approve their continued designation as applicable Group wide frameworks and policies.

LIST OF APPENDICES:

[redacted. Available under publication scheme here: Publication scheme | Wheatley Group (wheatley-group.com)]

Appendix 1 Revised Protecting People Policy Framework;
Appendix 2 Revised Multi Agency Public Protection Arrangements Policy
Appendix 3 Revised Domestic Abuse Policy;
Appendix 4 Revised Child Protection Policy;
Appendix 5 Revised Adult Support and Protection Policy.

Report

To:	**Wheatley Housing Group Board**
By:	**Hazel Young, Group Director of Housing and Property Management**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Allocations policy review**
Date of Meeting:	**25 August 2022**

1. Purpose

1.1 To update the Board on the outcome of our Group Housing Information Advice and Letting Policy Framework consultation, and the outcome of Dumfries and Galloway Housing Partnership's ("DGHP's") allocations policy consultation as part of the Homes4D&G Common Housing Register.

1.2 We have updated our Group Housing Information Advice and Letting Policy Framework to reflect the outcome of the consultation and now seek Board approval of our new Group Housing Information Advice and Letting Policy Framework and designation as a Group Framework.

2. Authorising and strategic context

2.1 Under the Group Authorising Framework the Group Board are responsible for the designation of policies as Group policies. The Subsidiary Boards are responsible for approval of individual operational policies and implementing Group policies to reflect local circumstance.

2.2 Following conclusion of the consultation, Group Board is asked to approve updates to the Group Housing Information Advice and Letting Policy Framework and designate it as a Group framework.

2.3 If approved by Group Board, it will then be presented to RSL subsidiary Boards who will be responsible for implementing the Group Framework and individual policies.

3. Background

My Housing

3.1 In February 2018 Group Board approved our new Group Housing Information Advice and Letting Policy Framework with MyHousing (our online letting platform) launching in November 2018. The new framework and letting system covered all of the RSL subsidiaries that were part of Group at that time. It is the framework and letting system currently adopted by Wheatley Homes Glasgow, Loretto Housing Association and West Lothian Housing Partnership. Dunedin Canmore advertise their Edinburgh properties on EdIndex but complete the final part of the letting process on Myhousing.

3.2 When the Policy Framework was approved, we made a commitment that it would be reviewed at least every 5 years. In anticipation of the full review we commissioned independent consultants (North Star Research and Consultancy) to review our allocations policy and processes during 2021. Group Board received an update on this review in April 2022 and approved the commencement of a formal consultation during summer 2022 to allow us to engage with customers on the current Policy Framework and to seek the views of customers on our proposed changes which were based on insight from the North Star review.

Dumfries and Galloway Housing Partnership, Homes 4D&G

3.3 Dumfries and Galloway Housing Partnership are currently the lead partner in Homes4D&G common housing register and have a separate Allocation Policy from the wider Group Framework. Homes4D&G common housing register includes four housing associations operating in the area, DGHP, Cunninghame Housing Association, Riverside and Home Group as well as Dumfries and Galloway Council. Since joining Group, DGHP has been working with partners in the common housing register to review their current systems, policy and processes.

3.4 There is a commitment in our Group Strategy for DGHP to move their lettings activity onto MyHousing. When this happens, this will be the final part of migration to Group systems for the subsidiary.

3.5 An internal review of DGHP's and the wider Homes4D&G Allocations policy and processes was carried out during 2021 (at the same time as the North Star review). The review found that there was the need and appetite to modernise both the Policy and digital service offerings to remove manual interventions for staff and increase digital access for customers, allowing for enhanced customer control and choice

3.6 DGHP launched a simultaneous consultation during the same period as the MyHousing consultation.

4. Discussion

MyHousing Consultation

4.1 We launched the consultation on 25th May 2022, sending out circa 71,000 paper consultation documents to all applicants and RSL tenants. Within the documents there was a link and QR code to an online survey.

4.2 Our consultation had three key policy questions that had been developed based on insight obtained from the North Star review. The key questions were:

- Should we continue to offer more support to our most vulnerable customers and match them to properties? - We introduced this as part of our response to the Covid-19 pandemic and it worked well by providing a more personalised service to customers and assisted them to overcome barriers such as access to internet;
- Should our properties with age restrictions (Livingwell) be advertised separately rather than in the current band E alongside other property types; and
- Should we have the ability to reflect local needs within our policy.

4.3 In addition to the key policy questions, customers told us during the North Star review that communication was important to them and felt we could improve on the level of information we provide at various points of the allocations customer journey. We asked a number of questions in the online survey to gain further insight into how and when customers would like us to communicate with them.

4.4 We received 2,455 responses to our customer survey and are happy to report that it is clear from the consultation responses, that the majority of respondents who provided an opinion feel that the proposals will have a positive impact as follows:

- 86% agreed that matching our most vulnerable customers to properties (including homeless applicants should remain);
- 91% agreed that properties with age restriction (Livingwell) should be advertised in a separate Band; and
- 96% agreed that we should have the ability to reflect local needs.

4.5 We received 4 survey responses from stakeholders who agreed with the proposals.

4.6 Customers have told us what is important to them and what they wanted more information on, it included:

- 67% would like to see more information on our new build programme;
- Almost half would like more information on alternative housing options such as mid market rent properties;
- Almost half would like us to provide more information relating to the local authority where the property is located on the advert to make location more explicit;
- Respondents told us regular communication was important to them and they would like us to email them as their preferred method; and
- 87% told us they would like more information if they have been unsuccessful after they have noted interest on a property.

Framework and Policy changes

4.7 We have been analysing all consultation responses and developing our implementation plan to update our Policy and Framework to reflect the findings of the North Star Review and the consultation. We have made minor amendments to our Group Framework. These are:

- Updated *introduction* to reflect current operating model;
- Updated *key principles* to reflect the participation in common housing registers and the way in which we will report on local letting plans;
- Updated *building the customer relationship* to reflect our new operating model, deleting reference to local offices and adding reference to our new Customer First Centre;
- Updated the language in *measuring performance* but no material change to the content; and
- Updated *complaints and appeals* to remove reference to local offices.

4.8 We have updated our model policy, with following changes made:

- Updated *introduction and purpose* to reflect current organisational structure;
- Removed reference to welfare reform agenda in *applying for a house;*
- Updated *finding a home* to reflect current operating model and removed reference to local office;
- Updated our *housing list* to reflect the new 9 bands which now includes Livingwell as a separate band;
- Updated *the bands explained* to reflect the matching process for Band B and separating Livingwell into a separate band following outcome of the consultation;
- Updated *advertising and letting our homes* to reflect our current letting commitments;
- Minor updates to both *selecting applicants* and *fast lets service* to amend language used;
- Added a new section called *number of offers* as the North Star review highlighted whilst our Framework and Policy was fully compliant with legislation this was an area we could improve as we did not have an explicit section on the number of offers customers could receive;
- Added a new section called *local letting plans* to reflect the outcome of the consultation and allowing flexibility across our areas of operation;
- The related *guidance and policies* section was outdated referring to commencement of the Housing Scotland Act 2014. The language has been updated.

Implementation plans

4.9 In addition to making changes in the policy following the consultation, we have been working with our MyHousing provider to develop the system changes required to move our applicants assessed as requiring livingwell accommodation to a new band known as Livingwell and allow us to advertise them separately from our mainstream properties. There are around 700 applicants affected by this change. We will have an engagement plan for all affected applicants and will contact them prior to implementation of this update.

4.10 There has been no requirement to make system changes to Band B as these were done when the matching pilot launched as part of our covid-19 recovery plan.

4.11 We have also developed an implementation plan with our MyHousing provider to make system changes that will improve the customer experience based on the consultation feedback. We will engage with customers to ensure that this is co-created to meet their needs.

4.12 We are also working with our in-house Academy Training Specialists to ensure that our staff are fully trained on the updated Policy and system changes that will be implemented.

DGHP and Homes4 D&G consultation

4.13 We launched the consultation on 31st May 2022, sending over 14,000 paper consultation documents to all Homes4 D&G applicants, DGHP tenants and partner RSL tenants in Dumfries and Galloway. Within the documents there was a link and QR code to an online survey.

4.14 The key policy questions we consulted on in Dumfries and Galloway were:

- Should Homes4D&G move to choice based letting;
- Should Home4D&G remove the 29 different points categories and move to 9 priority bands;
- Should we reduce the age that children of the same sex are entitled to a bedroom of their own; and
- Will the proposals achieve outcomes to help tenants better understand their chances of being offered a home.

4.15 We are pleased to report that we received 289 responses to our online survey and customers in Dumfries and Galloway also feel that our proposals will have a positive impact with responses to our key questions being:

- 93% of respondents agree that Homes4D&G move to choice based letting;
- 67% of respondents agree that Home4D&G remove the 29 different points categories and move to 9 priority bands;
- 90% of respondents agree that we should reduce the age that children of the same sex are entitled to a bedroom of their own; and
- 70% of respondents agree that the proposals will achieve outcomes to help tenants better understand their chances of being offered a home.

4.16 We have also been analysing the consultation responses from the Homes4 D&G review. We are pleased to note that we are confident that we can deliver the customer priorities through our MyHousing platform.

4.17 Customers in Dumfries and Galloway told us the following was important to them:

- 67% of respondents told us being able to update their application and get instant access to our homes;
- 61% of respondents want easy to understand advice on when they will be offered a home;
- 55% of applicants want easy to understand information on the homes we have available.

Framework and Policy changes

4.18 The outcome of the internal review and the formal consultation confirmed the priorities for DGHP customers the wider Homes4D&G common housing register partners and their customers are aligned to our Group letting priorities.

4.19 We are therefore, seeking approval of Group Board for DGHP to adopt the Group Framework and for DGHP and the wider partners in the Homes4D&G common housing register to adopt the model policy as their allocations policy.

4.20 One of the key outcomes of the MyHousing consultation was that customers agreed that we should have flexibility across our areas of operation to meet local needs, this will ensure DGHP can adopt the policy in a way that reflects the rural nature of their operating environment.

4.21 The main changes between the new Group Framework and Policy and the current Homes4D&G policy are:

- Moving to a blended approach of choice based letting and, for our most vulnerable customers, adopting a bespoke matching service;
- Moving from a points-based systems where 29 different points categories are cumulatively added to applicants application to 9 bands;
- Reducing the age at which children are entitled to their own bedroom (current policy allows children of the same sex to share a bedroom up to the age of 12, Group Policy allows children over the age of 10 to have their own bedroom; and
- Removal of priority for the following reasons: notice to quit in private sector, sharing amenities and children under 12 living in flats.

Implementation plans

4.22 Due to the greater transformational change in Dumfries and Galloway we have been working closely with partners in the Common Housing Register to prepare for migration of our lettings activity onto MyHousing. We have also drawn down on the inhouse expertise we have across Group to assist with in mapping key processes and developing the business requirements.

4.23 We have been working with partners on the development of a new partnership agreement that we are expecting to be complete late September.

4.24 We will begin our supported re-registration programme to re-assess customers applications under the new Policy in late 2022 prior to formal launch of the new system and policy in early summer 2023.

4.25 Our implementation plans will include extensive customer communication and internal training plans for staff to ensure they are comprehensively trained on both the new policy and MyHousing lettings platform

5. Customer Engagement

5.1 As part of both consultations we undertook a blended approach to engagement with customers and staff utilising a number of online and face to face channels. The table below provided information on the customer engagement that was undertaken:

	MyHousing consultation	Homes4D&G consultation
Consultation documents sent via post	71, 000	14,691
Paper copies of survey issued	10 (none were returned to us)	0
Social media campaign	43 posts on Facebook and Instagram reaching over 41,000 users	5 Facebook posts reaching over 21,000 users
Customer First Centre Campaign line activity	241 calls received	72 calls received
TPAS engagement	17 customers made contact	1 customer made contact
Text messages sent	28,000	2,850
Customer focus groups	235 booked onto 17 sessions – 22% attendance. Follow up phone calls also took place	108 customers booked onto sessions with 66% attendance
Staff focus groups	8 sessions arranged	4 sessions across the region
Total customer survey responses received	2,455 - 3.5% return	289 – 2% return
Stakeholder responses received	4 stakeholder responses. No elected members	6 stakeholder responses and 1 elected member

5.2 The MyHousing survey received 2,455 survey responses from customers – this is a 55% increase in survey responses compared to the last allocations consultation that took place during summer 2017. The Homes4D&G consultation received 289 responses.

6. Environmental and sustainability implications

6.1 Not applicable

7. Digital transformation alignment

7.1 Our Group Strategy sets a clear direction and is underpinned by digital transformation.

7.2 We have a commitment in our Group Strategy to deliver a blend of digital and personal services via MyHousing. The MyHousing platform allows customers to self-serve at a time and place that suits them, including updating their application and noting interest in properties. The personal plans are tailored to the customer to provide them with information around their housing options. Webchat is available for customers if they have any questions or need help with their application. We acknowledge that some of our customers may experience barriers in accessing online services. We have extended the personalised matching service to ensure our most vulnerable customers are fully supported. We will also continue to offer face to face support through our Housing Officers and telephone support through our Customer First centre for those customers who need it.

7.3 As we implement recommendations from the consultations, we will use customer feedback to ensure we continue to offer a service that meets the needs of our customers. We will transform our digital service offering in DGHP and as part of the wider Homes4D&G CHR through the implementation of a new online letting platform.

7.4 The proposals contained in this report represent the final core business function in DGHP being aligned to Group systems and is incorporated within the wider group digital transformation programme.

8. Financial and value for money implications

8.1 The North Star review highlighted that MyHousing, our current online letting platform provides value for money.

8.2 The costs associated with undertaking a full customer consultation on the Group Housing Information Advice and Letting Policy Framework, system updates and additional staffing resource costs were undertaken within existing budgets.

8.3 The costing for delivering the Homes 4D&G common housing register (CHR) in the current Group systems is circa £800k. This includes digital solutions, resource. The cost for migrating onto MyHousing platform will be shared across the CHR Partners based on stock numbers within the region. The Group's share has been identified within this year's budgets.

9. Legal, regulatory and charitable implications

9.1 All amendments to the revised Housing Information Advice and Letting Policy Framework have been considered by legal colleagues to ensure there is no risk to legal compliance. Through the framework we will ensure we are meeting our statutory obligations.

9.2 The Housing (Scotland) Act 2014 outlines requirements for landlords to consult with identified groups before making or altering its rules governing the priority of allocation of houses. This means that landlords must consult with the following groups:

- Applicants on our housing lists
- Existing tenants
- Registered Tenants' Organisations
- Other stakeholders
- Local Authority Strategic Partners (Homeless and DRS services).
- Such other persons as the landlord thinks fit

9.3 We have consulted with all required groups and worked with our Stronger Voices network to ensure we fully capture the customer voice.

9.4 All amendments to the new Homes4D&G partnership agreement are being considered by legal colleagues to ensure there is no risk to legal compliance. Through this formal process we will ensure we are meeting our statutory obligations. For additional reassurance we have instructed independent legal support from Shepherd and Wedderburn LLP to support the implementation of all transformational change relating to Homes4D&G.

10. Risk Appetite and assessment

10.1 The Group's risk appetite for service improvement is "open". This means we are prepared to take the risk of adopting the approach that is most likely to result in successful delivery of our service objectives.

10.2 Shifting the balance of power towards the customer brings some risk as we empower customers to take more decisions around priorities and resources. A robust framework within which we can support customers and use our strategic delivery plan to manage this transformation will help to mitigate any risks.

11. Equalities implications

11.1 We are committed to working inclusively and our activities are designed to reflect and respond to the needs of our tenants, customers and communities.

11.2 Equalities impact assessments will be carried out to assess and manage the impact of all our Group Allocation activities. Any particular needs and requirements will be addressed to ensure equity of access and opportunity.

12. Key issues and conclusions

12.1 Since the approval of our first Group Housing Information Advice and Letting Policy and Framework in February 2018 we have transformed our letting activity through our online letting platform – MyHousing.

12.2 During 2021 we commissioned an independent review of MyHousing and an internal review of the Homes4D&G policy and processes. We used the insight from these reviews to inform our formal consultations that took place during summer 2022.

12.3 The MyHousing consultation found that both customers and staff wanted to continue matching homeless customers and felt we needed greater flexibility in our policy. They also told us that livingwell properties should be advertised in a separate band.

12.4 By contrast the Homes4D&G processes required modernisation to reduce the significant staff intervention and allow customers to self-serve at a time that suits them and improve transparency of our homes available.

12.5 Customers overwhelmingly agreed with our proposals and the proposed changes to our policies in both consultations. The Group Housing Information Advice and Letting Policy and Framework has been updated to reflect this.

12.6 The Homes4D&G consultation found that customers support the proposals, coupled with the wider partnership support to use MyHousing to deliver the new Homes4D&G lettings services. Subject to Board approval, all subsidiaries will now be aligned to the new Group Housing Information Advice and Letting Policy and Framework that strikes the balance of consistency and flexibility.

13. Recommendations

13.1 The Board is asked to:

1) Note the work undertaken during the formal consultation and the response to customer engagement;
2) Approve the new Group Housing Information Advice and Letting Policy Framework
3) Approve DGHP adopting the new Group Framework and the model policy as the Homes4D&G policy

Appendix

1. New Group Housing Information Advice and Letting Policy Framework [redacted. Available under Publication scheme | Wheatley Group (wheatley-group.com)]

Wheatley Group

Report

To: Wheatley Housing Group Board

By: Laura Pluck, Group Director of Communities

Approved by: Martin Armstrong, Group Chief Executive

Subject: Complaint Handling and Performance 2021/2022

Date of Meeting: 25 August 2022

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1. Purpose

1.1 The purpose of this report is to provide the Board with:

- An overview of complaint handling and performance across the Group for 2021/22;
- Information on our learning and customer insight from complaints across 2021/22;
- An update on developments relating to our onward approach to complaint handling; and
- Seek approval on the updated Group Complaints Policy and Unacceptable Actions Policy.

2. Authorising and strategic context

2.1 Under their Terms of Reference, partner Boards are responsible for monitoring operational performance and for addressing any specific regulatory requirements including complaints handling.

2.2 The commitment to delivering exceptional customer experience and progressing from excellent to outstanding service are key outcomes in our 2021-26 strategy. Our approach and performance relating to complaint handling is a key part of our vision for realising this.

3. Background

3.1 The Group Complaints Policy outlines our two-stage complaints process which is compliant with the requirements of the Scottish Public Service Ombudsman ("SPSO") model Complaint Handling Procedure ("CHP"). There is a requirement that we ensure:

- All complaints are recorded;
- Complaint handling and performance is reported to the Board and Executive Management Team on a regular basis;
- We record service improvements as a result of complaint handling; and;
- Publicly report performance and share this information with our customers.

3.2 In February 2020, the SPSO launched its new Model Complaint Handling ("MCH") guidance which all public organisations across Scotland were required to bring into effect by April 2021 as reported to Board in February 2021. The key change to their complaint handling guidance is the focus on resolving complaints and included the option to close complaints as 'Resolved'. The key focus of these changes being to support organisations in evaluating performance, driving improvement and sharing good practice thus ensuring the provision of excellent service to customers through effective complaints handling procedures.

3.3 In line with the new MCH guidance, a complaint is resolved when both the organisation and the customer agree what action (if any) will be taken to provide full and final resolution for the customer, without making a decision about whether the complaint is upheld or not upheld. Working collaboratively with the Complaints Handlers Network we developed guidance for all Registered Social Landlords to use in the deployment of this new approach, including the use of practical examples of when to use the new 'resolved' outcome. This is available to all of our staff who handle complaints. Resolved complaints still need to be reported as overall complaint figures.

3.4 The CHP also encourages consistent application and reporting of performance against the KPIs defined in its latest guidance issued in April 2022. There are four mandatory KPIs (see point 3.5) that we are required to report on. It is a minimum requirement for all organisations to:

- Report at least quarterly to senior management on the KPIs and analysis of the trends and outcomes of complaints;
- Publish on a quarterly basis information on complaints outcomes and actions taken to improve services, i.e. good practice and lessons learned (there is no requirement to also publish quarterly data on KPIs); and
- Publish an annual complaints performance report on our website that includes performance statistics in line with the KPIs, complaint trends and actions that have been taken or will be taken to improve services as a result.

3.5 For Registered Social Landlords, there are four KPIs that we must adopt. They are quantitative and help organisations and SPSO monitor practice and identify trends by showing: how many complaints organisations received; how long it took to deal with them at each stage; and how many were resolved, upheld, partially upheld or not upheld. The four KPIs we must adopt are:

- Total number of complaints received.
- The number and percentage of complaints at each stage that were closed in full within the set timescales of five and 20 working days.
- The average time in working days for a full response to complaints at each stage.
- The outcome of complaints at each stage.

3.6 Over the period of the pandemic, like other organisations, we experienced a considerable downturn in the reporting of complaints. However, this was against a back-drop of restricted service delivery and significant disruption to wider public services.

3.7 Complaint levels across Scotland have since risen above pre-pandemic levels with the SPSO itself reporting a 17% increase in the complaints they have received when comparing the 2021/22 and 2020/21 reporting years. They also noted an increase in the overall rate of complaints being upheld.

4. Discussion

Complaint Handling and Performance 2021/22

4.1 The Annual Return on the Charter ("ARC") represents the key statistical reporting requirements to the Scottish Housing Regulator ("SHR"). The SHR has developed a set of indicators for landlords to report against. The following performance indicators relate to complaint handling and is supported by technical guidance provided by the SHR to calculate and report complaint handling performance on an annual basis:

- **The percentage of all complaints responded to in full at Stage 1 and the percentage of all complaints responded to in full at Stage 2.** The complaint response date is the date that the complaint has been closed and issued to the customer to confirm the outcome of their complaint.
- **The average time in working days for a full response at Stage 1 and the average time in working days for a full response at Stage 2.** The target timescales as set out in the guidance issued by SPSO for handling complaints is within 5 working days at Stage 1 and within 20 working days at Stage 2.

4.2 During 2021/22, 4,243 complaints were received by subsidiaries and 4,177 (98.44%) concluded in this period. For the purpose of reporting, the discrepancy between the complaints received and resolved in each reporting period is understood by the SHR. It is defined in the technical guidance issued by the SHR that landlords:

- Must count complaints received late in the reporting period, the outcome of which may not be reported until the next reporting period.
- Must count the outcome of complaints received in the previous reporting period.

4.3 A summary of subsidiary complaint performance data against key complaint handling performance indicators for 2021/22 is provided in Table 1 below. It is noteworthy that the ARC requires us to combine Registered Social landlord and Lowther complaint performance data as Lowther deliver factoring services on behalf of subsidiaries and therefore, considered as a service provided by Registered Social Landlords.

Table 1: complaint performance data

ARC Performance Indicators	Target	Number of complaints
Complaints received in the reporting year	N/A	4,243 ▪ Dunedin Canmore: 399 ▪ DGHP: 607 ▪ Loretto: 154 ▪ WHG: 3056 ▪ WLHP: 27
Complaints responded to in full in the reporting year	N/A	4,177 ▪ Dunedin Canmore: 385 ▪ DGHP: 602 ▪ Loretto: 150 ▪ WHG: 3013 ▪ WLHP: 27

Average working days to provide a full response to all <u>Stage 1</u> complaints	5 working days	▪ Dunedin Canmore: 3.91 ▪ DGHP: 4.73 ▪ Loretto: 3.62 ▪ WHG: 3.97 ▪ WLHP: 4.18 Combined: 4.07 days
Average working days to provide a full response to all <u>Stage 2</u> complaints	20 working days	▪ Dunedin Canmore: 18.91 ▪ DGHP: 21.95 ▪ Loretto: 21.33 ▪ WHG: 20.78 ▪ WLHP: n/a Combined: 20.70 days

4.4 As noted in Section 3.6 above, a consistent theme as organisations have emerged from the COVID-19 pandemic, has been a general rise in the number of complaints raised. This is consistent with what we have seen across Group during 2021/22 when compared to the total number of complaints received during the previous year and indeed the pre-covid year of 2019/20.

4.5 During 2021/22, we received 4,243 complaints in comparison to the 3,174 received during 2019/20 (pre-pandemic year). Table 1 confirms the average working days to respond to Stage 1 and Stage 2 complaints received by subsidiary and overall, this is 4.07 days and 20.70 days respectively.

Table 2: Percentage of Stage 1 and 2 Complaints, per RSL subsidiary, that were upheld or partially upheld in year.

Subsidiary	Stage 1 % Upheld or Partially Upheld	Stage 2 % Upheld or Partially Upheld
Target	*50%*	*50%*
Wheatley Homes Glasgow	55.89%	57.80%
Dunedin Canmore	58.03%	65.31%
WLHP	59.26%	N/A
Loretto	57.97%	66.66%
DGHP	41.73%	66.66%

Table 3: Percentage of all complaints, per RSL subsidiary, responded to in full at Stage 1 and 2 of the complaints process compared to the numbers received.

2021/22 Performance			
Subsidiary	**Stage 1**	**Stage 2**	**All**
Wheatley Homes Glasgow	97.49%	98.94%	97.67%
Dunedin Canmore	95.72%	102.08%	96.49%
WLHP	100.00%	N/A	100.00%
Loretto	97.87%	100%	98.04%
DGHP	99.06%	100%	97.25%
2020/21 Performance			
Subsidiary	**Stage 1**	**Stage 2**	**All**
Wheatley Homes Glasgow	97.16%	91.60%	96.21%
Dunedin Canmore	100.00%	91.18%	98.89%
WLHP	100.00%	N/A	100.00%
Loretto	97.30%	100.00%	97.56%
DGHP	96.53%	84.62%	95.81%
2019/20 Performance			

Subsidiary	Stage 1	Stage 2	All
Wheatley Homes Glasgow	97.27%	95.97%	97.13%
Dunedin Canmore	98.80%	95.83%	98.49%
WLHP	90.91%	100.00%	91.67%
Loretto	97.01%	100.00%	97.18%
DGHP	100.00%	100.00%	100.00%

4.6 Table 4 below confirms that 90.60% of all complaints were closed within timescale compared to our target of 96%.

Table 4: Wheatley Group RSL's responded to within SPSO Timescale 2021/22

	All		Stage 1		Stage 2	
	Amount	%	Amount	%	Amount	%
Complaints Responded to within SPSO Timescale	3,784	90.60%	3408	92.07%	379	79.78%

4.7 A key indicator for assessing the strength of our ability to handle complaints effectively and appropriately is centred on the escalation of complaints to Stage 2 of the procedure or an overall low number of Stage 2 complaints. If a low volume of complaints are being upheld following an investigation at Stage 2 then this is an indication that issues raised by tenants and customers are being identified, investigated and resolved appropriately.

4.8 During 2021/22, there was an increase in the number of complaints escalated to Stage 2 of the complaints process. We have investigated and responded to 475 Stage 2 complaints from tenants and customers. Following investigation, 280 (58.94%) Stage 2 complaints were upheld or partially upheld. Across all subsidiaries, complaints about our repairs and maintenance service was the main reason our customers raised a complaint that escalated to Stage 2 of our complaints process. This is reflected across all subsidiaries. The Repairs Transformation Plan, previously reported to Board reflects areas of improvement identified.

<u>External Review (SPSO and First-Tier Tribunal)</u>

4.9 The SPSO have reported that they have a significant backlog of cases as a direct result of the Covid-19 pandemic and the subsequent increase they have experienced in reported complaints (17% increase). In their recent contact with our Customer Insight and Complaints Team they confirmed that some customers are waiting up to 12 months to receive their final decision.

4.10 In total, 18 complaints (0.004% of all complaints responded to) from tenants were subject to external review by the SPSO during 2021/22. After completing their initial assessment of the information provided by our Customer Insight and Complaints Team in relation to our own investigation of the issues raised, the SPSO concluded that:

- 13 cases were not accepted following initial assessment
- 3 cases were subject to full investigation and not upheld - no recommendations
- 2 cases – awaiting outcome.

4.11 The First-tier Tribunal for Scotland (Housing and Property Chamber) considers complaints raised by homeowners and private rented tenants. During 2021/22, 18 complaints (11 Factoring and 7 Letting) were referred to the first-tier tribunal for consideration. The first-tier tribunal considered all cases and;

Factoring Complaints

- Three cases dismissed (not upheld) at tribunal;
- Five cases were withdrawn prior to the tribunal hearing;
- Two Property Factor Enforcement Orders were issued (upheld);
  - repairs were instructed
- One order to comply.

Letting complaints

- Seven cases were withdrawn prior to the tribunal hearing

4.12 The order to comply was issued as a result of Lowther not actioning the tribunal's order, which was to pay the customer £500 in compensation and to provide a copy of a structural report, within a specific timeframe. This case is currently being appealed as Lowther did not receive notification of the FTT decision and all actions have now been met. Changes have subsequently been made on the address details for Lowther.

4.13. The detail above highlights consistency in the robust arrangements established for handling and investigating escalated complaints, identifying issues, establishing clear strategies for seeking an appropriate resolution and, importantly, mitigating risk for the Group. Critical to our ongoing success in this area is our Group Complaints and Customer Insight Teams continual monitoring of the number of complaints recorded to ensure that any expression of dissatisfaction from customers is appropriately recorded as a complaint and the issue effectively managed.

Learning and Customer Insight from Complaints

4.14 As detailed above analysis of Wheatley Group complaints confirms that the greatest proportion of complaints received during 2021/22 related to repairs and maintenance (46%). Of these, 65% were upheld or partially upheld. Complaints relating to repairs included common issues such as quality of service, timescale for completing repairs, notification of incomplete repairs and communication around repair appointments or missed appointments where the contractor did not attend.

4.15 It is also noteworthy that we have used significant learning from repairs complaints to help inform the wider Repairs Transformation Plan that was presented to Boards earlier this year. The use of this insight has been critical in forming several of the key areas that have been identified for transformation and improvement.

4.16 Despite repair complaint volumes being high when compared against other key business areas, the number of occasions where customers have cause to complain as a proportion of repairs raised, is not considered to be a significant concern or risk factor. The number of repairs raised across the Group was in excess of 165,000 equating to complaints being raised about less than 1.2% of all repairs. It must also be read against a back-drop of restricted, remobilising services and national shortages of materials as a result of Brexit and the Covid-19 pandemic. These issues alone have caused delays to customer repairs which in turn has led to dissatisfaction given the ultimate extension to timescales for completing repairs.

4.17 The second greatest proportion of complaints received was about staff (21%). Put in context, we have over 900,000 phone calls and emails, as well as regular in person customer engagement in communities through housing and environmental staff. The 891 complaints about staff represent less than 0.1% of these interactions.

4.18. On occasion, the message staff members have to convey to customers may not be well received; for example a banding priority for housing allocations may be disputed, or a staff member might be informing a customer of a delay in a repair, and this can result in a complaint directly against the staff member. In a small number of cases, a staff member's behaviour or manner of communication may not have met our standards. Customer experience complaints are handled by line managers responsible for service delivery and, where appropriate, further training and support is provided to reduce the likelihood of errors happening again. Where trends of poor customer service are noted, this is raised as part of our one-to-one performance discussions with staff. It should be noted that from the review of our complaints we have no concerns over staff attitude to our customers.

4.19 Complaints allocated to Tenancy Management was the third highest proportion of complaints received (9%). The range of issues highlighted include tenancy management issues, such as succession to tenancy, requests for management transfers and mutual exchanges.

4.20 These matters are a key focus for our community-based staff who arrange meetings face-to-face with customers in order to address these matters. Often these matters are complex given the need for us to adhere to our core policies and procedures whilst managing customer expectations. Housing Leads utilise learning from Stage 1 and Stage 2 complaints in this area to continually improve service delivery. They will present clear information on performance at VMBs and, where necessary, identify local leads to own these complaints, share good practice and the learning from them.

Policy and Practice

4.21 To support our wider ambition around complaint handling and performance we have completed a full review of our Complaints Policy, associated guidance and the core complaints information that we hold on our websites, social, media, to ensure that this is clear and easy-to-use and access for our staff and customers. This also includes an area on our website where we regularly report on our complaints performance and demonstrate our learning from complaints.

4.22 As part of this most recent review, we have taken the opportunity to streamline our documentation and update our Complaints Policy in line with our Strategy and our new operating model. We have also accompanied this with a review of our Unacceptable Actions Policy in collaboration with the Union. Our updated Complaints Policy and Unacceptable Actions Policy are appended to this report for information and feedback. We would note that there are no material changes to these documents, but the following points are noteworthy:

- The language in the Policy has been updated and aligned with our new ways of working and strategy;

- We have clearly articulated our timescales and expectations around complaint responses and made these specific to the channels our customers opt to use. We have introduced more ambitious targets on our digital channels to further strengthen our commitment to digital channel shift and customer choice, whilst recognising that we will not limit our channels for customers to complain so that we continue to ensure that no one customer is left behind;
- We have incorporated an area within the Policy that clearly outlines key roles and responsibilities surrounding our complaints handling;
- We have emphasised our approach around customer engagement and the co-creation of the onward development of our complaint handling policy and procedures;
- We have incorporated more detail around how we will utilise lessons learned and insight from complaints to continually improve; and
- Included a section on our operational arrangements for complaint handling which reflects the SPSO model complaints handling approach.

4.23 Our Complaints Policy outlines a number of commitments which are pertinent to our successful complaint handling and management. We have listed below a few of these key commitments and details of how we meet our commitments under each, notably:

- **Continuing to ensure a customer-centric culture focused on 'Think Yes Together'** – we regularly promote and instil our 'Think Yes Together' culture both at a local level but also in our corporate messaging. Staff are empowered to do the right thing for our customers and act promptly to resolve matters. Importantly, we instil our 'Think Yes Together' culture in our induction process for new staff so that it is one of the very first things that they learn about Wheatley.

- **Management decisions continue to be informed by the complaints we receive and learning from complaints is communicated effectively across the Group** – as noted above, we have developed our complaints reporting significantly over the current reporting year. The inclusion of insight and greater detail around the root cause of complaints is included in monthly reports to our Managing Directors and Executive Team. Learning from complaints is also reviewed regularly through our Communities of Excellence to help inform future policy and procedure development. Moving forward, we will also be using our corporate website to share learning and lessons learned from complaints with our customers on a regular basis and in line with revised SPSO guidance.
- **Support staff to see how their work practices contribute to complaint management** - there is a significant focus on complaints and how we utilise them to support our continuous improvement approach. As part of this focus, we are reviewing and refreshing training materials for staff, reviewing the introduction of real-time feedback to support resolution and inform learning, combining our complaints information with City Building and looking at specific call control and conflict management training for our Customer First Centre staff. Staff are also provided with regular insight to complaints and, importantly, their role in preventing complaints at local VMBs where time will be taken to discuss complaint performance, individual cases and lessons learned.

4.24 Complaints have continued to show a downward trend and have reduced month on month between March 2022 through to the end of Q1 22/23.

4.25. Our new operating model focuses on our ability to resolve customer enquiries at the first point of contact through our new Customer First Centre. Still in its infancy, we are already seeing several positive outcomes which are impacting our complaint handling and performance.

4.26. Our Customer First Centre staff take ownership of issues raised by customers, responding promptly and following up on our customer commitments. We expect this to result in the number of promptly 'resolved' complaints increasing across 2022/23 and for the number of Stage 2 complaints to reduce.

4.27 Our new operating model focusses on our ability to resolve customer enquiries at the first point of contact through our new Customer First Centre. Still in its infancy, we are already seeing several positive outcomes which are impacting our complaint handling and performance. Our Customer First Centre staff take ownership of issues raised by customers, responding promptly and following up on our customer commitments. We expect this to result in the number of promptly 'resolved' complaints increasing across 2022/23 and for the number of Stage 2 complaints to reduce.

5. Customer Engagement

5.1 The approaches to service delivery set out in this paper consider feedback received from customers, including the over 5,000 responses to our RSL consultation late last year. We will continue to focus on meaningful and rich customer engagement through our Stronger Voices team with a view to continually improving and refining our delivery approach to complaint handling.

5.2 Across the 2022/23 reporting year, we will have engaged as a minimum, 50 customers from across Group and seek their feedback on the improvements they want to see in our complaint handling process. We will also share with them feedback and lessons learned from our complaints to establish key areas that are important to them – using this to define a '*You Said, We Did'* approach. We envision this approach being delivered through a series of focus groups and panel discussions with customers who represent each of our subsidiaries across Group.

5.3 Over the next two years, we intend to increase that engagement, including through engagement with our Stronger Voices Team and a range of online engagement services designed to integrate feedback from tenants and owners into the future service design and delivery of our complaints handling processes. Customer input is vital to providing us with assurance that our complaints process is fit for purpose, easy-to access and is trusted to deliver on our customer commitments.

6. Environmental and sustainability implications

6.1 There are no direct environmental and sustainability implications associated with this report.

7. Digital transformation alignment

7.1 It is noteworthy that complaints route into the business through several channels such as email, our Customer First Centre, web self-service, face-to-face, etc. These channels and methods of inbound contact will be continually reviewed in line with our digital strategy with a clear focus on providing customers with choice and access to personalised services.

7.2 In our Complaints Policy, we have explicitly outlined the experience that our customers can expect based on the channel that they submit their complaint through. As outlined in 4.23 above, we have introduced more ambitious targets on our digital channels to further strengthen our commitment to digital channel shift and the introduction of greater customer choice. Our Complaints Policy clearly details that we will aim to respond quicker to complaints that are submitted through our digital channels, notably; email, web self-service and webchat.

7.3 Despite the focus on digital channels we are also conscious of not limiting our channels for customers to complain through and therefore voice and face-to-face methods still feature prominently in our Policy. This demonstrates our commitment to providing personalised services for our customers and, importantly, that no one customer will be left behind.

8. Financial and value for money implications

8.1 There are no financial and value for money implications associated with this report.

9. Legal, regulatory and charitable implications

9.1 There are no direct legal, regulatory or charitable implications as a result of this report. However, the implementation of our activities will be assessed to ensure that they fulfil and comply with any legislative, regulatory or charitable implications that apply.

10. Risk Appetite and assessment

10.1 This report correlates with the strategic outcome ‘Progressing from Excellent to Outstanding’ under the Delivering Exceptional Customer Experience strategic theme.

10.2 End-to-end complaint handling, including monitoring and continuous learning and improvement processes are key to mitigating risks of:

- Decreasing customer satisfaction
- Reputational damage; and
- Failure to meet SPSO guidance.

10.3. The Strategic Risk Register sets out the following risk appetites for strategic outcome ‘Progressing from Excellent to Outstanding’:

- **Reputation/credibility** - *Minimal, Tolerance for risk taking limited to thoseevents where there is no chance of significant repercussion.*

- **Laws and regulation** – *Cautious; Limited tolerance for “sticking our neck out”. Want to be reasonably sure we would win any challenge.*

11. Equalities implications

11.1 There is no equalities impact identified as a result of this report. A specific equalities impact assessment will be carried out before any potential significant service change to our complaints handling process and the outcome reported to the board as part of the approval process for any such changes.

12. Key issues and conclusions

12.1 Our five-year strategy sets out an ambition to deliver exceptional customer experience whilst progressing from excellent to outstanding services. We are clear that our approach to complaint handling and our performance in this area are key to us realising this vision. We start from a good base, with our new operating model maturing and with the Customer First Centre having been successful since its launch in December last year.

12.2 Over the period of the pandemic, like other organisations, we experienced a considerable downturn in the reporting of complaints. However, this was against a back-drop of restricted service delivery and significant disruption to wider public services. The rise this year sees us surpass pre-pandemic levels and is consistent with what is being seen across the housing and wider public and private sectors.

12.3 The increase in the volume of complaints received during 2021/22 has had an impact on our performance figures. We are working to fully embed our new operating model and our Customer First Centre to ensure quicker resolutions, improved follow-up and delivery on our customer commitments and improved quality of responses to our customers. We are already seeing early signs of improvement across early 2022/23 in terms of performance with complaints reducing in the first quarter.

13. Recommendations

13.1 The Board is asked to:

1) note complaints performance during 2021/22;
2) note the work undertaken to learn from the complaints we receive;
3) note the development work we are undertaking to further improve our approach to complaint handling and our performance in this area; and
4) approve the updated Group Complaints Policy and Group Unacceptable Actions Policy and their continued designation as applying group wide.

Appendices:
[Redacted. Available under Publication scheme | Wheatley Group (wheatley-group.com)]

Appendix 1: Complaints Handling Policy
Appendix 2: Unacceptable Actions Policy

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **2021/22 Group Statutory Accounts**

Date of Meeting: **25 August 2022**

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1 Purpose

1.1 This report seeks the Board's approval for
- the 2021/22 Wheatley Housing Group financial statements;
- Member approval for the City Building (Glasgow) LLP accounts; and
- delegated authority to sign the City Building (Glasgow) LLP accounts

2. Authorising and strategic context

2.1 Under the Group Standing Orders, the Group Board must approve the financial statements for the year to 31 March 2022. The Group and all subsidiary accounts and related reports from the external auditors were considered at the Group Audit Committee meeting on 3 August 2022. The Committee approved the Group financial statements for presentation to the Group Board.

2.2 This report also includes a reconciliation of the final out-turn to period 12 management accounts which were presented to the Board in April.

3. Background

3.1 The preparation of annual audited accounts is a statutory requirement. This process this year has worked well and been completed for the first time on a hybrid working basis following two years of a remote process. The results of CBG are include in the Group consolidated financial statements, and show a distribution in full of the operating surplus between the members.

4. Summary of results

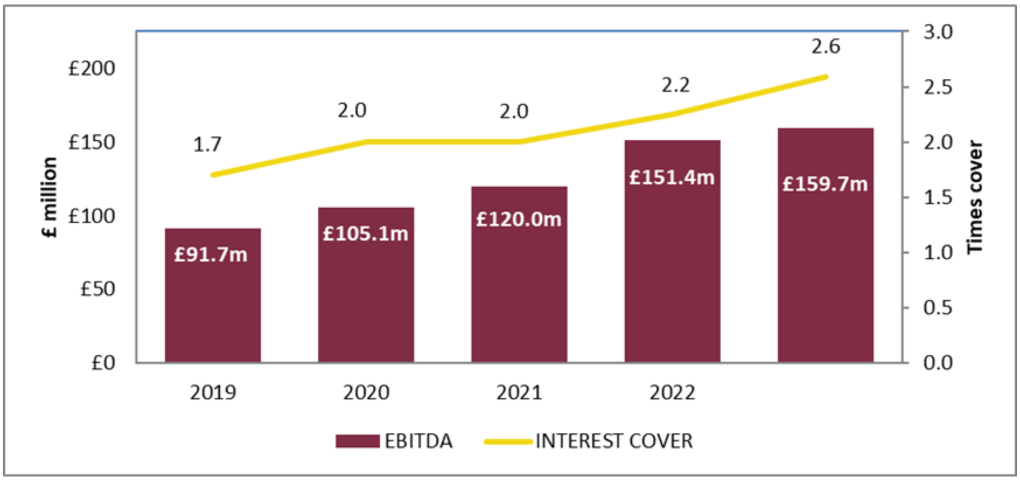
4.1 The headline results for the year are:

Income & Expenditure:

- Total Comprehensive Income (including pension scheme and property revaluations) was £14.8m;
- Operating surplus of £82.9m has been generated which includes grant income on new build completions of £36.5m, a loss of £3.1m on investment property revaluations and £12.9m of income from the settlement with British Gas at Wyndford and the legal settlement for Duke Street;

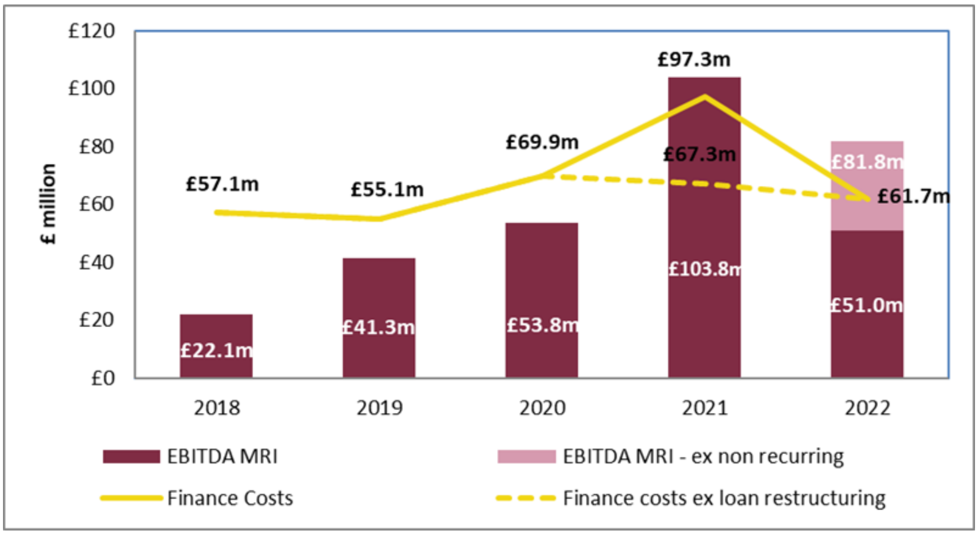
- Net Interest costs of £63.7m are £5.3m lower than comparable costs in the prior year following the restructuring of fixed rate loan arrangements;
- Stripping out FRS 102 adjustments for new build grant, pensions and investment property valuations shows underlying Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of £159.7m; up from £151.4m in 2020/21. EBITDA is a measure of underlying surplus generated from our core operating activities. It excludes accounting adjustments such as depreciation, asset revaluations and non-cash pension adjustments;
- The EBITDA measure is used in the calculation of our loan covenants. Chart 1 shows the trend in EBITDA over a five year period and the relationship of EBITDA to interest costs, otherwise known as interest cover;

Chart 1:



- EBITDA after deducting all fixed asset capital investment spend in existing social housing or EBITDA MRI is £51.0m. When compared to interest costs (excluding fair value accounting adjustments) of £61.7m, EBITDA MRI is £10.7m lower. Chart 2 shows EBITDA MRI compared to interest costs over the last five years. In 2020/21, the pandemic restrictions in place at the time reduced the size of the capital programme and delayed planned work into 2021/22, which helped increased EBITDA MRI last year to a level that was sufficient to cover interest costs (both before and after break costs);

Chart 2:



- The delay of capital projects in 2020/21 in turn increased the 2021/22 capital programme which, as discussed previously in section 3.5, included an additional £30.8m on non-recurring spend in DGHP and the smoke and heat detectors programme;
- Excluding the £30.8m of non-recurring capital items increases underlying EBITDA MRI to £81.8m which is £20.1m higher than interest costs of £61.7m; and
- Our financial projections show that returning to a position where EBITDA MRI exceeds interest costs is sustainable going forward.

Statement of Financial Position:

- Net assets of £1,233.1m, which includes the valuation movement £66.6m when compared to book cost on social housing properties;
- Net pension asset increased to £57.8m from a net pension liability of £5.4m, a movement of £63.2m
- Capital investment in new build completions totalled £99.0m
- Gearing remained prudent at 53% increasing since last year due to the size of the capital investment programme and gross debt per unit was £23,439; both remaining low compared to other comparably sized UK housing groups

Cash flow:

- Net cash flow from operations was £162.4m;
- Grant income received was £42.0m, of which £39.6m related to our new build programme
- £108.4m was invested to improve our existing housing properties and £96.4m in building new homes
- Significant committed bank funding lines remain in place, with £285.7m available to be drawn as required (2021: £314.1m) and net cash balances of £62.2m (2021: £132.2m)

4.2 The adjustments made between the period 12 management accounts and the final audited accounts are summarised below.

	Income & Expenditure £m	**Net Assets £m**
P12 Management Accounts	**28.6**	**1,246.9**
Revaluation of investment properties	(3.1)	(3.1)
Revaluation of housing properties	(66.6)	(66.6)
Revaluation of office properties	(3.5)	(3.5)
Pension Adjustments	72.1	72.1
Fair value of interest on Scottish Government Loan	(4.2)	(4.2)
Additional depreciation	(5.3)	(5.3)
Provision for deferred tax on investment properties	(3.2)	(3.2)
Group Statutory Accounts	**14.9**	**1,233.1**

4.3 The statutory results are updated annually for the outcome of the housing stock valuation by JLL and the inclusion of the updated defined benefit pension scheme actuarial valuations for SHAPS as well as the Strathclyde Pension Fund and Dumfries and Galloway Council Pension Fund (for the period to 28 February 2022).

Audit summary

4.4 KPMG have completed their work and provided an unqualified audit opinion. Audit adjustments relating to the processing of the results of the property valuation in Dunedin Canmore and WLHP, the depreciation of IT assets in WH Glasgow and classification adjustments between Balance Sheet lines were identified during the course of KPMG's audit work. These have been updated in the financial statements and all accounting polices remain unchanged.

4.5 The Group statutory accounts include provision for auditors to be re-appointed at the forthcoming Annual General Meeting.

4.6 As a standard part of their audit process, and in line with previous years, KPMG require the Group Chair to sign a "letter of representation" on behalf of the Group Board which confirms certain matters in terms of disclosure and record-keeping. As in previous years, a letter from the Chief Executive has been provided to provide comfort that the officers have complied with the matters stated in this letter. Both these documents are provided along with this paper (Appendix 2 and 3 respectively).

4.7 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis as in prior years. The assessment that the Group continues in business is based on the preparation and approval of the 30-year business plan which includes cashflow forecasts, the certainty of revenue streams from rental income in the RSLs and the assessment of the availability of funding provided to the Group by lenders.

4.8 For City Building (Glasgow) LLP, this was the third year of appointment for Grant Thornton and they also provided an unqualified audit opinion and there were seven audit adjustments identified. The CBG financial statements require approval by the members and as designated member, the CBG financial statements are presented to the Wheatley Board for approval.

5. Customer Engagement

5.1 There are no customer engagement implications arising from this report.

6. Environmental and sustainability implications

6.1 Included at Appendix 5 is the Group Report on the Environmental, Social and Governance ("ESG") metrics we consider vital for the long-term operational, financial and strategic performance of Wheatley Group. Our investors and lenders increasingly request disclosures on green, social and governance matters and the alignment of these with our strategic goals. The 2021/22 ESG report is our fourth annual edition and largely follows the Sustainability Reporting Standard for Social Housing which covers over 40 specific areas of importance to the sector including rent affordability, fire safety and the target of net zero carbon emissions.

6.2 Our Sustainable Finance Framework, accredited by S&P, was published in November 2021 and our most recent refinancing exercise which completed on 1 April 2022 replaced a traditional £100m RCF with new, sustainable-linked funding with our Syndicate Lenders and Barclays, whereby the cost of the debt will be reduced if we can deliver on four ESG-related KPIs (on energy efficiency improvements, achieving minimum EPC Band B on new homes, letting homes to homeless populations and providing bursaries to our tenants for further and higher education). This transaction further builds our credibility with the investor community that we are commitment to the delivery of sustainable goals.

6.3 The financial statements reference the Group's Environmental, Social and Governance ("ESG") Report and will contain a link to the ESG report which will be published at the same time. There is a statutory requirement to include a Streamlined Energy and Carbon Report showing the energy consumption and emissions of the Group's corporate activities which is also set out in the financial statements and shows good progress towards our target to net zero caron emissions from our corporate activities by 2026.

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 Financial and value for money implications are covered throughout this report.

9. Legal, regulatory and charitable implications

9.1 The Board is asked to approve the 2021/22 Group financial statements. Each Board within the Group will be required by their constitution or under section 485 of the Companies Act, to appoint an auditor for each financial year. Under the Intra-Group Agreement with Wheatley Housing Group the subsidiaries are required to use the Group Auditors subject to the Group confirming KPMG's reappointment at its Annual General Meeting.

9.2 Following approval and signing of the financial statements they require to be submitted to Companies House and the annual return made to the Scottish Housing Regulator for the parent company.

10. Risk Appetite and assessment

10.1 Our agreed Group risk appetite in relation to compliance with laws, regulations and compliance is "averse", meaning that the avoidance of risk and uncertainty is a key organisational objective.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Recommendations

12.1 The Board is asked to:

1) Approve the 2021/22 Group financial statements;
2) Confirm the preparation of the financial statements using the going concern basis;
3) Approve the Letter of Representation to KPMG and note the related letter of representation from the Group CEO to Group Chair;
4) Approve the 2021/22 City Building (Glasgow) LLP financial statements as a designated member and delegate authority to the Group Director of Finance to sign the financial statements on behalf of Wheatley Housing Group Limited as a designated member;
5) Approve the appointment of KPMG LLP as auditors for the 2022/23 financial year at the Annual General Meeting;
6) Note the 2021/22 Group Report on Environmental, Social and Governance.

LIST OF APPENDICES

1) Wheatley Housing Group Financial Statements 2021/22 [redacted. Available here - https://www.wheatley-group.com/__data/assets/pdf_file/0022/214339/Wheatley-Group-Annual-Report-and-Consolidated-Financial-Statements_2021-22.pdf]
2) Letter of representation to KPMG [redacted]
3) Letter of representation from management [redacted]
4) City Building (Glasgow) LLP Financial Statements 2021/22 [redacted]
5) Wheatley Group ESG Report 2021/22 [redacted. Available here ESG-Report-2021-22.pdf (wheatley-group.com)]

Wheatley Group

Making homes and lives better
wheatley-group.com

Internal Audit Annual Report and Opinion 2021/22

1. Introduction

The purpose of this report is to provide our view on the adequacy and effectiveness of the Wheatley Group's ("the Group") system of governance, risk management and internal control, as assessed through delivery of our rolling Internal Audit Plan during 2021/22.

The Internal Audit Plan is reviewed and approved by the Group Audit Committee ("the Committee") each quarter and progress against this plan has been reported to the Committee throughout the financial year.

Our detailed findings from specific reviews have been reported to Management during the year, with a summary of these findings reported to the Committee at each of its 2021/22 meetings. Summary findings have also been reported to Subsidiary Boards and the Group Board where appropriate.

This Annual Report summarises the Internal Audit activity and therefore does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to Management and the Group Audit Committee during the year.

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Section 3 – Definition of Auditing; Chartered Institute of Internal Auditors' International Professional Practices Framework

Group Assurance Mission Statement

To enhance and protect the Wheatley Group by providing independent, risk based and objective, assurance, advice and insight

2. Annual Internal Audit Opinion

Scope

In line with the International Standards for the Professional Practice of Internal Auditing ("the Standards"), Internal Audit provides the Group Board, Audit Committee and Subsidiary Boards with an Annual Internal Audit Opinion, as a result of the work completed during 2021/22.

Our opinion is subject to the inherent limitations of Internal Audit (covering both the control environment and the assurance over controls) as set out in Appendix 1 (Limitations and Responsibilities).

In arriving at our Annual Internal Audit Opinion, we have taken the following matters into account:

- the results of all Internal Audit work undertaken (including any upheld instances of fraud or whistleblowing) during the year ended 31 March 2022;
- in accordance with the Wheatley Group City Building Glasgow Assurance approach, we have placed reliance on the internal audit work done by the Glasgow City Council's Chief Internal Auditor in relation to City Building Glasgow;
- the effects of any material changes in the Group's objectives, activities or regulatory environment; and
- whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the Group's Internal Audit needs.

Basis of Opinion

Sufficient work has been undertaken to enable us to provide an opinion on the adequacy and effectiveness of the internal control environment in operation during 2021/22. In giving this opinion, it should be noted that assurance can never be absolute.

During the delivery of our Internal Audit plan, we identified no critical weaknesses in the governance, risk management, or internal control arrangements which would put the achievement of Group objectives at risk except for weaknesses in Lowther Homes processes and controls in relation to the administration of deposits.

As reported to the Group Audit Committee, Management has acted promptly to address the findings we reported during the year and thereby strengthen the controls in place. Implementing agreed actions is a priority and progress is regularly reported to the Directorate Management Teams, Executive Team, Subsidiary Boards, City Building Glasgow, Group Board and the Group Audit Committee.

Internal Audit Opinion 2021/22

*Based on our Group-wide work undertaken in 2021/22 a **substantial level of assurance*** can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives, [redacted].*

* See Appendix 2 for definition of levels of assurance.

3. Summary of Findings

Wheatley Group

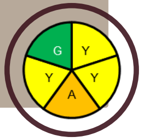
This section summarises the results of Internal Audit advisory reviews completed during 2021/22. Each of these reviews included an assessment of the extent to which the control objectives set out in the Terms of Reference were achieved, as reflected in the charts below.

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Care
- Wheatley Foundation
- Wheatley Solutions

Furlough Scheme

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Care
- Wheatley Foundation
- Wheatley Solutions

Equalities, Diversity and Human Rights



- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP

Voids Management

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Solutions

Complaints Handling

- Wheatley Care
- Wheatley Solutions

Care Financial Management

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Care
- Wheatley Foundation
- Wheatley Solutions

Fire Risk Assessments

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Care
- Wheatley Foundation
- Wheatley Solutions

Working from home follow up

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Care
- Wheatley Foundation
- Wheatley Solutions

Accounts Payable Data Analytics

- Wheatley Foundation

Wheatley Foundation ESF Funding

- DC
- DGHP
- WH Glasgow
- Loretto Housing
- WLHP
- Lowther Homes
- Wheatley Care
- Wheatley Foundation
- Wheatley Solutions

Payroll

4. Summary of other work performed

The Internal Audit team has also completed the following advisory and consultancy reviews, which did not include an assessment of the achievement of control objectives, due to the nature of the work performed. Summaries of the findings of all the reviews conducted during 2021/22 have previously been reported to the Group Audit Committee and to Subsidiary Boards.

ESG Baseline
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Care
Wheatley Foundation
Wheatley Solutions

Digital Strategy Follow Up
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Care
Wheatley Foundation
Wheatley Solutions

Annual SHR Assurance Statement
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Wheatley Solutions

Strategic Projects oversight arrangements
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Care
Wheatley Foundation
Wheatley Solutions

Lowther Homes
- Lowther Homes

Payroll Data Analytics
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Care
Wheatley Foundation
Wheatley Solutions

Technology and Business model coordination group
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Care
Wheatley Foundation
Wheatley Solutions

Boxi replacement readiness
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Care
Wheatley Foundation
Wheatley Solutions

Lowther Homes Follow Up
- Lowther Homes

Wheatley Care Data Analytics
- Wheatley Care

Repairs
- DC
DGHP
WH Glasgow
Loretto Housing
WLHP
Lowther Homes
Wheatley Solutions

5. Follow Up of Management Actions

Internal Audit completes follow up activity to verify that management have implemented actions as agreed in our internal audit reports. The follow up activity is undertaken quarterly, with the results reported to each meeting of the Group Audit Committee.

The information below is a summary of all actions followed up during the course of 2021/22.

Our assessment has included review of each action to determine whether:

a) The action has been completed during 2021/22;

b) The action is no longer relevant or has been superseded;

c) The action is not yet due for completion; or

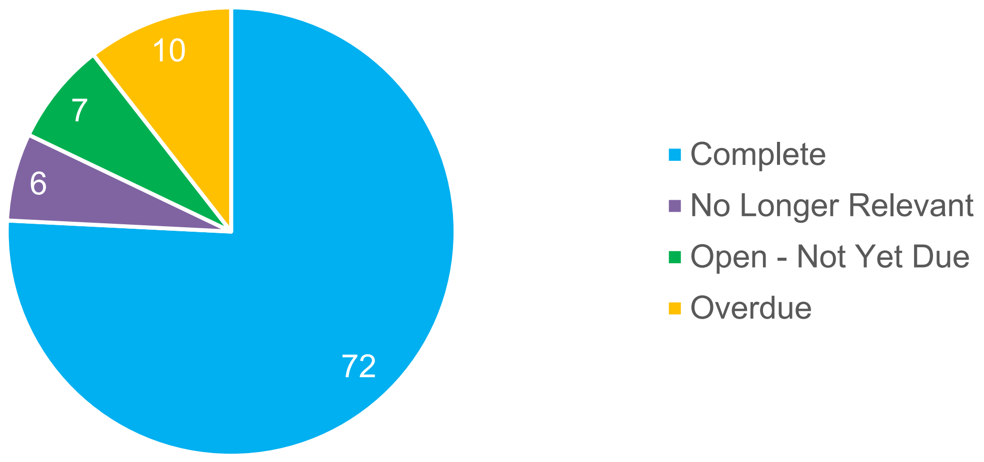
d) The action is overdue for completion.

For the 10 overdue actions, we have discussed the current status with management and identified revised timescales for completion of the original actions. In 8 instances, this is due to the actions being incorporated into projects to be delivered as part of the 2022/23 Delivery Plan. In each case, we are satisfied that the action is in progress and we will continue to monitor full implementation of these actions.

Status	Actions
Actions brought forward from 1 April 2021	23
New actions agreed during 2021/22	72
Total Actions followed up during 2021/22	95

The chart below summarises our assessment of the status of the 95 actions followed up during 2021/22.

Status of all actions followed up in 2021/22



Key Performance Indicators 2021/22

The Internal Audit team's performance against its agreed KPIs for 2021/22 is set out below:

KPI	Target	Actual
Customer Satisfaction: consultation and engagement	*Target Average score: 8 out of 10*	*Actual Average score: 9.5 out of 10*
Customer Satisfaction: delivery of review	*Target Average score: 8 out of 10*	*Actual Average score: 9.3 out of 10*
Customer Satisfaction: Added value of actions	*Target Average score: 8 out of 10*	*Actual Average score: 9.3 out of 10*
Team utilisation on IA activities (based on 200 days)	*Target: 100% utilisation*	*Actual: 100%*
Team operates to IIA Standards	*Target: "Generally Conforms" rating*	*Actual: "Generally Conforms" rating*
CPD/ training requirements met	*Target: 100% of team*	*Actual: 100% of team*
Annual workplan: completed to budget & time	*Target: 100% of audits*	*Actual: 100% of audits*
Annual Report available for Annual Accounts signing	*Target: August GAC*	*Actual: June GAC*

The customer satisfaction measures are based on feedback forms completed by auditees following each review. Performance against target is allocated a Red, Amber or Green rating, as follows:

- Red: More than 15% away from target
- Amber: Within 15% of target
- Green: Target met / on track for year

7. IA 2021/21 Feedback

Wheatley Group

The customer satisfaction measures are based on feedback forms completed by auditees following each review. We acknowledge that the average scores received are high, however we believe the supporting commentary reflects the success of improvements we have made to our internal audit methodology in response to the new operating model. In particular Subsidiary Directors commented that:

"Colleagues in audit always, without exception, consult in a very timely manner. They always plan in advance giving significant time for subsidiaries and business areas to respond appropriately."

"Audit team are always inquisitive about the business and keep themselves informed across the business of changes in processes and approaches."

"Recommendations are presented in a way where it is clear they can be discussed and feedback will be responded to."

"The service delivered is very professional. All colleagues we interact with are pleasant, helpful, personable and clear of their remit, what outcomes they/we wish to achieve and the roles and responsibilities of the officers they interact with."

The responses also highlighted the following opportunities which have been added to our Internal Audit Improvement Plan.

We will explore opportunities for the team to gain more specialist/technical knowledge (eg shadowing services) in areas which would add demonstrable value to the Group Internal Audit process.

- "specific care knowledge can always be improved as it is not their specific expertise or working experience. This would be the case for anyone working outwith the sector."
- "they are able to work well with 'expert' colleagues in the business as part of the audit to ensure that lack of specialism in the team is not a barrier to helpful findings"

We will offer different methods of agreeing audit actions to best meet management's individual needs. For example, we could facilitate workshops or cross-departmental meetings to share ideas and identify practical solutions.

- "team are great at offering potential solutions that are very practical generally but don't always fit or work for care"
- "Some actions and recommendations span complex processes that are responsibilities of other depts/service areas (including business approach/planning etc),so practical implementation can be more complex"
- "because of the nature of our work on ESG it was difficult to identify practical solutions of significant value. Nevertheless the approach and insight provided was very helpful"

8. IA Compliance with Standards

Internal Audit compliance with professional standards

The Internal Audit team employs a risk-based approach to determine the audit needs of the Group at the start of each year, which is reviewed on a rolling three-month basis throughout the year. The team uses a risk-based methodology to plan and conduct our work, and all Internal Audit activity is performed in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct (including Code of Ethics) promoted by the Chartered Institute of Internal Auditors.

Internal Audit independence

Each member of the Internal Audit team is required to confirm their independence annually. The Independence Statements were last collected in September 2021 and the exercise will be repeated in September 2022.

Conflicts of Interest

The Internal Audit team is led by the Director of Assurance, who reports directly to the Group Chief Executive and meets regularly with the Chair of the Group Audit Committee.

The Director of Assurance has other operational responsibilities. Consequently, the Group Audit Committee assesses the controls in place to maintain the Director's independence on an annual basis.

There have been no conflicts of interest during the year which have impacted on our independence or our ability to report our findings.

9. IA Quality Assurance and Improvement Programme

As part of the IA Team's Quality Assurance and Improvement Programme, we completed our internal quality assurance during 2021/22, comprising:

Ongoing monitoring
- Day-to-day supervision and review of IA team's work
- Key Performance Indicators (KPIs) monitoring and reporting

Annual CPE Completion
- Each IA team member completes training to meet the annual CPE requirement of their professional institute.

Annual self-assessment
- Completed using guidance issued by the CIIA
- Results reported within the Annual Report and Opinion

Annual Self-Assessment

The Internal Audit team completed the quality assessment template produced by the Chartered Institute of Internal Auditors (CIIA) and rated performance as:

Generally Conforms

- The evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects.

The results of the assessment, including identified improvement opportunities were reported separately to the Group Audit Committee.

Appendix 1: Limitations and responsibilities

Limitations Inherent to the Internal Auditor's Work

We have prepared the Internal Audit Annual Report and undertaken the agreed programme of work as set out in the Internal Audit Plan, subject to the limitations outlined below.

Opinion

The Annual Internal Audit Statement is based solely on the work undertaken as part of the agreed Internal Audit Plan. The work addressed the control objectives agreed for each individual assignment as set out in our individual Terms of Reference. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of the individual review, or were not brought to our attention. Our audit plan is based on risk to capture the higher risk areas within the Group. As a consequence, Management and the Group Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal Control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of Management and Internal Audit

It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance to ensure the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for Management's responsibilities for the design and operation of these systems.

Internal Audit endeavour to plan work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we shall carry out additional work directed towards the identification of consequent fraud or other irregularities. Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as Internal Auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Assurance Opinion definitions

Wheatley Group

Annual Assurance Opinion Definitions

The table below details the different types of Internal Audit opinion which may be given:

No Assurance

- There are **business critical control weaknesses** identified from Group wide Internal Audit reviews undertaken in year. If not addressed as a priority, these weaknesses could affect the going concern status of one or more Group Subsidiaries.

Limited Assurance

- There are **significant control weaknesses** identified from Group wide Internal Audit reviews undertaken in year, leaving scope for considerable improvement and concern is expressed about the adequacy of controls in mitigating risk to the Group

Substantial Assurance

- There are **control weaknesses** identified from Group wide Internal Audit reviews undertaken in year. The majority of existing controls and processes accord with accepted good practice and are operating effectively although some deficiencies do exist, which could result in increased risk of loss/failure affecting the achievement of strategic objectives

Full Assurance

- There are **no identified control weaknesses** identified from any of the Group wide Internal Audit reviews undertaken in year. Operating practices are considered optimised and industry leading, with no identified areas for improvement

Control Objective Classification

Each control objective is assigned a classification based on an assessment of the impact of individual findings within the report, as follows:

Red

- Control objective not achieved. Control weaknesses identified would have a significant and immediate impact on the risks to achievement of the organisation's objectives

Amber

- Control objective not achieved. Control weaknesses identified would have a significant impact on the risks to achievement of the organisation's objectives

Yellow

- Control objective achieved. Control weaknesses identified would have some impact on the risks to the achievement of the organisation's objectives

Green

- Control objective achieved. Any control weaknesses identified would have limited impact on the risks to the achievement of the organisation's objectives

Report

To: **Wheatley Housing Group Board**

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

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

Subject: **Finance report**

Date of Meeting: **25 August 2022**

---

1. Purpose

1.1 The purpose of this paper is to provide the Board with the financial results for the period to 30 June 2022 and the forecast full year out-turn following the completion of the first quarter.

2. Authorising and strategic context

2.1 On-going monitoring of financial performance against agreed targets is one of the responsibilities of the Group Board under the Group Authorise, Manage & Monitor Matrix.

2.2 The strategic context is one of a challenging economic environment, with inflation rising rapidly on fuel, utilities and construction materials. 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.

3. Background - Financial performance to 30 June 2022

3.1 The results for the period to 30 June as presented in Appendix 1 are:

	Year to Date (Period 3)		
£m	**Actual**	**Budget**	**Variance**
Turnover	95.8	97.2	(1.4)
Operating expenditure	79.4	80.0	0.6
Operating surplus	**16.3**	**17.2**	**(0.8)**
Operating margin	*17.1%*	*17.7%*	
Net interest payable	(15.0)	(15.9)	0.9
Surplus	**1.3**	**1.2**	**0.1**
Net Capital Expenditure	**29.9**	**28.0**	**(1.9)**

4. Discussion

4.1 The Group is reporting a statutory surplus of £1.3m in line with budget. The lower overall grant income on new build completions and higher repairs costs is offset by savings across running costs, bad debts and in interest payable.

4.2 Key variances against budget include:

- Within turnover, grant income recognised on new build completions is £1.5m lower than budget. 83 units (56 social rent and 27 MMR) have been completed by end of June for properties delayed from 2021/22. Units at Dargavel and Hallrule planned for completion by June 2022 have been delayed but are still forecast to complete with the 2022/23 financial year.
- Net rental income is £0.5m favourable to budget with a stronger performance in void rent loss levels driving the variance.
- In operating expenditure, total costs are £0.6m favourable to budget, as a result of lower expenditure than budget across staff costs, running costs and bad debts offset by higher spend on revenue repairs and maintenance.
    - Staff costs are £0.2m lower than budget due to employee care contract costs in Wheatley care. This relates to a number of services operating with staff vacancies against budget.
    - Running costs are £0.2m lower, linked to group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions.
    - Bad debt costs are £0.5m lower than budget. As in previous years our approach has been to include a prudent level of provision for costs.
    - Spend on repairs and maintenance is running £346k higher than budget with increased customer demand for reactive repairs continuing into the first quarter of this year.

4.3 Net capital expenditure is £1.9m higher than budget. Within this, new build spend is £4.8m lower which links through to grant income claimed which is £5.6m lower than budget at the end of June. New build spend reflects delays in planning approvals and slower progress on certain sites due to supply issues. Greater spend had been anticipated across WH Glasgow sites including Watson, Shawbridge Arcade and Calton and a number of sites for WLHP including Almondvale, Raw Holdings and Winchburgh BB. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin and Westcraigs.

4.4 Investment in our existing homes of £16.6m was £2.2m higher than budget with higher spend across adaptations, void improvements and capitalised repairs in the RSLs. Core investment work is broadly in line with budget.

Q1 Forecast

	Q1 Forecast		
£m	**Budget**	**Forecast**	**Variance**
Turnover	395.7	411.8	16.1
Operating expenditure	323.5	324.5	(1.0)
Operating surplus	**72.2**	**87.3**	**15.1**
Operating margin	*18.3%*	*21.2%*	
Net interest payable	(65.5)	(65.0)	0.5
Statutory surplus	**6.7**	**22.3**	**15.6**
Net Capital Expenditure	**133.9**	**133.8**	**0.1**

4.5 The full year forecast out-turn for the Group shows a statutory surplus of £25.5m, £18.8m higher than budget.

4.6 The key drivers for the variance to budget are:

- a higher level of grant income on completion of new build properties reflecting the updated profile for delayed 2021/22 units now completing in 2022/23
- the recognition of Scottish Government Net Zero Heat Funding of £6.0m for connected response projects across the RSLs and full home retrofit work in DGHP with expenditure shown in core investment spend
- improved void performance with void rent loss forecast £1.4m lower than budget
- an additional £3.5m for the Here for You Fund shown in running costs, offset partially by lower forecast Group services running costs
- an additional £1.1m for reactive repairs to meet increased customer demand through the CFC
- lower bad debt expenditure forecasting savings of £2.1m against budget reflecting the slower transition of tenants to UC. This forecast still retains a prudent level of provision for bad debts of £4.0m which compares to actual costs in 2021/22 of £2.9m
- net interest costs are forecast to be £0.7m lower for the full year, with actual floating rates being lower than assumed in the budget for the first quarter

4.7 Net capital investment is expected to be £3.2m higher than budget.

- core investment programme is expected to be £6.5m higher than budget recognising an additional £6.0m of spend funded by Scottish Government Net Zero Heat Fund.
- the forecast also provides for in higher than budgeted adaptations, capitalised voids and capitalised repairs offset by programmed works deferred to 2022/23 across the RSLs.

4.8 The Group Q1 forecast presented to the Board reports a statutory surplus of £25.5m favourable to budget by £18.8m. It has been prepared on a prudent basis and is reported after including provision for additional support to customers facing financial hardship through the launch of the new Here for You Fund.

4.9 The forecast variations to budget on individual lines continue to be managed within the parameters of the overall budget for 2022/23. In the RSL borrower group, interest cover of 127% at 31 March 2023 is forecast which is in line with the approved 2022/23 financial projections and budget.

5. Customer Engagement

5.1 This report relates to our financial reporting and therefore there is no direct customer implications arising from this report.

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 As noted above.

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".

10.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

11. Equalities implications

11.1 There are no equalities implications arising from this report.

12. Key issues and conclusions

12.1 This paper presents the financial performance position for the period to 30 June 2022.

13. Recommendations

13.1 The Board is asked to:

1) note the Group management accounts for the period ended 30 June 2022 at Appendix 1; and
2) approve the RSL Borrower Group accounts at Appendix 2 for submission to the Group's lenders.

Appendices:
1: Wheatley Group Financial Report to 30 June 2022
2: RSL Borrower Group Financial Report to 30 June 2022

Appendix 1: Wheatley Group Financial Report To 30 June 2022 (Period 3)

•Classified as Internal

1a) Wheatley Group – Year to date

	Period to30 June 2022			Full Year Budget £'000
	Actual £'000	Budget £'000	Variance £'000	
INCOME				
Net Rental Income	78,277	77,754	523	312,909
New Build grant income	7,458	8,994	(1,536)	40,039
Other Income	10,049	10,470	(420)	42,770
Total Income	**95,784**	**97,218**	**(1,433)**	**395,718**
EXPENDITURE				
Employee Costs	22,562	22,740	179	90,055
ER/VR	37	37	-	5,150
Running Costs	11,121	11,368	247	46,239
Repairs & Maintenance	17,020	16,674	(346)	64,097
Bad debts	984	1,529	545	6,128
Depreciation	27,347	27,347	-	109,624
Demolition Programme	379	335	(44)	2,205
Total Expenditure	**79,450**	**80,031**	**581**	**323,497**
NET OPERATING SURPLUS	**16,335**	**17,187**	**(853)**	**72,221**
	17.1%	17.7%		18.3%
Net interest payable	(15,048)	(15,967)	919	(65,512)
STATUTORY SURPLUS/(DEFICIT)	**1,287**	**1,220**	**67**	**6,709**

INVESTMENT				
Total Capital Investment Income	2,820	8,393	(5,573)	53,453
Core Investment Programme	16,553	14,307	(2,246)	73,406
New Build Programme	13,396	18,188	4,792	96,789
Other fixed assets	2,775	3,861	1,086	17,146
Total Capital Investment Expenditure	**32,724**	**36,356**	**3,632**	**187,341**
NET CAPITAL INVESTMENT SPEND	**(29,904)**	**(27,963)**	**(1,941)**	**(133,888)**

Key highlights year to date:

The Group operating surplus for the period ended 30 June was £16,335k which is £853k unfavourable to budget. At the statutory surplus level, a surplus of £1,287k is reported showing a favourable variance of £67k to budget. The variance to budget is driven by lower grant income on delayed new build completions, higher repairs offset by favourable variances across a number of other expenditure lines primarily at this stage due to budget phasing.

Total income of £95,784k is £1,433k unfavourable to budget.

- Net rental income is £523k favourable to budget across the RSLs. Rent loss on voids is lower than budget across all RSLs and Lowther driving the favourable variance.
- New build grant income recognised to date relates to 83 units completed in the borrower group where completion had been delayed in 2021/22. Grant recognised relates to completions at Damshot and Hurlford Ave for WHGlasgow, Dargavel for Loretto and Almondvale for WLHP. Budgeted grant income for 2022/23 includes completions at Dargavel (15 units) and Hallrule (32 units) but these are delayed until Q2/Q3 2022/23.
- Other income is £420k lower than budget driven by lower service income in Care and lower levels of income from owners for factoring services, with lower costs of providing care and factoring services included in staff and repairs & maintenance costs below.

Total expenditure of £79,450k is £581k favourable to budget:

- Staff costs are £179k lower than budget mainly driven by a favourable variance in employee care contract costs from budget in Wheatley care. This relates to a number of services operating with staff vacancies against budget.
- Running costs (direct and group services) are £247k favourable to budget with the variance largely linked to the timing of expenditure against budget phasing and lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £394k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £754k higher than budget, with cyclical and compliance spend £360k lower than budget. There is a higher demand for reactive repairs across the RSLs and Lowther with increasing number of new jobs coming through the Customer First Centre.
- Bad debts are £545k favourable to budget across the Group with a prudent provision set aside for increases in arrears.

Net interest payable is £919k lower than budget linked to lower loan balances drawn and lower floating interest rates than assumed in the budget.

Net capital expenditure of £29,904k is £1,941k unfavourable to budget.

- Capital investment income relates to the cash receipt of new build grants and is £5,573k lower than budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Total Core investment spend is £2,246k higher than budget driven by higher spend in the RSLs driven by higher adaptations, capitalised voids and capitalised repairs.
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across sites at WH-Glasgow including Watson, Shawbridge Arcade and Calton and a number of sites for WLHP including Almondvale, Raw Holdings and Winchburgh BB. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin and Westcraigs.

Wheatley Group Financial Report
To 30 June 2022 (Period 3)

RSL Borrower Group

2a) RSL Borrower Group – Year to date

	Period to30 June 2022			Full Year Budget £'000
	ACT £'000	BUD £'000	VAR £'000	
INCOME				
Net Rental Income	73,953	73,444	509	295,180
New Build grant income	7,458	8,994	(1,536)	40,039
Other Income	3,498	3,562	(65)	15,374
Total Income	**84,909**	**86,000**	**(1,091)**	**350,593**
EXPENDITURE				
Employee Costs	16,872	16,813	(60)	66,212
ER/VR	37	37	-	5,150
Running Costs	8,479	8,728	249	34,955
Repairs & Maintenance	15,641	15,247	(394)	58,396
Bad debts	862	1,452	590	5,821
Depreciation	27,347	27,347	-	109,624
Demolition Programme	379	335	(44)	2,205
Total Expenditure	**69,618**	**69,959**	**341**	**282,363**
NET OPERATING SURPLUS	**15,291**	**16,041**	**(750)**	**68,230**
	18.0%	18.7%		19.5%
Net interest payable	(14,323)	(15,240)	917	(62,609)
STATUTORY SURPLUS/(DEFICIT)	**968**	**801**	**168**	**5,621**

INVESTMENT				
Total Capital Investment Income	2,820	7,761	(4,941)	49,260
Core Investment Programme	16,326	14,071	(2,255)	72,598
New Build Programme	13,366	17,556	4,190	90,929
Other fixed assets	2,716	3,821	1,105	16,986
Total Capital Investment Expenditure	32,408	35,448	3,040	180,513
NET CAPITAL INVESTMENT SPEND	**(29,588)**	**(27,687)**	**(1,901)**	**(131,253)**

Key highlights year to date:

The operating surplus to 30 June is £15,291, £750k unfavourable to budget. At the statutory surplus level, a surplus of £968k is reported showing a favourable variance of £168k compared to the budget. The variance to budget is driven by lower overall grant income on new build completions together with savings in interest payable.

Total income of £84,909k is £1,091k unfavourable to budget:

- Net rental income is £509k favourable to budget across the RSLs. Rent loss on voids is lower than budget across all RSLs driving the favourable variance.
- New build grant income recognised is £1,536k unfavourable to budget. Grants recognised to date relates to 83 units completed in the borrower group where completion had been delayed in 2021/22. Grant recognised relates to completions at Damshot and Hurlford Ave for WH Glasgow, Dargavel for Loretto and Almondvale for WLHP. Budgeted grant income for 2022/23 includes completions at Dargavel (15 units) and Hallrule (32 units) but these are delayed.
- Other income is £65k unfavourable to budget arising from the timing of grant claims for medical adaptation in DGHP offset by L&A damages for Sighthill and continuation of the furnished let service generating income in WH Glasgow favourable to budget. This furnished let income is offset by additional service costs included in direct running costs.

Total expenditure of £69,618k is £341k favourable to budget:

- Employee costs (direct and group services) are £60k unfavourable to budget arising from temporary staff costs in the W360 Money Advice Team.
- Running costs are £249k favourable to budget with the variance largely linked to lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £394k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £754k higher than budget, with cyclical and compliance spend £360k lower than budget. There is a higher demand for repairs with increasing number of new jobs coming through the Customer First Centre..
- Bad debts are £590k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears.

Interest payable represents the interest due on the loans to Wheatley Funding Ltd 1 and is £917k favourable to budget linked to lower balances drawn than assumed in the budget and a lower floating rate than assumed in the business plan at this point in the year.

Net capital expenditure of £29,588k is £1,901k higher than budget.

- Capital investment income relates to the cash receipt of new build grants and is £4,941k below budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Total core investment spend is £2,255k higher than budget driven by higher spend DC and DGHP in the core programme works with works running marginally ahead of profile and higher spend in adaptations, capitalised voids and capitalised repairs in WH Glasgow and DC.
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across sites at WH-Glasgow including Watson, Shawbridge Arcade and Calton and a number of sites for WLHP including Almondvale, Raw Holdings and Winchburgh BB. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin and Westcraigs.

2b) RSL Borrower Group underlying surplus – year to date

The Wheatley Group and RSL Borrower Group operating Statement (Income and Expenditure Account) on pages 2 and 4 are prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.

The chart below therefore shows a measure of underlying surplus in the RSL Borrower Group which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties.

In the period to 30 June 2022, an underlying surplus of £4,531k has been generated using this measure which is £552k unfavourable to budget. The variance is driven by the higher levels of core investment expenditure offset by interest payable being lower than budget.

Borrower Group Underlying Surplus - June 2022				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	15,291	16,041	(750)	68,230
add back:				
Depreciation	27,347	27,347	0	109,624
less:				
Grant income	(7,458)	(8,994)	1,536	(40,039)
Net interest payable	(14,323)	(15,240)	917	(62,609)
Total expenditure on Core Programme	(16,326)	(14,071)	(2,255)	(72,598)
Underlying surplus	**4,531**	**5,083**	**(552)**	**2,608**

2c) Wheatley Homes Glasgow – Year to date

Wheatley Homes Glasgow

	Period to30 June 2022			Full Year
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	Budget £ks
INCOME				
Rental Income	£50,822	£50,709	£114	£203,455
Void Losses	(£537)	(£772)	£235	(£3,097)
Net Rental Income	**£50,285**	**£49,937**	**£348**	£200,358
Grant Income	£5,276	£2,698	£2,578	£7,269
Other Income	£2,520	£2,488	£33	£10,653
Total Income	**£58,081**	**£55,123**	**£2,959**	**£218,280**
EXPENDITURE				
Employee Costs - Direct	£9,090	£9,018	(£72)	£35,196
Employee Costs - Group Services	£3,851	£3,865	£13	£15,397
ER / VR	£0	£0	£0	£4,408
Direct Running Costs	£3,264	£3,426	£162	£14,183
Running Costs - Group Services	£2,219	£2,435	£216	£9,745
Revenue Repairs and Maintenance	£10,517	£10,323	(£195)	£40,294
Bad debts	£659	£1,026	£367	£4,114
Depreciation	£18,834	£18,834	£0	£75,334
Demolition and Tenants Compensation	£293	£304	£11	£1,517
TOTAL EXPENDITURE	**£48,728**	**£49,231**	**£502**	**£200,188**
NET OPERATING SURPLUS / (DEFICIT)	**£9,353**	**£5,892**	**£3,461**	**£18,092**
Net operating margin	*16.1%*	*10.7%*	*5.4%*	*8.3%*
Net Interest payable & similar charges	(£10,203)	(£10,961)	£758	(£46,257)
STATUTORY SURPLUS / (DEFICIT)	**(£850)**	**(£5,069)**	**£4,219**	**(£28,165)**

INVESTMENT	Period to30 June 2022			Full Year
	Actual	Budget	Variance	Budget
Total Capital Investment Income	**£0**	**£960**	**(£960)**	**£10,711**
Total Expenditure on Core Programme	£11,133	£9,683	(£1,450)	£44,286
New Build & other investment expenditure	£4,662	£5,079	£417	£25,748
Other Capital Expenditure	£1,324	£2,443	£1,119	£10,093
TOTAL CAPITAL EXPENDITURE	**£17,119**	**£17,205**	**£86**	**£80,127**
NET CAPITAL EXPENDITURE	**£17,119**	**£16,245**	**(£874)**	**£69,416**

Key highlights year to date:

Net operating surplus £9,353k is £3,461k favourable to budget. Statutory deficit for the period to 30 June is £850k, which is £4,219k favourable to budget. The main driver of the variance is grant income recognised on new build completions and lower interest payable.

- Net rental income of £50,285k is £348k higher than budget at the end of P3. Higher rental income is reported; relating to the timing of the clearance of the 4 Wyndford blocks. Void losses are £235k lower than budget and represent a 1.06% void loss rate compared to the budgeted rate of 1.5%.
- Grant income recognised in the year relates to 53 units completed by June; 26 social rent units at Damshot and 27 MMR units at Hurlford, both delayed from 2021/22. The YTD budget relates to grant for completion of 2 MMR sites; 32 Sighthill units and 12 Watson units, with completion for both delayed until Q2.
- Total employee costs (direct and group services) are £59k unfavourable to budget, The overspend to budget in direct employee costs relates to temporary staff costs in the W360 Money Advice Team. The group services recharge is £13k favourable to budget at June 2022 and reflects WH-Glasgow's share of changes in Wheatley Solutions from the budgeted structure.
- Total running costs (direct and group services) are £378k favourable to budget. Group recharges are £216k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions and contributing to the underspend against budget.
- Revenue repairs and maintenance is £195k unfavourable to budget, which is linked to an increase in demand for reactive repairs post pandemic.
- Revenue demolition costs relate to Wyndford and are in line with budget.
- Gross interest payable of £10,203k represents interest due on the loans due to Wheatley Funding No.1 Ltd. Costs are £758k lower than budget linked to lower loan balances drawn than assumed in the budget and up to this point in the year a lower floating interest rate than was assumed in the business plan.

Net capital expenditure of £17,118k is £874k higher than budget. The variance is driven by the higher level of spend in the Investment programme and lower capital investment (grant) income received than budgeted linked to the timing of claims

- Investment programme spend is £1,450k unfavourable to budget, driven by higher spend in adaptations and capitalised voids and repairs.
- New build spend is £417k lower than budget following reduced spend across a number of projects including Watson, Shawbridge Arcade and Calton. Capital investment income relates to the cash receipt of new build grant and is linked to the delays in the timing of the new build programme.
- Other capital expenditure of £1,324k is £1,119k lower than budget. Other capital spend includes work on local touchdown hubs Net operating surplus £9,353k is £3,362k favourable to budget. Statutory deficit for the period to 30 June is £607k, which is £4,362k favourable to budget. The main driver of the variance is grant income recognised on new build completions and lower interest payable.

2d) Loretto Housing – Year to date

Loretto Housing

	Period To 30 June 2022			Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INCOME				
Rental Income	3,599	3,601	(2)	14,823
Void Losses	(55)	(119)	63	(478)
Net Rental Income	**3,543**	**3,483**	**61**	**14,345**
Other Income	**108**	**79**	**29**	**315**
Grant Income	**366**	**4,487**	**(4,121)**	**18,875**
Total Income	**4,018**	**8,048**	**(4,031)**	**33,535**
EXPENDITURE				
Employee Costs - Direct	348	346	(2)	1,384
Employee Costs - Group Services	149	149	(0)	596
ER / VR	0	0	0	185
Direct Running Costs	482	509	27	1,812
Running Costs - Group Services	88	96	9	385
Revenue Repairs and Maintenance	679	648	(31)	2,569
Bad debts	52	98	46	394
Depreciation	1,830	1,830	0	7,320
TOTAL EXPENDITURE	**3,628**	**3,677**	**50**	**14,645**
OPERATING SURPLUS / (DEFICIT)	**390**	**4,371**	**(3,981)**	**18,890**
Interest Payable	(796)	(846)	49	(3,320)
STATUTORY SURPLUS / (DEFICIT)	**(406)**	**3,526**	**(3,932)**	**15,571**

	Period To 30 June 2022			Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INVESTMENT				
Total Capital Investment Income	**44**	**599**	**(555)**	**8,088**
Investment Programme	390	386	(4)	5,339
New Build Programme	1,785	2,283	498	14,115
Other Capital Expenditure	53	83	30	434
TOTAL CAPITAL EXPENDITURE	**2,228**	**2,753**	**524**	**19,888**
NET CAPITAL EXPENDITURE	**2,184**	**2,153**	**(31)**	**11,800**

Key highlights year to date:

Net operating surplus of £390k is £3,981k unfavourable to budget. Statutory deficit for the year is £406k, £3,932k unfavourable to budget. The main driver of the unfavourable variance is the timing of grant income for new build completions.

- Gross rental income of £3,599k is £2k unfavourable to budget. Inchyra service charge income was reconfigured this year, with the actuals £14k higher than the prudent budget. This increase is offset by reduced rental income due to delays in new build completions for Dargavel and Queens Quay.
- Void losses in the year to date are 1.54% against a budget of 3.29%.
- Grant income relates to medical adaptations and the release of grant for New Build completions with completions at Dargavel (15 units) and Hallrule (32 units) delayed.
- Employee costs are £2k unfavourable to budget, this is mainly relating the timing of claims for Annual Homeworking Allowances. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Direct running costs are £27k favourable to budget, with most budget lines showing underspends. Group Services running costs are £88k YTD.
- Revenue repairs and maintenance expenditure is £31k unfavourable to budget due to an increase in customer demand and clearance of a backlog in programmed repairs.
- Bad debts are £46k favourable to budget. A prudent approach was taken when setting the budget.
- Gross interest payable of £796k represents interest due on the loans due to Wheatley Funding Ltd. Costs are £49k lower than budget.

The net capital position of £2,184k is £31k unfavourable to budget. This is due to the timing of new build spend and capital investment income (grant) received.

- Grants of £387k and £184k were budgeted for Main St Maddison and Forfar Avenue, respectively. The Main St Maddiston site start date is delayed until September and Forfar Avenue has been delayed as GCC planning required a design change. It is anticipated that the Maddiston grant will be claimed later in the year. Forfar is likely to move to 2023/24.
- Investment programme expenditure of £390k mainly relates to core programme works, capitalised repairs and voids.
- Expenditure on the new build programme of £1,785k, is £498k lower than budget and relates mainly to 3 ongoing sites – Hallrule, Dargavel, and Queens Quay.
- Other capital expenditure of £53k relates to the Loretto contribution to Wheatley Group IT and office refurbishments. The full year budget includes £100k for office refurb and conversion of housing properties previously used as offices by Wheatley Care. No spend is reported against the YTD budget of £25k.

2e) West Lothian Housing Partnership – Year to date

WEST LOTHIAN Housing Partnership

	Year to 30 June 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	1,047	1,148	(101)	4,651
Void Losses	(4)	(15)	11	(62)
Net Rental Income	**1,043**	**1,133**	**(90)**	**4,589**
Other Income	24	11	13	131
Grant Income Recognised in the Year	1,816	1,809	7	3,860
TOTAL INCOME	**2,883**	**2,953**	**(70)**	**8,580**
EXPENDITURE				
Employee Costs - Direct	127	125	(2)	501
Employee Costs - Group Services	22	22	(0)	87
ER/VR	0	0	0	93
Direct Running Costs	111	116	5	411
Running Costs - Group Services	12	14	2	56
Revenue Repairs and Maintenance	189	184	(5)	733
Bad Debts	0	17	17	68
Depreciation	573	573	0	2,354
TOTAL EXPENDITURE	**1,034**	**1,051**	**17**	**4,302**
NET OPERATING SURPLUS / (DEFICIT)	**1,849**	**1,902**	**(53)**	**4,278**
Net Operating Margin	*64%*	*64%*	*0%*	*50%*
Interest receivable	0	0	(0)	1
Interest payable	(285)	(327)	42	(1,362)
STATUTORY SURPLUS / (DEFICIT)	**1,564**	**1,575**	**(11)**	**2,916**

	Year to 30 June 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INVESTMENT				
Total Capital Investment Income	**23**	**1,605**	**(1,582)**	**8,578**
Total Expenditure on Core Programme	136	187	51	581
New Build & Other Investment	1,133	2,886	1,753	11,964
Other Capital Expenditure	19	20	1	79
TOTAL CAPITAL EXPENDITURE	**1,288**	**3,093**	**1,805**	**12,624**
NET CAPITAL EXPENDITURE	**1,265**	**1,488**	**223**	**4,046**

Key highlights year to date:

- Net operating surplus of £1,849k is £53k unfavourable to budget. Statutory surplus for the period to 30 June 2022 is £1,564k, is £11k unfavourable to budget. The main driver being lower rental income from delayed completions at Almondvale with the properties being completed in phases through 2022/23.
- Total income of £2,883k is £70k adverse to budget:
- Net rental income is £90k adverse to budget primarily due to 94 handovers at Almondvale which were delayed from 2021/22 completion into 2022/23.
- Other income of £24k relates to medical adaptation grant claimed in 22/23 which related to spend in 21/22. At June 2022, £11k has also been budgeted for lease income from Almondvale MMR properties from Lowther, these MMR properties are now delayed until November 2022.
- Grant income released in the year relates to 26 units already handed over at Almondvale.
- Total expenditure of £1,034k is £17k favourable to budget:
- Revenue repairs and maintenance are £5k unfavourable to budget with the variance relating to reactive repairs arising from increased customer demand in the period.
- Bad debts are £17k favourable with a prudent approach taken when setting the budget.
- Interest payable of £285k is £42k lower than budget linked to lower loan balances drawn than assumed in the budget.
- Net capital expenditure of £1,265k is £223k under budget. The variance is driven by the lower level of spend in the new build programme offset in part by lower grant claims in the year to date.
- Core investment expenditure of £136k is £51k lower than budget mainly due to the actual timing of the spend on bathrooms in the year to date against programmed spend.
- New Build expenditure of £1,133k is £1,753k lower than budget driven by lower spend at a number of sites including Almondvale, Blackness Rd, Raw Holdings and Winchburgh BB. Raw Holdings and Winchburgh BB are yet to start on site. This is anticipated to catch up as the year progresses, with spend at Raw Holdings anticipated in the next few months.

2f) Dunedin Canmore – Year to date

	Year to 30 June 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	7,920	7,893	27	31,882
Void Losses	(145)	(131)	(14)	(524)
Net Rental Income	**7,775**	**7,762**	**13**	**31,358**
Grant Income Recognised in the Year	0	0	0	6,411
Other Income	838	825	13	3,265
TOTAL INCOME	**8,613**	**8,587**	**26**	**41,034**
EXPENDITURE				
Employee Costs - Direct	1,063	1,072	9	4,244
Employee Costs - Group Services	516	516	(0)	2,065
ER/VR	0	0	0	464
Direct Running Costs	1,014	1,008	(6)	3,782
Running Costs - Group Services	304	333	29	1,334
Revenue Repairs and Maintenance	1,317	1,098	(219)	4,639
Bad Debts	61	75	14	302
Depreciation	2,698	2,698	0	10,967
TOTAL EXPENDITURE	**6,973**	**6,800**	**(173)**	**27,797**
NET OPERATING SURPLUS / (DEFICIT)	**1,640**	**1,787**	**(147)**	**13,237**
Net Operating Margin	*19%*	*21%*	*-2%*	*32%*
Interest receivable	1	2	(1)	6
Interest payable	(1,559)	(1,623)	64	(6,496)
STATUTORY SURPLUS / (DEFICIT)	**82**	**166**	**(84)**	**6,747**

	Year to 30 June 2022			
	Actual £ks	Budget £ks	Variance £ks	
INVESTMENT				
Total Capital Investment Income	**2,753**	**4,597**	**(1,844)**	**16,832**
Total Expenditure on Core Programme	1,866	1,470	(396)	5,617
New Build & Other Investment	4,163	5,707	1,544	29,711
Other Capital Expenditure	1,049	766	(283)	1,464
TOTAL CAPITAL EXPENDITURE	**7,078**	**7,943**	**865**	**36,792**
NET CAPITAL EXPENDITURE	**4,325**	**3,346**	**(979)**	**19,960**

Key highlights year to date:

Net operating surplus of £1,640k is £147k adverse to budget. Statutory surplus for the period to 30 June is £82k, £84k unfavourable to budget. The main driver of the variance is higher than budgeted repairs and maintenance costs.

Total income is £26k favourable to budget:

- Gross rent is £27k favourable to budget. Void losses are £14k higher than budget with the variance relating to higher voids in DC Harbour while fire mitigation works are completed.
- Other Income is £13k higher than budget, primarily due to the workshop reporting a surplus of £56k, which is £13k favourable to budget.

Total expenditure is £173k adverse to budget:

- Total running costs (direct and group services) are £23k favourable to budget with Group recharges £29k favourable to budget due to a number of departments currently reporting lower costs across Wheatley Solutions, contributing to the underspend against budget.
- Revenue repairs and maintenance is £219k unfavourable to budget due clearance of repairs backlog by c600 jobs, an increase in demand and inflationary pressures on the cost of materials.
- Interest payable of £1,559k is £64k lower than budget linked to lower floating interest rates in the first quarter and lower loan balances drawn than assumed in the budget.

Net capital expenditure of £4,325k is £979k higher than budget. The variance is driven by lower than expected grant claims offset in part by lower capital expenditure.

- Capital investment income relates to the cash receipt of new build and medical adaptation grants and is £1,844k lower than budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Investment programme spend is £396k higher than budget due to core programme spend being ahead of budget profile for the majority of spend lines, as well as higher capitalised voids and repairs. The programme will be managed within the full year budget envelope.
- New build spend of £4,163k is £1,544k lower than budget due to an underspend at Penicuik (£1.2m, partially due to accelerated spend in Q4 21/22, which was originally budgeted for 22/23), Roslin (£0.4m) and Westcraigs (£0.9m). This is partially offset by accelerated spend at Roslin Ph2 (£0.6m) and Wallyford (£0.9m).
- Other Capital Expenditure of £1,049k is £283k higher than budget, primarily due to the works at the New Mart Road office refurb being greater than assumed in the budget.

2g) Dumfries and Galloway Housing Partnership – Year to date

OPERATING STATEMENT	Year to June 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	11,362	11,293	68	45,184
Void Losses	(56)	(163)	107	(654)
Net Rental Income	**11,305**	**11,130**	**175**	**44,529**
Grant Income	-	-	-	3,624
Other Income	457	613	(156)	2,740
TOTAL INCOME	**11,762**	**11,743**	**19**	**50,893**
EXPENDITURE				
Employee Costs - Direct	1,254	1,246	(8)	4,933
Employee Costs - Group Services	702	704	2	2,807
ER/VR	37	-	(37)	-
Direct Running Costs	663	612	(50)	2,528
Running Costs - Group Services	413	453	40	1,813
Revenue Repairs and Maintenance	2,995	3,037	41	10,248
Bad debts	90	236	145	943
Depreciation	3,412	3,412	0	13,649
Demolition	86	31	(55)	688
TOTAL EXPENDITURE	**9,652**	**9,730**	**79**	**37,608**
NET OPERATING SURPLUS	**2,111**	**2,013**	**98**	**13,285**
Net operating margin	*18%*	*17%*	*1%*	*26%*
Interest Receivable and similar income	12	8	4	33
Net Interest payable & similar charges	(1,493)	(1,493)	(0)	(5,213)
STATUTORY SURPLUS	**629**	**528**	**102**	**8,105**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	-	-	-	**5,063**
Core Programme	2,801	2,345	(456)	16,775
New Build Programme	1,623	1,601	(22)	9,391
Other Fixed Assets	271	909	638	4,916
TOTAL CAPITAL INVESTMENT EXPENDITURE	**4,695**	**4,855**	**160**	**31,082**
NET CAPITAL EXPENDITURE	**4,695**	**4,855**	**160**	**26,019**

Key highlights year to date :

Net operating surplus of £2,110k is £97k favourable to budget. Statutory surplus for the period to 30 June is £629k, which is £102k favourable to budget. The key drivers of the variance are higher net rental income driven by lower than budgeted voids coupled with timing of various expense lines.

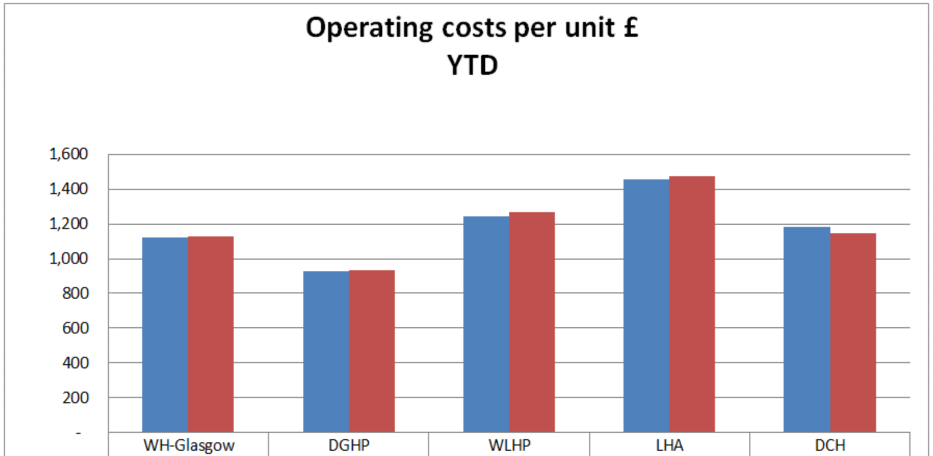
- Net Rental income is £175k favourable to budget. Rental income is £68k favourable to budget driven by the timing of the clearance of the demolition units at Summerhill and Newington. YTD Void losses are £107k lower than budget and represent a 0.50% void loss rate compared to the budgeted rate of 1.44%.
- Other income is £156k lower than budget driven by aids & adaptations grant claimed which is accounted for when the cash is received, £125k.
- Employee costs are £6k adverse to budget between direct and group services due to the timing of claims for Homeworking Allowances. Employees recharged from Group Services are for DGHP's share of Wheatley Solutions staff.
- ER/VR costs are £37k adverse to budget following the commitment of one member of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
- Direct running costs are £50k adverse to budget driven by higher consultancy fees, costs associated with the DGHP conference and timing of spend on equipment and fixtures. Group running costs are favourable to budget driven by savings across various departments within Solutions.
- Repair costs of £41k are favourable to budget due to savings on gas servicing as a result of prior year capital investment partly offset by variances from the timing of spend against budget.
- Demolition costs are £55k higher than budget and relates to earlier than anticipated timing of spend at Lochside (owner buyback).

Gross interest payable of £1,493k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

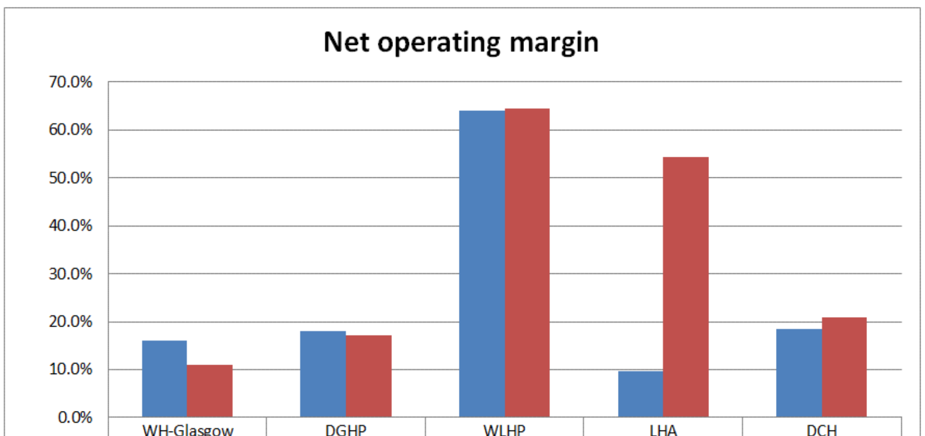
Net capital expenditure of £4,695k is £160k lower than budget. The variance is driven by the lower level of spend in office premises.

- Total core investment spend of £2,801k is £456k higher than budget due to the acceleration and timing of the bathroom programme and higher than budgeted spend on adaptations which will be funded by grant claims.
- New Build expenditure is £22k higher than budget driven primarily by demolition works completed at Glenluce.
- Other capital expenditure of £271k is £638k lower than budget. Other capital spend includes DGHP share of IT costs and office premises. The variance against budget is driven by a delay in planning for the new Dumfries office.

3) Summary of RSL operating costs and margin v budget



	WH-Glasgow	DGHP	WLHP	LHA	DCH
Actual	1,120	929	1,246	1,454	1,184
Budget	1,130	936	1,266	1,473	1,146



	WH-Glasgow	DGHP	WLHP	LHA	DCH
Actual	16.1%	17.9%	64.1%	9.7%	18.4%
Budget	10.9%	17.1%	64.4%	54.3%	20.8%

Operating costs per unit:

- At June 2022 all RSL operating costs per unit are broadly in line with or favourable to budget with the exception of DC where operating costs are higher driven by higher repairs costs.
- Operating costs per unit vary across the RSLs depending on the stock profiles and types of accommodation offered.

Net operating margin:

- Net operating margin is favourable to budget in WH Glasgow and DGHP at June 2022. In Loretto, the unfavourable variance is driven by budgeted grant income not recognised due to the units being delayed until later in 2022/23.
- In addition similar to operating costs, favourable variances across expenditure lines is contributing to the higher margins in the RSLs.

Wheatley Group Financial Report
To 30 June 2022 (Period 3)

Care and Commercial

4a) Wheatley Care – Year to date

WHEATLEY CARE - COMPANY	Year to 30 June 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Care Projects	5,215	5,301	(86)	21,113
COVID 19 PPE Reclaim Income	-	-	-	-
Head Office	30	30	-	119
TOTAL INCOME	**5,245**	**5,331**	**(86)**	**21,232**
CARE CONTRACT COSTS				
Employee Costs - Care Contracts	3,929	4,184	255	16,634
Running Costs - Care Contracts	648	601	(47)	2,396
TOTAL CARE CONTRACT COSTS	**4,577**	**4,785**	**208**	**19,030**
EXPENDITURE				
Employee Costs - Head Office	321	322	1	1,288
Employee Costs - Group Services	47	47	-	186
ER/VR	-	-	-	-
Head Office Running Costs	58	51	(7)	206
Running Costs - Group Services	27	30	3	120
Group recharges - PPE	34	-	(34)	-
Group recharges - IT	15	15		63
Management fee payable to LHA	52	52	-	207
TOTAL EXPENDITURE	**554**	**517**	**(37)**	**2,070**
SURPLUS/(DEFICIT)	**114**	**29**	**85**	**132**

Key highlights to date:

- Net operating surplus of £114k is £85k favourable to budget for the period to June 2022. Total income is £86k adverse to budget but offset by lower employee costs. Unbudgeted PPE costs of £34k are reported, incurred as a response to Covid-19.

- Total **Care Project income** of £5,215k is £86k adverse to budget. In total, external services are £79k adverse to budget but there are notable variances for specific services within this:
  - Glasgow Mental Health, Glasgow SDS, Falkirk & Grangemouth SDS and Edinburgh SDS services are reporting adverse income to budget of £43k, £11k, £10k and £38k respectively. This is due to the nature of these SDS services with fewer hours being delivered against budget. In addition, Falkirk & Grangemouth Homelessness Tenancy Support Service is reporting income £23k adverse to budget. This service is based on client outcomes and therefore income can vary month on month.
  - Uplifts were announced to cover the payment of £10.50/hr to living wage staff from 1 April, and the budget reflects this income uplift for all applicable services. Confirmation of uplift has been received from local authorities and applied to income, with the exception of: Falkirk Homelessness services and Carlisle Road Accommodation service. We are awaiting confirmation that these services will receive an uplift from local authorities and have not accrued the uplift in order to be prudent.

- **Employee Costs – Care Contracts** expenditure of £3,929k is £255k favourable to budget. The staff cost saving relates to a number of services operating with staff vacancies against budget, inclusive of TSS. Staff savings are largely linked to fewer hours being delivered at services, with staffing levels being monitored monthly and adjusted to meet individual service needs**.** The Glasgow, West Lothian & TSS services are the main contributors to the year to date underspend with favourable variances against budget of £57k, £33k & £88k respectively.

- Employee costs for the year to date reflect the higher than budgeted wage uplifts that have now been agreed with the unions.

- **Running Costs – Care Contract** costs of £648k are £47k adverse to budget. Included within this are higher than budgeted costs for utilities, cleaning and telephone costs.

- **Employee Costs – Head Office** expenditure of £321k is broadly in line with budget.

- **Head Office Running Costs** of £58k are £7k adverse to budget and include £11k of unbudgeted consultancy costs for a review of the Alertacall system in the period.

- **Group recharges – PPE** unbudgeted costs total £34k. Claims have been submitted to local authorities and the position will remain under review.

4b) Lowther – Year to date

[redacted].

5) Wheatley Solutions – Year to date

	June 2022 Actual £ks	June 2022 Budget £ks	June 2022 Variance £ks	Full Year Budget £ks
EXPENDITURE				
Employee costs				
Executive Team	408	358	(49)	1,438
Employee Relations and WFP	524	527	3	2,114
Marketing and Communications	179	186	7	747
Assurance	176	172	(4)	688
Academy	145	150	5	601
Finance	874	870	(3)	3,490
Company Secretary	234	244	10	978
Information Technology	359	378	19	1,517
Litigation	197	204	7	818
Customer First Centre	2,071	2,091	19	8,251
Property	216	216	1	868
Wheatley 360	90	96	6	386
Total employee costs	5,442	5,462	20	21,772
Running costs				
Executive Team	58	66	8	265
Employee Relations and WFP	175	255	80	1,019
Marketing and Communications	60	103	43	412
Assurance	4	21	18	86
Academy	86	143	57	573
Finance	212	216	4	864
Company Secretary	128	208	80	833
Information Technology	1,706	1,575	(130)	6,337
Litigation	47	83	36	334
Customer First Centre	35	86	50	343
Property	343	417	74	1,670
Wheatley 360	0	2	2	10
Total running costs	3,144	3,467	323	13,862
Regulated insurance activities	861	902	41	3,609
Head office costs	447	447	0	1,789
TOTAL EXPENDITURE	**9,894**	**10,278**	**384**	**41,032**
Total income from recharges	**8,896**	**9,259**	**(362)**	**36,952**
Regulated insurance activities	**999**	**1,021**	**(22)**	**4,083**
Total income	**9,895**	**10,279**	**(384)**	**41,035**
Profit before tax	**1**	**1**	**0**	**3**

Key highlights year to date:

The table presents the financial performance of Wheatley Solutions for the first quarter of 2022/23 financial year. Both employee costs and running costs are recovered in full by way of a recharge to each of the Group subsidiaries. This recharge is reflected in the bottom half of the table.

Overall, Wheatley Solutions reports total expenditure of £9,894k. This is £384k lower than budget for the period with lower running costs being the key reason for this variance.

- Employee costs of £5,442k are £20k favourable to budget for the year to date.
  - The small variances to budget relate to timing of staff claiming annual working from home allowance. Assurance is higher than budget as a result of change to their budgeted structure and the Finance variance a result of short-term resource for the DGHP integration. Executive Team cost are higher during the current transition period.
- Running costs of £3,144k are favourable to budget by £323k for the period. The key variances within this are:
  - A number of the departments report lower costs across Wheatley Solutions. Reduced activity in Academy, Company Secretary (customer consultation) and Employee Relations (lower health and wellbeing claims) are the areas contributing most to the favourable variance against budget.
  - Savings are also reported against Property and these relate to running cost savings as a result of the new operating model. As a result of Wheatley House being upgraded, there has been reduced planned maintenance costs for the first 3 months as well as a new office cleaning contract being awarded which is delivering efficiencies.
  - IT reports spend that is £130k higher than budget. This is expected to be a timing variance only.

•Regulated insurance activities, both income and expenditure, are slightly below budget for the year to date.

•Due to lower than budgeted expenditure, the income received from subsidiaries is less than budgeted for the year to date.

6) Wheatley Foundation – Year to date

Wheatley Foundation

	June 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Donations from Wheatley subsidiaries	1,096	1,096	0	4,118
External income	197	259	(62)	1,558
TOTAL INCOME	**1,293**	**1,355**	**(62)**	**5,676**
EXPENDITURE				
Overheads	291	295	5	1,220
Tackling Poverty & Social Inclusion	392	409	17	1,548
Education	0	0	0	210
Digital Inclusion	0	0	0	66
Employability	106	154	48	883
Sports / Arts	0	0	0	21
Money/Welfare Benefits advice	479	479	0	1,818
TOTAL EXPENDITURE	**1,268**	**1,338**	**70**	**5,766**
NET OPERATING SURPLUS / (DEFICIT)	**25**	**17**	**8**	**(89)**

Key highlights to date:

The table presents the financial performance of Wheatley Foundation for the first quarter of the 2022/23 financial year. The Wheatley Foundation reports a surplus of £25k for the period. This is better than budget by £8k.

Income of £1,293k is reported which is £62k lower than budget.

- Donations from Wheatley Group subsidiaries total £1,096k, in line with budget.
- External income of £197k is £62k lower than budget. The main reason for this variance is due to meeting outcomes for the ESF Way Ahead project earlier than anticipated, resulting in the Foundation claiming £84k of income last financial year. This was earlier than assumed in the budget. Additional employability grants of £27k have been claimed through Glasgow Guarantee contract for environmental apprentices.

Expenditure of £1,268k is £70k lower than budgeted.

- Overhead costs of £291k are £5k lower than budget due to lower than budgeted Wheatley Solutions recharges.
- Tackling Poverty & Social Inclusion spend of £392k is reported against a budget of £409k, which is £17k lower than budget. The main reason for this is the Better Lives project reporting lower costs than budget for the period. The main project spend for the period relates to:
    - Helping Hand Fund spend of £119k.
    - Home Comforts spend of £36k.
    - Eat Well spend of £92k which is £41k higher than budget. This covers the costs of providing supermarket vouchers to those referred by Wheatley Group subsidiaries. This spend to date does include some advance purchases of vouchers as the team holds around £20k in stock.
    - Emergency fuel top ups to the value of £58k, funded by GCC grant.
- Employability expenditure of £106k is £48k lower than budget, with lower Wheatley Works costs being the driver for this being lower than budget. The key items of expenditure for the period relate to £69k for the ESF Way Ahead programme and Wheatley Works costs of £30k.
- Money advice team costs of £479k represent a fixed donation to Wheatley RSLs towards the costs of providing this service across the Group and are in line with budget.
- Sports and Arts, Education and Digital Inclusion themes report no spend for Q1 in line with budget phasing.

7) City Building (Glasgow) LLP – Period to 17 June 2022

[redacted].

8) Wheatley Group – Consolidated Balance Sheet

	As at 30 June 2022 £ks	As at 31 March 2022 £ks
Fixed Assets		
Social Housing Properties	2,498,213	2,496,586
Investment properties	262,901	262,635
Other tangible fixed assets	65,577	63,053
Investments -other	116	116
Fixed Assets	**2,826,807**	**2,822,390**
Debtors Due More Than One Year		
Inter Company Loan	0	0
Pension Asset	58,166	58,166
Current Assets		
Stock	2,238	1,412
Trade debtors	951	234
Rent & Service charge arrears	16,778	28,883
less: Provision for rent arrears	(13,071)	(12,517)
Prepayments and accrued income	7,488	5,176
Intercompany debtors	0	0
Other debtors	27,388	32,200
	41,772	**55,388**
Bank & Cash	49,590	64,391
Current Assets	**91,362**	**119,779**
Current Liabilities		
Trade Liabilities	(4,437)	(15,056)
Accruals	(48,400)	(58,136)
Deferred income	(55,462)	(59,846)
Rents & service charges in advance	(14,957)	(14,785)
Intercompany creditors	(0)	(0)
Other creditors	(20,004)	(20,724)
	(143,260)	**(168,547)**
Net Current Assets	**(51,898)**	**(48,768)**
Long Term Liabilities		
Contingent efficiencies grant	(46,764)	(46,764)
Bank finance	(1,210,196)	(1,210,196)
Bond finance	(300,000)	(300,000)
Provisions	(9,070)	(9,070)
Deferred income	(32,277)	(32,277)
Intercompany creditors	0	0
Pension liability	(388)	(388)
Long Term Liabilities	**(1,598,695)**	**(1,598,695)**
Net Assets	**1,234,380**	**1,233,093**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	755,595	670,828
Income & Expenditure	1,287	84,767
Revaluation Reserves	477,498	477,498
Funding Employed	**1,234,380**	**1,233,093**

Key highlights:

- Group net assets are £1,234.4m at 30 June 2022.
- The Balance Sheet as at 31 March 2022 is in line with the audited 2021/22 financial statements, and includes the year end statutory adjustments for property and pension valuations as well as the fair value calculation on the Scottish Government loan.
- The fixed asset movements from the year end reflects investment in the core programme, the new build programme, and any other fixed asset additions, less depreciation to date.
- Current assets (excluding cash) are £13.6m lower than the year end position mainly driven by the reduction in rent and service charge arrears from the 2021/22 year end. The March 2022 housing benefit payment from GCC was not received until 1 April 2022.
- Current liabilities are £25.3m lower than the year end position, with a reduction in trade creditors in DGHP and a reduction in accruals driving the overall reduction in current liabilities.
- Income and expenditure of £1.3m relates to the group surplus for the year to date.

10) Wheatley Group – Q1 Forecast

	FULL YEAR		
	Budget £000	Forecast £000	Variance £000
INCOME			
Net Rental Income	312,909	314,222	1,313
New Build Grant Income	40,039	53,675	13,636
Other Income	42,770	47,408	4,638
Total Group Income	**395,718**	**415,305**	**19,587**
EXPENDITURE			
Employee Costs	90,055	89,855	200
ER/VR	5,150	5,150	-
Running Costs	46,239	49,009	(2,770)
Repairs & Maintenance	64,097	65,182	(1,085)
Bad debts	6,128	4,048	2,080
Depreciation	109,624	109,624	-
Demolition	2,205	2,205	-
Total Group Expenditure	**323,497**	**325,072**	**(1,575)**
NET OPERATING SURPLUS	**72,221**	**90,233**	**18,012**
Net operating margin	18.3%	21.7%	3.5%
Gain/(loss) on sale of fixed assets	-	-	-
Net Interest Payable	(65,512)	(64,762)	750
STATUTORY SURPLUS	**6,709**	**25,471**	**18,762**

INVESTMENT	FULL YEAR		
	Budget £000	Forecast £000	Variance £000
Total Capital Investment Income	(53,453)	(42,935)	(10,518)
Core Investment Programme	73,406	79,939	(6,533)
New Build Programme	96,789	82,924	13,865
Other fixed assets	17,146	17,146	-
NET CAPITAL INVESTMENT SPEND	**133,888**	**137,074**	**(3,186)**

Key highlights:

The Group forecast full year out-turn at the end of Quarter 1 shows a net operating surplus of £90.3m, which is £18.0m favourable to budget and a statutory surplus of £25.5m, which is £18.8m favourable to budget.

Adjusted EBITDA after excluding grant income on new build completions of £148.2m is forecast £6.4m favourable to budget and an underlying surplus of £1.5m is forecast. The forecast includes provision for the new £6m Here for You Fund and makes a higher provision for reactive repairs, void works to our homes, adaptations and capitalised repairs. Following the successful claim under the SG net zero heat fund £6m of funding is recognised in other income and matched with higher core investment spend.

Total income is forecast to be £19,587k higher than budget:

- Net rental income is expected to be £1,313k favourable to budget and includes the reprofiled new build completions and lower rent loss on voids with the forecast reflecting a continuation of the favourable performance at June with an average rate of 1.15% forecast for the year.
- Grant income is expected to be £13,636k favourable to budget. The forecast is based on the updated profile for delayed 2021/22 completions now competing in 2022/23 and for 2022/23 completions.
- Other income is forecast to be £4,638k favourable to budget. Net zero matched grant funding of £6m has been recognised offset by lower levels of factoring income in Lowther (also lower factoring costs included in repairs and maintenance), lower district heating income in WH Glasgow and lower levels of income forecast in Wheatley Care based on service hours delivered.

Total expenditure is expected to be £1,575k higher than budget.

- Employee costs are £200k lower reflecting savings reported in the year to date primarily in Wheatley Care.
- Running costs are expected to be £2,770k unfavourable to budget after making and addition £3.5m provision for the on top of the budgeted £2.5m to support customers through the new Here for You Fund. Also forecast in this line are running cost savings in group recharges where a number of departments are forecast to have lower costs across Wheatley Solutions.
- Repairs and maintenance costs are forecast to be £1,085k higher than budget, and includes an additional provision of £1.6m across the RSLs to help meet expected higher levels of demand.. The additional provision has been offset in part by lower factoring costs in Lowther as noted in other Income above.
- Bad debts are forecast to be £2,080k lower than budget with the forecast reflecting a continuation of the favourable performance at June. The forecast retains provision for bad debt cost of £4.0m compared to actual bad debt costs for 2021/22 of £2.9m
- Interest payments are forecast to be £750k lower than budget linked to lower loan balances drawn than assumed in the budget and lower floating rates.

Net capital expenditure is forecast to be £3,186k lower than budget.

- The level of claims of new build grant projected for the year has been reprofiled to match with the most recent new build forecast and has reduced by £10.5m.
- The core investment programme is £6,533k higher than budget and includes an additional £6.0m Net zero investment projects fully funded by Scottish Government. Additional provision has also been made in the RSLs for higher than budgeted adaptations, capitalised voids and capitalised repairs. With the increase in fully funded net zero works in the programme this year an element of programmed investment works have been deferred to 2022/23.
- The new build development spend is expected to be £13,865k lower than budget. Spend levels are forecast to be lower across a number of sites with later approvals at Calton Village (WHGlasgow), Shawbridge Arcade (WHGlasgow), Maddiston (LHA), Penicuik (DC), Rowanbank (DC) and Ashgill Road (Lowther).

Wheatley Group Financial Report
RSL Borrower Group & Quarterly Covenants
To 30 June 2022 (Period 3)

2a) RSL Borrower Group – Year to date

	Period to30 June 2022			Full Year Budget £'000
	ACT £'000	BUD £'000	VAR £'000	
INCOME				
Net Rental Income	73,953	73,444	509	295,180
New Build grant income	7,458	8,994	(1,536)	40,039
Other Income	3,498	3,562	(65)	15,374
Total Income	**84,909**	**86,000**	**(1,091)**	**350,593**
EXPENDITURE				
Employee Costs	16,872	16,813	(60)	66,212
ER/VR	37	37	-	5,150
Running Costs	8,479	8,728	249	34,955
Repairs & Maintenance	15,641	15,247	(394)	58,396
Bad debts	862	1,452	590	5,821
Depreciation	27,347	27,347	-	109,624
Demolition Programme	379	335	(44)	2,205
Total Expenditure	**69,618**	**69,959**	**341**	**282,363**
NET OPERATING SURPLUS	**15,291**	**16,041**	**(750)**	**68,230**
	18.0%	18.7%		19.5%
Net interest payable	(14,323)	(15,240)	917	(62,609)
STATUTORY SURPLUS/(DEFICIT)	**968**	**801**	**168**	**5,621**

INVESTMENT				
Total Capital Investment Income	2,820	7,761	(4,941)	49,260
Core Investment Programme	16,326	14,071	(2,255)	72,598
New Build Programme	13,366	17,556	4,190	90,929
Other fixed assets	2,716	3,821	1,105	16,986
Total Capital Investment Expenditure	32,408	35,448	3,040	180,513
NET CAPITAL INVESTMENT SPEND	**(29,588)**	**(27,687)**	**(1,901)**	**(131,253)**

Key highlights year to date:

The operating surplus to 30 June is £15,291, £750k unfavourable to budget. At the statutory surplus level, a surplus of £968k is reported showing a favourable variance of £168k compared to the budget. The variance to budget is driven by lower overall grant income on new build completions together with savings in interest payable.

Total income of £84,909k is £1,091k unfavourable to budget:

- Net rental income is £509k favourable to budget across the RSLs. Rent loss on voids is lower than budget across all RSLs driving the favourable variance.
- New build grant income recognised is £1,536k unfavourable to budget. Grants recognised to date relates to 83 units completed in the borrower group where completion had been delayed in 2021/22. Grant recognised relates to completions at Damshot and Hurlford Ave for WH Glasgow, Dargavel for Loretto and Almondvale for WLHP. Budgeted grant income for 2022/23 includes completions at Dargavel (15 units) and Hallrule (32 units) but these are delayed.
- Other income is £65k unfavourable to budget arising from the timing of grant claims for medical adaptation in DGHP offset by L&A damages for Sighthill and continuation of the furnished let service generating income in WH Glasgow favourable to budget. This furnished let income is offset by additional service costs included in direct running costs.

Total expenditure of £69,618k is £341k favourable to budget:

- Employee costs (direct and group services) are £60k unfavourable to budget arising from temporary staff costs in the W360 Money Advice Team.
- Running costs are £249k favourable to budget with the variance largely linked to lower than budgeted group recharges where a number of departments are currently reporting lower costs across Wheatley Solutions contributing to the underspend against budget.
- Revenue repairs and maintenance spend is £394k unfavourable to budget. The variance primarily relates to a higher than budgeted spend across responsive repairs which is £754k higher than budget, with cyclical and compliance spend £360k lower than budget. There is a higher demand for repairs with increasing number of new jobs coming through the Customer First Centre..
- Bad debts are £590k favourable to budget across the Borrower Group with a prudent provision set aside for increases in arrears.

Interest payable represents the interest due on the loans to Wheatley Funding Ltd 1 and is £917k favourable to budget linked to lower balances drawn than assumed in the budget and a lower floating rate than assumed in the business plan at this point in the year.

Net capital expenditure of £29,588k is £1,901k higher than budget.

- Capital investment income relates to the cash receipt of new build grants and is £4,941k below budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Total core investment spend is £2,255k higher than budget driven by higher spend DC and DGHP in the core programme works with works running marginally ahead of profile and higher spend in adaptations, capitalised voids and capitalised repairs in WH Glasgow and DC.
- New build spend reflects delays in planning approvals and slow progress on sites due to supply issues. Greater spend had been anticipated across sites at WH-Glasgow including Watson, Shawbridge Arcade and Calton and a number of sites for WLHP including Almondvale, Raw Holdings and Winchburgh BB. There is also lower levels of spend at DC sites including underspend at Penicuik, Roslin and Westcraigs.

1b) RSL Borrower Group underlying surplus – year to date

The RSL Borrower Group operating Statement (Income and Expenditure Account) on page 2 is prepared in accordance with the requirements of accounting standards (Financial Reporting Standard 102 and the social housing Statement of Recommended Practice 2014).

However, the inclusion of grant income on new build developments creates volatility in the results and does not reflect the underlying cash surplus/deficit on our letting activity.

The chart below therefore shows a measure of underlying surplus in the RSL Borrower Group which adjusts our net operating surplus by excluding the accounting adjustments for the recognition of grant income and depreciation, but including capital expenditure on our existing properties.

In the period to 30 June 2022, an underlying surplus of £4,531k has been generated using this measure which is £552k unfavourable to budget. The variance is driven by the higher levels of core investment expenditure and revenue repairs and maintenance offset by interest payable and bad debts being lower than budget.

Borrower Group Underlying Surplus - June 2022				
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	FY Budget £ks
Net operating surplus	15,291	16,041	(750)	68,230
add back:				
Depreciation	27,347	27,347	0	109,624
less:				
Grant income	(7,458)	(8,994)	1,536	(40,039)
Net interest payable	(14,323)	(15,240)	917	(62,609)
Total expenditure on Core Programme	(16,326)	(14,071)	(2,255)	(72,598)
Underlying surplus	**4,531**	**5,083**	**(552)**	**2,608**

1c) Wheatley Homes Glasgow – Year to date

	Period to30 June 2022			Full Year
	YTD Actual £ks	YTD Budget £ks	YTD Variance £ks	Budget £ks
INCOME				
Rental Income	£50,822	£50,709	£114	£203,455
Void Losses	(£537)	(£772)	£235	(£3,097)
Net Rental Income	**£50,285**	**£49,937**	**£348**	£200,358
Grant Income	£5,276	£2,698	£2,578	£7,269
Other Income	£2,520	£2,488	£33	£10,653
Total Income	**£58,081**	**£55,123**	**£2,959**	**£218,280**
EXPENDITURE				
Employee Costs - Direct	£9,090	£9,018	(£72)	£35,196
Employee Costs - Group Services	£3,851	£3,865	£13	£15,397
ER / VR	£0	£0	£0	£4,408
Direct Running Costs	£3,264	£3,426	£162	£14,183
Running Costs - Group Services	£2,219	£2,435	£216	£9,745
Revenue Repairs and Maintenance	£10,517	£10,323	(£195)	£40,294
Bad debts	£659	£1,026	£367	£4,114
Depreciation	£18,834	£18,834	£0	£75,334
Demolition and Tenants Compensation	£293	£304	£11	£1,517
TOTAL EXPENDITURE	**£48,728**	**£49,231**	**£502**	**£200,188**
NET OPERATING SURPLUS / (DEFICIT)	**£9,353**	**£5,892**	**£3,461**	**£18,092**
Net operating margin	*16.1%*	*10.7%*	*5.4%*	*8.3%*
Net Interest payable & similar charges	(£10,203)	(£10,961)	£758	(£46,257)
STATUTORY SURPLUS / (DEFICIT)	**(£850)**	**(£5,069)**	**£4,219**	**(£28,165)**

INVESTMENT	Period to30 June 2022			Full Year
	Actual	Budget	Variance	Budget
Total Capital Investment Income	**£0**	**£960**	**(£960)**	**£10,711**
Total Expenditure on Core Programme	£11,133	£9,683	(£1,450)	£44,286
New Build & other investment expenditure	£4,662	£5,079	£417	£25,748
Other Capital Expenditure	£1,324	£2,443	£1,119	£10,093
TOTAL CAPITAL EXPENDITURE	**£17,119**	**£17,205**	**£86**	**£80,127**
NET CAPITAL EXPENDITURE	**£17,119**	**£16,245**	**(£874)**	**£69,416**

Key highlights year to date:

Net operating surplus £9,353k is £3,461k favourable to budget. Statutory deficit for the period to 30 June is £850k, which is £4,219k favourable to budget. The main driver of the variance is grant income recognised on new build completions and lower interest payable.

- Net rental income of £50,285k is £348k higher than budget at the end of P3. Higher rental income is reported; relating to the timing of the clearance of the 4 Wyndford blocks. Void losses are £235k lower than budget and represent a 1.06% void loss rate compared to the budgeted rate of 1.5%.
- Grant income recognised in the year relates to 53 units completed by June; 26 social rent units at Damshot and 27 MMR units at Hurlford, both delayed from 2021/22. The YTD budget relates to grant for completion of 2 MMR sites; 32 Sighthill units and 12 Watson units, with completion for both delayed until Q2.
- Total employee costs (direct and group services) are £59k unfavourable to budget, The overspend to budget in direct employee costs relates to temporary staff costs in the W360 Money Advice Team. The group services recharge is £13k favourable to budget at June 2022 and reflects WH-Glasgow's share of changes in Wheatley Solutions from the budgeted structure.
- Total running costs (direct and group services) are £378k favourable to budget. Group recharges are £216k favourable to budget due to several departments currently reporting lower costs across Wheatley Solutions and contributing to the underspend against budget.
- Revenue repairs and maintenance is £195k unfavourable to budget, which is linked to an increase in demand for reactive repairs post pandemic.
- Revenue demolition costs relate to Wyndford and are in line with budget.
- Gross interest payable of £10,203k represents interest due on the loans due to Wheatley Funding No.1 Ltd. Costs are £758k lower than budget linked to lower loan balances drawn than assumed in the budget and up to this point in the year a lower floating interest rate than was assumed in the business plan.

Net capital expenditure of £17,118k is £874k higher than budget. The variance is driven by the higher level of spend in the Investment programme and lower capital investment (grant) income received than budgeted linked to the timing of claims

- Investment programme spend is £1,450k unfavourable to budget, driven by higher spend in adaptations and capitalised voids and repairs.
- New build spend is £417k lower than budget following reduced spend across a number of projects including Watson, Shawbridge Arcade and Calton. Capital investment income relates to the cash receipt of new build grant and is linked to the delays in the timing of the new build programme.
- Other capital expenditure of £1,324k is £1,119k lower than budget. Other capital spend includes work on local touchdown hubs Net operating surplus £9,353k is £3,362k favourable to budget. Statutory deficit for the period to 30 June is £607k, which is £4,362k favourable to budget. The main driver of the variance is grant income recognised on new build completions and lower interest payable.

1f) Loretto Housing – Year to date

	Period To 30 June 2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INCOME				
Rental Income	3,599	3,601	(2)	14,823
Void Losses	(55)	(119)	63	(478)
Net Rental Income	**3,543**	**3,483**	**61**	**14,345**
Other Income	**108**	**79**	**29**	**315**
Grant Income	**366**	**4,487**	**(4,121)**	**18,875**
Total Income	**4,018**	**8,048**	**(4,031)**	**33,535**
EXPENDITURE				
Employee Costs - Direct	348	346	(2)	1,384
Employee Costs - Group Services	149	149	(0)	596
ER / VR	0	0	0	185
Direct Running Costs	482	509	27	1,812
Running Costs - Group Services	88	96	9	385
Revenue Repairs and Maintenance	679	648	(31)	2,569
Bad debts	52	98	46	394
Depreciation	1,830	1,830	0	7,320
TOTAL EXPENDITURE	**3,628**	**3,677**	**50**	**14,645**
OPERATING SURPLUS / (DEFICIT)	**390**	**4,371**	**(3,981)**	**18,890**
Interest Payable	(796)	(846)	49	(3,320)
STATUTORY SURPLUS / (DEFICIT)	**(406)**	**3,526**	**(3,932)**	**15,571**

	Period To 30 June 2022			Full Year
	Actual £k	Budget £k	Variance £k	Budget £k
INVESTMENT				
Total Capital Investment Income	**44**	**599**	**(555)**	**8,088**
Investment Programme	390	386	(4)	5,339
New Build Programme	1,785	2,283	498	14,115
Other Capital Expenditure	53	83	30	434
TOTAL CAPITAL EXPENDITURE	**2,228**	**2,753**	**524**	**19,888**
NET CAPITAL EXPENDITURE	**2,184**	**2,153**	**(31)**	**11,800**

Loretto Housing

Key highlights year to date:

Net operating surplus of £390k is £3,981k unfavourable to budget. Statutory deficit for the year is £406k, £3,932k unfavourable to budget. The main driver of the unfavourable variance is the timing of grant income for new build completions.

- Gross rental income of £3,599k is £2k unfavourable to budget. Inchyra service charge income was reconfigured this year, with the actuals £14k higher than the prudent budget. This increase is offset by reduced rental income due to delays in new build completions for Dargavel and Queens Quay.
- Void losses in the year to date are 1.54% against a budget of 3.29%.
- Grant income relates to medical adaptations and the release of grant for New Build completions with completions at Dargavel (15 units) and Hallrule (32 units) delayed.
- Employee costs are £2k unfavourable to budget, this is mainly relating the timing of claims for Annual Homeworking Allowances. Employees recharged from Group Services are for Loretto's share of Wheatley Solutions staff.
- Direct running costs are £27k favourable to budget, with most budget lines showing underspends. Group Services running costs are £88k YTD.
- Revenue repairs and maintenance expenditure is £31k unfavourable to budget due to an increase in customer demand and clearance of a backlog in programmed repairs.
- Bad debts are £46k favourable to budget. A prudent approach was taken when setting the budget.
- Gross interest payable of £796k represents interest due on the loans due to Wheatley Funding Ltd. Costs are £49k lower than budget.

The net capital position of £2,184k is £31k unfavourable to budget. This is due to the timing of new build spend and capital investment income (grant) received.

- Grants of £387k and £184k were budgeted for Main St Maddison and Forfar Avenue, respectively. The Main St Maddiston site start date is delayed until September and Forfar Avenue has been delayed as GCC planning required a design change. It is anticipated that the Maddiston grant will be claimed later in the year. Forfar is likely to move to 2023/24.
- Investment programme expenditure of £390k mainly relates to core programme works, capitalised repairs and voids.
- Expenditure on the new build programme of £1,785k, is £498k lower than budget and relates mainly to 3 ongoing sites – Hallrule, Dargavel, and Queens Quay.
- Other capital expenditure of £53k relates to the Loretto contribution to Wheatley Group IT and office refurbishments. The full year budget includes £100k for office refurb and conversion of housing properties previously used as offices by Wheatley Care. No spend is reported against the YTD budget of £25k.

1e) West Lothian Housing Partnership – Year to date

	Year to 30 June 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Rental Income	1,047	1,148	(101)	4,651
Void Losses	(4)	(15)	11	(62)
Net Rental Income	**1,043**	**1,133**	**(90)**	**4,589**
Other Income	24	11	13	131
Grant Income Recognised in the Year	1,816	1,809	7	3,860
TOTAL INCOME	**2,883**	**2,953**	**(70)**	**8,580**
EXPENDITURE				
Employee Costs - Direct	127	125	(2)	501
Employee Costs - Group Services	22	22	(0)	87
ER/VR	0	0	0	93
Direct Running Costs	111	116	5	411
Running Costs - Group Services	12	14	2	56
Revenue Repairs and Maintenance	189	184	(5)	733
Bad Debts	0	17	17	68
Depreciation	573	573	0	2,354
TOTAL EXPENDITURE	**1,034**	**1,051**	**17**	**4,302**
NET OPERATING SURPLUS / (DEFICIT)	**1,849**	**1,902**	**(53)**	**4,278**
Net Operating Margin	*64%*	*64%*	*0%*	*50%*
Interest receivable	0	0	(0)	1
Interest payable	(285)	(327)	42	(1,362)
STATUTORY SURPLUS / (DEFICIT)	**1,564**	**1,575**	**(11)**	**2,916**

	Year to 30 June 2022			Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INVESTMENT				
Total Capital Investment Income	**23**	**1,605**	**(1,582)**	**8,578**
Total Expenditure on Core Programme	136	187	51	581
New Build & Other Investment	1,133	2,886	1,753	11,964
Other Capital Expenditure	19	20	1	79
TOTAL CAPITAL EXPENDITURE	**1,288**	**3,093**	**1,805**	**12,624**
NET CAPITAL EXPENDITURE	**1,265**	**1,488**	**223**	**4,046**

WEST LOTHIAN Housing Partnership

Key highlights year to date:

Net operating surplus of £1,849k is £53k unfavourable to budget. Statutory surplus for the period to 30 June 2022 is £1,564k, is £11k unfavourable to budget. The main driver being lost rental income from delayed completions at Almondvale.

Total income of £2,883k is £70k adverse to budget:

- Net rental income is £90k adverse to budget primarily due to 94 delayed handovers at Almondvale in 2021/22 resulting in lower than budgeted rental income.
- Other income of £24k relates to medical adaptation grant claimed in 22/23 which related to spend in 21/22. £11k YTD has been budgeted for lease income from Almondvale MMR properties from Lowther, however these units are delayed until November 2022.
- Grant income released in the year relates to 26 units handed over at Almondvale.

Total expenditure of £1,034k is £17k favourable to budget:

- Revenue repairs and maintenance are £5k unfavourable to budget with the variance relating to reactive repairs arising from increased customer demand in the period.
- Bad debts are £17k favourable with a prudent approach taken when setting the budget.
- Gross interest payable of £285k represents interest on the loans due to Wheatley Funding No.1 Ltd. Costs are £42k lower than budget due to forecast drawdowns from WFL1 not required.

Net capital expenditure of £1,265k is £223k under budget. The variance is driven by the lower level of spend in the new build programme offset in part by lower grant claims in the year to date.

- Core investment expenditure of £136k is £51k lower than budget mainly due to the actual timing of the spend on bathrooms in the year to date against programmed spend.
- New Build expenditure of £1,133k is £1,753k lower than budget driven by lower spend at a number of sites including Almondvale, Blackness Rd, Raw Holdings and Winchburgh BB. Raw Holdings and Winchburgh BB are yet to start on site. This is anticipated to catch up as the year progresses, with spend at Raw Holdings anticipated in the next few months.

1g) Dunedin Canmore – Year to date

	Year to 30 June 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	7,920	7,893	27	31,882
Void Losses	(145)	(131)	(14)	(524)
Net Rental Income	**7,775**	**7,762**	**13**	**31,358**
Grant Income Recognised in the Year	0	0	0	6,411
Other Income	838	825	13	3,265
TOTAL INCOME	**8,613**	**8,587**	**26**	**41,034**
EXPENDITURE				
Employee Costs - Direct	1,063	1,072	9	4,244
Employee Costs - Group Services	516	516	(0)	2,065
ER/VR	0	0	0	464
Direct Running Costs	1,014	1,008	(6)	3,782
Running Costs - Group Services	304	333	29	1,334
Revenue Repairs and Maintenance	1,317	1,098	(219)	4,639
Bad Debts	61	75	14	302
Depreciation	2,698	2,698	0	10,967
TOTAL EXPENDITURE	**6,973**	**6,800**	**(173)**	**27,797**
NET OPERATING SURPLUS / (DEFICIT)	**1,640**	**1,787**	**(147)**	**13,237**
Net Operating Margin	*19%*	*21%*	*-2%*	*32%*
Interest receivable	1	2	(1)	6
Interest payable	(1,559)	(1,623)	64	(6,496)
STATUTORY SURPLUS / (DEFICIT)	**82**	**166**	**(84)**	**6,747**

	Year to 30 June 2022 Actual £ks	Budget £ks	Variance £ks	
INVESTMENT				
Total Capital Investment Income	**2,753**	**4,597**	**(1,844)**	**16,832**
Total Expenditure on Core Programme	1,866	1,470	(396)	5,617
New Build & Other Investment	4,163	5,707	1,544	29,711
Other Capital Expenditure	1,049	766	(283)	1,464
TOTAL CAPITAL EXPENDITURE	**7,078**	**7,943**	**865**	**36,792**
NET CAPITAL EXPENDITURE	**4,325**	**3,346**	**(979)**	**19,960**

Key highlights year to date:

Net operating surplus of £1,640k is £147k adverse to budget. Statutory surplus for the period to 30 June is £82k, £84k unfavourable to budget. The main driver of the variance is higher than budgeted repairs and maintenance costs.

Total income is £26k favourable to budget:

- Gross rent is £27k favourable to budget. Void losses are £14k higher than budget with the variance relating to higher voids in DC Harbour while fire mitigation works are completed.
- Other Income is £13k higher than budget, primarily due to the workshop reporting a surplus of £56k, which is £13k favourable to budget.

Total expenditure is £173k adverse to budget:

- Total running costs (direct and group services) are £23k favourable to budget with Group recharges £29k favourable to budget due to a number of departments currently reporting lower costs across Wheatley Solutions, contributing to the underspend against budget.
- Revenue repairs and maintenance is £219k unfavourable to budget due clearance of repairs backlog by c600 jobs, an increase in demand and inflationary pressures on the cost of materials.
- Interest payable of £1,559k is £64k lower than budget linked to lower floating interest rates in the first quarter and lower loan balances drawn than assumed in the budget.

Net capital expenditure of £4,325k is £979k higher than budget. The variance is driven by lower than expected grant claims offset in part by lower capital expenditure.

- Capital investment income relates to the cash receipt of new build and medical adaptation grants and is £1,844k lower than budget. The lower levels of grants claimed are linked to the lower level of new build spend as noted below.
- Investment programme spend is £396k higher than budget due to core programme spend being ahead of budget profile for the majority of spend lines, as well as higher capitalised voids and repairs. The programme will be managed within the full year budget envelope.
- New build spend of £4,163k is £1,544k lower than budget due to an underspend at Penicuik (£1.2m, partially due to accelerated spend in Q4 21/22, which was originally budgeted for 22/23), Roslin (£0.4m) and Westcraigs (£0.9m). This is partially offset by accelerated spend at Roslin Ph2 (£0.6m) and Wallyford (£0.9m).
- Other Capital Expenditure of £1,049k is £283k higher than budget, primarily due to the works at the New Mart Road office refurb being greater than assumed in the budget and environmental works.

1h) Dumfries and Galloway Housing Partnership – Year to date

OPERATING STATEMENT	Year to June 2022 Actual £ks	Budget £ks	Variance £ks	Full Year Budget £ks
INCOME				
Rental Income	11,362	11,293	68	45,184
Void Losses	(56)	(163)	107	(654)
Net Rental Income	**11,305**	**11,130**	**175**	**44,529**
Grant Income	-	-	-	3,624
Other Income	457	613	(156)	2,740
TOTAL INCOME	**11,762**	**11,743**	**19**	**50,893**
EXPENDITURE				
Employee Costs - Direct	1,254	1,246	(8)	4,933
Employee Costs - Group Services	702	704	2	2,807
ER/VR	37	-	(37)	-
Direct Running Costs	663	612	(50)	2,528
Running Costs - Group Services	413	453	40	1,813
Revenue Repairs and Maintenance	2,995	3,037	41	10,248
Bad debts	90	236	145	943
Depreciation	3,412	3,412	0	13,649
Demolition	86	31	(55)	688
TOTAL EXPENDITURE	**9,652**	**9,730**	**79**	**37,608**
NET OPERATING SURPLUS	**2,111**	**2,013**	**98**	**13,285**
Net operating margin	*18%*	*17%*	*1%*	*26%*
Interest Receivable and similar income	12	8	4	33
Net Interest payable & similar charges	(1,493)	(1,493)	(0)	(5,213)
STATUTORY SURPLUS	**629**	**528**	**102**	**8,105**

INVESTMENT	Actual £ks	Budget £ks	Variance £ks	Budget £ks
TOTAL CAPITAL INVESTMENT INCOME	-	-	-	**5,063**
Core Programme	2,801	2,345	(456)	16,775
New Build Programme	1,623	1,601	(22)	9,391
Other Fixed Assets	271	909	638	4,916
TOTAL CAPITAL INVESTMENT EXPENDITURE	**4,695**	**4,855**	**160**	**31,082**
NET CAPITAL EXPENDITURE	**4,695**	**4,855**	**160**	**26,019**

Key highlights year to date :

Net operating surplus of £2,110k is £97k favourable to budget. Statutory surplus for the period to 30 June is £629k, which is £102k favourable to budget. The key drivers of the variance are higher net rental income driven by lower than budgeted voids coupled with timing of various expense lines.

- Net Rental income is £175k favourable to budget. Rental income is £68k favourable to budget driven by the timing of the clearance of the demolition units at Summerhill and Newington. YTD Void losses are £107k lower than budget and represent a 0.50% void loss rate compared to the budgeted rate of 1.44%.
- Other income is £156k lower than budget driven by aids & adaptations grant claimed which is accounted for when the cash is received, £125k.
- Employee costs are £6k adverse to budget between direct and group services due to the timing of claims for Homeworking Allowances. Employees recharged from Group Services are for DGHP's share of Wheatley Solutions staff.
- ER/VR costs are £37k adverse to budget following the commitment of one member of staff to take ERVR in 2022/23. This cost will yield future revenue savings.
- Direct running costs are £50k adverse to budget driven by higher consultancy fees, costs associated with the DGHP conference and timing of spend on equipment and fixtures. Group running costs are favourable to budget driven by savings across various departments within Solutions.
- Repair costs of £41k are favourable to budget due to savings on gas servicing as a result of prior year capital investment partly offset by variances from the timing of spend against budget.
- Demolition costs are £55k higher than budget and relates to earlier than anticipated timing of spend at Lochside (owner buyback).

Gross interest payable of £1,493k represents interest due on the loans due to Wheatley Funding No.1 Ltd and external funders.

Net capital expenditure of £4,695k is £160k lower than budget. The variance is driven by the lower level of spend in office premises.

- Total core investment spend of £2,801k is £456k higher than budget due to the acceleration and timing of the bathroom programme and higher than budgeted spend on adaptations which will be funded by grant claims.
- New Build expenditure is £22k higher than budget driven primarily by demolition works completed at Glenluce.
- Other capital expenditure of £271k is £638k lower than budget. Other capital spend includes DGHP share of IT costs and office premises. The variance against budget is driven by a delay in planning for the new Dumfries office.

1i) Wheatley Developments Scotland

	Period to 30 June 2022			FY Budget
	Actual £k's	Budget £ £k's	Variance £k's	FY Budget £k's
INCOME				
Staff recharges	545	545	-	2,181
Design and Build recharges	1,293	3,397	(2,103)	27,731
Other Income	1	18	(17)	72
Total Income	**1,839**	**3,960**	**(2,120)**	**29,984**
EXPENDITURE				
Staff Costs	570	545	25	2,181
Staff Expenses	23	17	5	69
Contractor Expenditure	1,164	2,860	(1,696)	25,578
New Build Professional Fees	67	375	(308)	833
Total Expenditure	**1,824**	**3,797**	**(1,973)**	**28,660**
Statutory Surplus / (Deficit)	**15**	**163**	**(148)**	**1,324**

Key highlights – year to date:

- Statutory Surplus of £15k is £148k unfavourable to budget. The main driver of this unfavourable variance relates to the timing of developments which impacts both income recharges and the contract/professional development fees expenditure.
- Contractor expenditure, staffing and new build professional fees are fully recharged to the applicable RSL at a mark up of 5%.
- Overall WDS reports income of £1,839k, which is £2,120k lower than budget. Amounts relating to design and build costs for DGHP projects which have been recharged as income along with staff supporting the programme. The variance relates to projects in other RSLs where site dates been delayed versus the original forecast.
- Overall, WDS reports expenditure of £1,824k. This is £1,973k lower than budget, and is linked to the later start dates on new 2022/23 projects. All new project approvals will be contracted through WDS. The first project for Dunedin Canmore at Westcraigs has been approved and is progressing.
- Staff expenses of £23k reported for the period, this relates mainly to mileage claims, and will be recharged across the RSLs based on the staff cost % split.
- WDS reports net assets of £796k at 30 June 2022.

1j) WFL1 and WGC

WFL1 Limited	Period to 30 June 2022 Actual £ks
INCOME	
Operating Income	384
EXPENDITURE	
Administration Costs	(384)
TOTAL EXPENDITURE	**0**
NET OPERATING SURPLUS	**0**
Finance Income	10,039
Finance Charges	(10,039)
PROFIT / (LOSS) BEFORE TAX	**0**

Wheatley Group Capital plc	Period to 30 June 2022 Actual £ks
INCOME	
Operating Income	(3)
EXPENDITURE	
Administration Costs	3
TOTAL EXPENDITURE	**3**
NET OPERATING SURPLUS	**0**
Finance Income	3,272
Finance Charges	(3,272)
PROFIT / (LOSS) BEFORE TAX	**0**

Wheatley Funding No. 1 Limited

Operating income of £384k has been recognised in the year to date. Operating income relates to the recharge of commitment fees on the loan facility for the RSLs.

Administration expenses are for the commitment fees charged on the borrowings for the RSL Borrower group. £384k of fees have been incurred and subsequently recharged to the RSLs.

Finance costs relate to interest charges of £10,039k charged on the facilities to WFL1. These charges are passed on to the RSLs in full.

Wheatley Group Capital Plc

Administration expenses are for the Prudential trustee fees charged on the Bond in place for the RSL Borrower group. £3k of fees have been incurred and subsequently recharged to the RSLs.

Operating income of £3k has been recognised in the year to date. Operating income relates to the recharge of Prudential trustee fees to the RSLs.

Finance charges of £3,272k have been recognised in the year to date. This relates to interest on the £300m bond that sits in Wheatley Group Capital plc. The interest rate is 4.375% per annum.

This is passed on to WFL1, and the recovery from WFL 1 recognised as Finance Income. The interest costs are subsequently recharged from WFL1 to the RSLs.

2a) RSL Borrower Group – Consolidated Balance Sheet

RSL Borrower Group	As at 30 June 2022 £ks	As at 31 March 2022 £ks
Fixed Assets		
Social Housing Properties	2,494,223	2,492,347
Investment properties	110,270	110,270
Other tangible fixed assets	65,855	63,120
Investments -other	12,073	12,073
Fixed Assets	**2,682,421**	**2,677,810**
Debtors Due More Than One Year		
Development Agreement	0	0
Inter Company Loan	18,163	18,163
Pension Asset	58,167	58,167
Current Assets		
Stock	2,238	1,412
Trade debtors	693	0
Rent & Service charge arrears	11,798	23,913
less: Provision for rent arrears	(9,608)	(9,109)
Prepayments and accrued income	2,698	3,733
Intercompany debtors	6,499	1,809
Other debtors	20,926	25,505
	35,244	**47,263**
Bank & Cash	37,451	55,414
Current Assets	**72,695**	**102,677**
Current Liabilities		
Trade Liabilities	(3,474)	(13,842)
Accruals	(40,791)	(49,857)
Deferred income	(55,387)	(59,846)
Rents & service charges in advance	(13,894)	(13,875)
Intercompany creditors	(1,910)	(2,089)
Other creditors	(16,519)	(18,805)
	(131,975)	**(158,314)**
Net Current Assets	**(59,280)**	**(55,637)**
Long Term Liabilities		
Contingent efficiencies grant	(46,764)	(46,764)
Loan - private finance	(1,134,418)	(1,134,418)
Bond finance	(300,000)	(300,000)
Development Agreement	0	0
Provisions	(2,237)	(2,237)
Deferred income	(32,277)	(32,277)
Intercompany creditors	0	0
Other creditors	0	0
Pension liability	(383)	(383)
Long Term Liabilities	**(1,516,079)**	**(1,516,079)**
Net Assets	**1,183,392**	**1,182,424**
Funding Employed		
Capital & Reserves		
Share Capital	0	0
Retained Income b/fwd	712,832	582,350
Income & Expenditure	968	127,718
Movement in Pensions Provision	0	0
Revaluation Reserves	469,592	472,356
Funding Employed	**1,183,392**	**1,182,424**

Key highlights:

The RSL Borrower Group net assets stand at £1,183m at 30 June 2022.

- Current assets (excluding cash) are £12m lower than the year end position mainly driven by lower level of intercompany debtors which fluctuates due to the timing of settlements between entities and lower rent arrears net of provision than as at 31 March 2022.
- Overall current liabilities are £26.3m lower than the 2022 year end position due to a reduction in trade creditors primarily in DGHP and a reduction in accruals in WHGlasgow.
- Long term liabilities at 30 June 2022 are in line with the position as at 31 March 2022.
- Income and expenditure of £1m relates to the RSL Borrower Group surplus for the period to 30 June 2022.

2b) RSL Borrower Group – Cash Flow Statement

Wheatley Group

For the period ended 30 June 2022	2022/23 £'000
Net cash generated from operating activities (see Note1)	25,338
Cashflow from investing activities	
Purchase of tangible fixed assets	(32,408)
Grants received	2,820
	(29,588)
Cashflow from financing activities	
Interest paid	(13,713)
Additional funding received in year to date	0
	(13,713)
Net change in cash and cash equivalents	**(17,963)**
Cash and cash equivalents at the beginning of the year	55,414
Cash and cash equivalents at the end of the period	37,451

Note 1	2022/23
Cashflow from operating activities	
Operating surplus for the period	15,291
Adjustments for non cash items:	
Depreciation of tangible fixed assets	27,347
Movements in working capital	(9,842)
Adjustments for investing or financing activities:	
Government grants utilised in the year	(7,458)
Cashflow from operating activities	**25,338**

Wheatley Group

Report

To:	**Wheatley Housing Group Board**
By:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Treasury update**
Date of Meeting:	**25 August 2022**

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1. Purpose

1.1 This report provides the Board with a quarterly update on the liquidity position, cashflow forecasts and covenant returns to the Group's lenders.

1.2 In addition, the WFL1 amendment agreements to enable the WLHP / DCH transfer and to permit the acquisition of Strathclyde Camphill Housing Association are included in this report for approval.

2. Authorising and strategic context

2.1 Under the group standing orders the Group Board is responsible for approving Group policies.

2.2 Under the terms of the Intra-Group Agreement between the Wheatley Group and its RSL subsidiaries the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

2.3 The Group Board is required to authorise any amendments to the Group Funding Structure under the Group Standing Orders. This includes the amendments required to remove WLHP as one of the Guarantors to the WFL1 funding arrangements.

3. Background

3.1 We continue to fund capital expenditure from cash reserves and anticipate that this will remain the case for the rest of Q2. We expect that we commence drawing from our RCF funding in Q3.

3.2 The WFL1 covenant returns for the first quarter (to 30 June 2022) include DGHP and WDSL for the first time since they joined the RSL Borrower Group arrangements on 1 April 2022. The board pack sets out the new WDSL covenant test as well as the returns to M&G and RBS (previously lenders to DGHP and now WFL1 lenders).

3.3 The impending transfer of business from WLHP to DCH is scheduled for 5 September 2022. WLHP will cease to be a Guarantor under the WFL1 loan arrangements. The majority of our WFL1 lenders require evidence of this Board's approval to make these changes (note, Barclays and M&G do not require WHG Board approval).

3.4 The acquisition of Strathclyde Camphill Housing Association, a community-based HA with 15 remaining units, requires consent of all WFL1 lenders. The lenders have consented to this transaction and now require evidence of this Board's approval.

4. Discussion

i. Liquidity Position

4.1 The Group funding arrangements have two main sources of liquidity:

a) Cash-at-hand and/or on term deposits
b) Committed Revolving Credit Facilities ("RCFs") and/or overdraft facilities

4.2 The table below sets out the full Group cash and liquidity positions over the last six-month period. Please note that DGHP joined the RSL Borrower Group arrangements effective 1 April 2022, with cash and a revolving credit facility (£35m from RBS) novating to the WFL1 liquidity position.

[redacted]

4.3 Immediately available WFL1 facilities (RCFs and overdrafts) total £285.7m. These remain undrawn at this time with operating expenditure met by cash surplus and reserves. No external drawdowns were required during the first quarter of the financial year.

4.4 DGHP joined the WFL1 debt arrangements on 1 April 2022, and their £15.99m cash reserves plus the maturing £25.0m deposit (repaid from [redacted] on 28 April 2022) became available to the wider RSL Borrower Group for liquidity purposes. This cash inflow has covered the drawdown requirements during the quarter to date (£18.0m WH-G and £3.0m Loretto). We do not anticipate any external funding through to the end of Q2 to 30 September 2022.

4.5 We expect to draw external funding in Q3 from our RCFs. The new build programme, including the recently approved projects at West Craigs (budgeted spend £8.4m in 2022/23) and Curries Yard (£3.5m), coupled with interest payable on the bond, syndicate and EIB during the quarter ([redacted]) is likely to require the first drawdown of funding since March 2020. Thereafter, we anticipate that the larger capital repayments, scheduled for 31 March 2023 to the [redacted] and to [redacted], will require an additional drawdown in Q4.

ii. Covenant position across WFL1, WFL2, DGHP

4.6 The appended treasury pack sets out the covenants for WFL1 and WFL2 to 30 June 2022. These will be submitted to the respective lenders in line with our loan agreements. This includes the changes made to the WFL1 covenants following the novation of the [redacted] facility and the [redacted] facility to WFL1 on 1 April 2022.

4.7 WFL1 and WFL2 remain covenant compliant.

iii. Amendments to WFL1 facilities

4.8 The proposed transfer of business from WLHP to DCH (along with all assets) means that WLHP will be removed as a Guarantor from the WFL1 debt facilities. This transaction has been consented by all WFL1 lenders, with the majority requiring evidence of approval from this Board by way of Board Minutes which are appended.

4.9 The proposed acquisition of Strathclyde Camphill Housing Association by Wheatley Homes Glasgow, which now comprises 15 units, has been consented by all WFL1 lenders. All lenders require evidence of approval from this Board by way of Board Minutes which are appended.

5. Customer Engagement

5.1 Not directly applicable as not related to customer service.

6. Environmental and sustainability implications

6.1 We have not yet drawn our sustainability-linked RCFs, with all working capital requirements met by cash reserves at this time. Once we do commence drawing these RCFs, and where we meet the stretching annual sustainability targets, the loan margin will be reduced by up to 0.05% on drawn funds.

6.2 Failure to meet any of the Sustainability KPIs will not be an Event of Default and, in the unlikely outcome that we cannot meet our obligations, we will forego the loan margin benefit (i.e. it is an opportunity cost).

7. Digital transformation alignment

7.1 No direct impact on the digital transformation programme.

8. Financial and value for money implications

8.1 None.

9. Legal, regulatory and charitable implications

9.1 None.

10. Risk Appetite and assessment

10.1 The Board's risk appetite for funding risk is "cautious", which is defined as "preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward".

10.2 Our current liquidity risk is low given the recent refinancing with [redacted].and the [redacted]..

11. Equalities implications

11.1 The inclusion of the Sustainability KPIs directly incentivises the Group to deliver our ambitions on provision of housing to homeless households as well as to provide higher and further educational bursaries to customers, both of which seek to address inequalities across our communities.

12. Key issues and conclusions

12.1 Our liquidity position remains strong with no external funding drawn to date, and no expectation of drawing in first half. We anticipate the first external drawdown of funds to happen in Q3, with the amount dependent on the speed of delivery of the major new build projects.

12.2 We are covenant compliant across the WFL1 and WFL2 facilities and meet Golden Rules for the medium-term outlook.

12.3 Amendments to our WFL1 loan agreements, arising from the transfer of business from WLHP to DCH and from the proposed acquisition of Strathclyde Camphill Housing Association have been agreed by our lenders, and require the approval of this Board.

13. Recommendations

13.1 The Board is requested to:

1) Note the Group's liquidity position as at 31 July 2022;
2) Note the Group's covenant compliance as at 30 June 2022;
3) Approve the amendments, by way of the attached amendment letters, to our WFL1 loan arrangements arising from the proposed transfer of business from WLHP to DCH; and
4) Approve the amendments to our WFL1 loan arrangements to permit the acquisition of Strathclyde Camphill Housing Association.

LIST OF APPENDICES [redacted]

Appendix 1: Treasury pack
Appendix 2: Amendment letters and officer certificates
Appendix 3: Board Minutes in relation to WFL1 amendments

Wheatley Group

Report

To: **Wheatley Group Housing Board**

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

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

Subject: **Q1 Performance Update 2022-23**

Date of Meeting: **25 August 2022**

---

1. Purpose

1.1 This report presents an update on performance against targets and strategic projects for 2022/23 as of the end of quarter 1.

2. Authorising and strategic context

2.1 The Board approved the overarching structure for the implementation of our strategy via our Group Performance Management Framework ("PMF") at its meeting in June 2021. Given the need to remain agile and flexible through the life of the strategy, our PMF is subject to annual review. The Board agreed an updated programme of strategic projects, measures and targets for 2022/23 at its meeting in April 2022; reflecting what has been delivered to date, our business operating context and the external operating environment.

2.2 Under the Group Standing Orders the Group Board has an ongoing role monitoring performance of subsidiaries across the Group against the agreed measures. Individual RSL Boards are responsible for approving their Annual Return on the Charter ("Charter") returns as well as monitoring performance against agreed targets.

3. Background

3.1 This report outlines our performance against targets and strategic projects for 2022/23 as of the end of quarter 1. This includes quarterly progress with those measures that will be reportable to the Scottish Housing Regulator as part of the Charter 2022/23. It also includes new measures for 2022/23 covering areas of performance related to the implementation of our engagement model, visibility of the Customer First Centre and monitoring of the strength of our Boards and administration.

3.2 Several strategic results were new in 2021/22 for the Group's 2021-2026 strategies and therefore involve work to establish baselines. As recently reported to Board, where baselines are outstanding, work will continue through 2022/23 to develop new approaches to collection, collation, and reporting of these measures. The measures will be reported once available and based on the appropriate frequency (quarterly or annual).

3.3 Since 1 April 2022 GHA has been known as Wheatley Homes Glasgow. Wheatley Homes Glasgow (and "WHG") is therefore now referred to in 2022/23 performance papers.

3.4 Cube's properties migrated to WHG in April 2021 and to Loretto at the end of July 2021. To reflect the different rent billing cycles for Cube customers, for financial rent-based measures we report WHG A and WHG B. WHG B distinguishes those previous Cube customers whose rent is billed differently. The same approach is also used for Loretto.

4. Discussion

4.1 Progress for strategic and other headline measures against targets 2022/23 will firstly be discussed, by strategic theme. This is followed by progress on this years' strategic projects. Appendices 1-2 detail all Board measures and Appendix 3 the strategic projects.

Delivering Exceptional Customer Experience

<u>Customer First Centre</u>

4.2 The Customer First Centre was fully launched to customers on 1st April 2022. Quarter 1 Group-wide results to the end of June demonstrate the CFC is performing well against the new measures and targets, summarised in the below table.

Table 1

Measure	2021/22	2022/23		
	Value	Value	Target	Status
Group - % calls answered <30 seconds (Grade of Service)	85.42% (March 2022)	86.94%	80%	
Group - Average waiting time (seconds)	30 (March 22)	25.75	30	
Group - Call abandonment rate	3.81% (March 2022)	3.66%	7%	
Group - % first contact resolution at CFC (Customer Service Advisors)	92.33% (March 2022)	88.45%	90%	
Group – Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	N/A	6.13%	<10%	

4.3 Encouragingly, the CFC answered 86.94% of calls within 30 seconds, against a target of 80%. Customers wait an average of 26 seconds, within the target of 30 seconds. The call abandonment rate for our customers is only 3.66%, far exceeding the target of 7%.

4.4 The percentage of calls to CFC resolved at first contact, by Customer Service Advisors, is 88.45% against a target of 90%. Performance in quarter 1 has been lower than in March 2022 (92.33%), partly due to the introduction of DGHP to group systems whereby staff were gaining experience on new systems and approach.

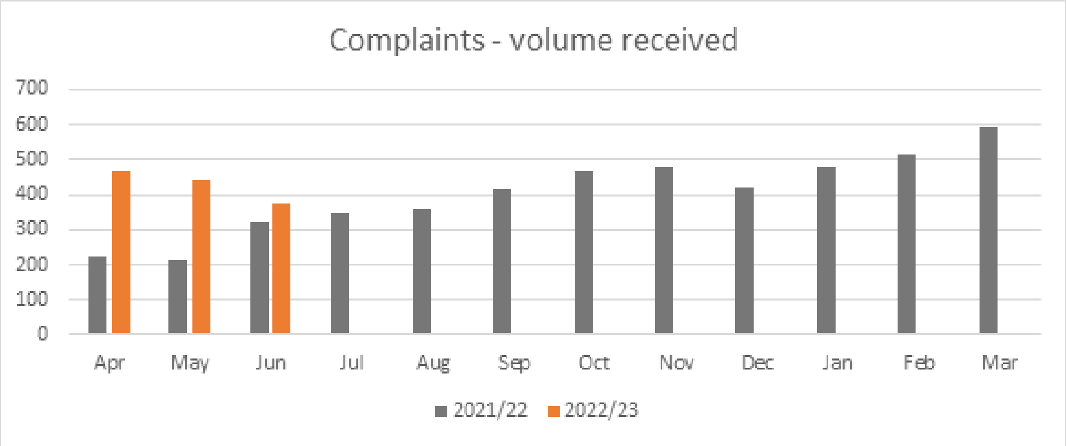
4.5 As inbound call volumes remain high, the use of the CFC's Housing and Commercial specialists support Customer Service Advisors to contain calls in the CFC, including more complex cases.

4.6 Importantly, the percentage of CFC customer interactions being passed to Housing and Lowther staff on the frontline is now also being monitored. Year to date this is only 6.13% Group-wide against a target of <10%. This is a key element of our operating model, with the CFC capturing traffic and enabling frontline staff to spend more time in communities and supporting customers.

Complaints Handling

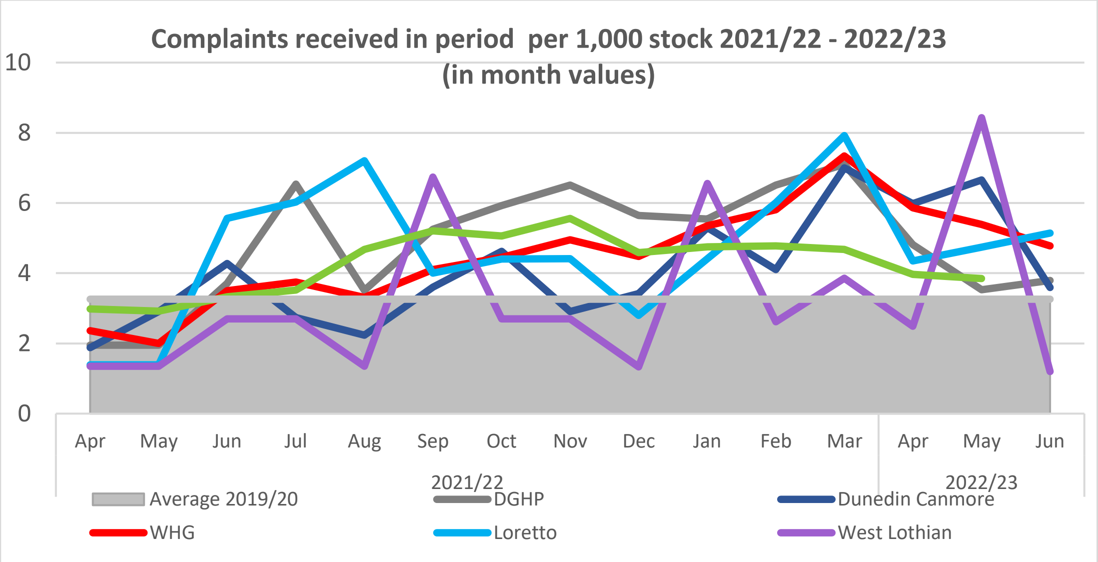
4.7 During the first quarter of 2022/23, we received 1,287 complaints. While down from 1,592 in the previous quarter, this is higher than the 759 recorded during the same quarter 2021/22. As shown in the below graph, volumes have however been reducing each month of quarter one 2022/23, from 470 in April, to 443 in May and 374 in June.

Chart 1



4.8 While the single largest category of complaints continues to be repairs (54.87%), it should be noted that all complaints received year-to-date are less than 2% of all repairs carried out. The chart below provides in-month complaints received by subsidiary per 1,000 stock and shows that most subsidiaries remain above the Group average 2019/20. Considering complaints volumes remain high, performance has however improved.

Chart 2



Classified as Public

4.9 The table below outlines the SHR's Charter measure, average time for a full response to complaints (working days) by Stage 1 and Stage 2. Performance in 2022/23 for all RSLs is exceeding target:

Table 2

Charter - average time for a full response to complaints (working days)						
Subsidiary	2021/22		2022/23 – YTD Stage 1 - 5-day target, Stage 2 – 20-day target			
			Period 3		YTD	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
DGHP	4.74	21.95	3.83	16.50	3.59	17.88
Dunedin Canmore	3.92	18.92	4.19	15.00	3.58	17.50
WHG	3.98	20.78	4.27	14.61	3.90	17.89
Loretto	3.62	21.33	3.64	13.75	3.66	16.29
West Lothian	4.19	N/A	3.00	N/A	3.22	15.0

4.10 The table below outlines the average time for a full response (working days) overall. DC are the only RSL not achieving target in P3 but over the year to date they are still on track. All RSLs year to date are achieving the new, challenging target of 6 days overall (reduced from 8 days last year):

Table 3

Charter - average time for a full response to complaints (working days)				
Subsidiary	2021/22 Target – 8 days	2022/23 Target – 6 days		
		Period 2	Period 3	YTD
DGHP	5.94	5.66	5.13	4.47
Dunedin Canmore	5.83	4.94	6.22	5.03
WHG	6.05	6.08	5.37	5.52
Loretto	5.04	5.67	5.89	5.76
West Lothian	4.19	5.50	3.00	4.40

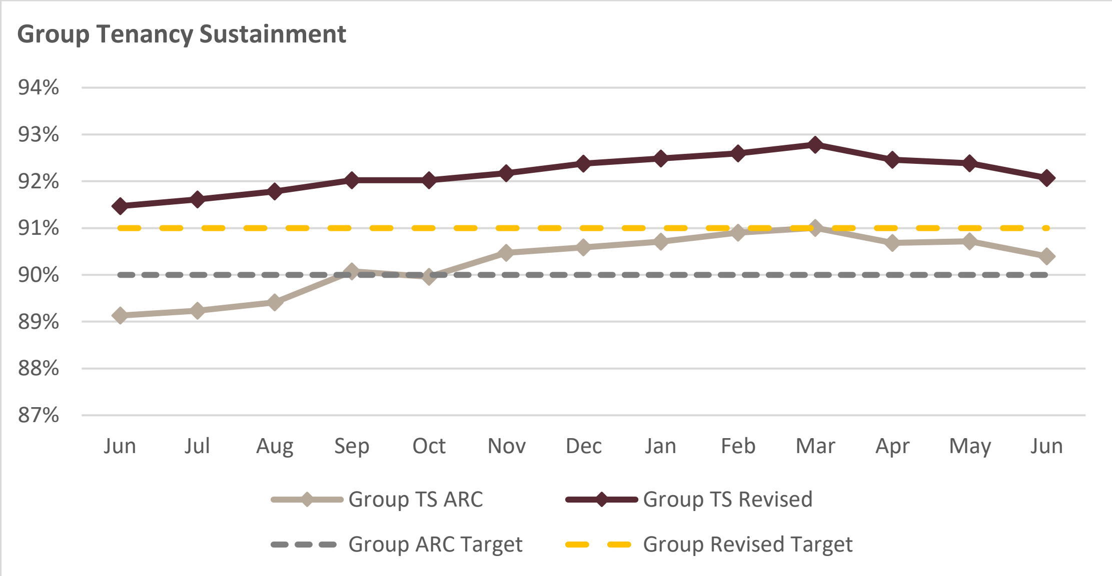
4.11 The Scottish Public Services Ombudsman's revised complaint handling guidance (published April '21) requires mandatory reporting and publication of complaints performance statistics, complaints trends and outcomes, and actions taken to improve services. However, SPSO's reporting requirements were not presented to the Complaints Handlers Network until June '22. Work is therefore now underway to establish these reporting requirements.

4.12 This initially includes capturing group-wide complaints data in a format that allows us to report on the SPSO Key Performance Indicators. The calculation of these KPIs may change over the course of the year until full requirements are understood and points of clarification have been agreed with SPSO, including data definitions and what customer groups should be included.

Tenancy Sustainment

4.13 Group tenancy sustainment continues better than target for both the Charter and revised measures, the latter excludes deceased and transferred within the Group. At Group level, 4,744 of 5,248 new tenancies have been sustained for more than a year for Charter and 4,670 of 5,072 for the revised indicator.

Chart 3



4.14 The following table provides tenancy sustainment results for both measures at RSL level. All remain on target except DGHP. DGHP are 23 sustained lets short of the Charter measure target and 12 below the revised target. DGHP expect to pass the 90% Charter target that is currently set for the rest of the Group by Period 12. Loretto Housing is only 1 sustained let off the Charter target.

Table 4

Tenancy Sustainment	Charter	2022/23 Target	Revised	2022/23 Target
Dunedin Canmore	92.27%	90%	94.22%	91%
DGHP	85.73%	88%	87.79%	89%
WHG	91.53%	90%	93.01%	91%
Loretto	89.57%	90%	92.04%	91%
WLHP	90.00%	90%	91.67%	91%
Group	90.40%	90%	92.07%	91%

Customer Voices

4.15 The aim of the Stronger Voices approach is to empower our communities to make their own choices about the services they want and how we prioritise areas such as investment. As part of this new way of engaging, staff will look to find ways of actively involving tenants, of all ages and backgrounds, including using digital channels.

4.16 The below table details the new Customer Voices measures introduced to monitor progress against commitments to tenants and shows that all are on target for quarter one.

Table 5

Indicator	Q1 Target (YTD)	Q1 Performance (YTD)		Annual Target 2022/23
Number of Customers involved in the Customer Voices programme				
Group	**392**	**804**		**1550**
WHG	252	360		1000
DC	51	103		200
DGHP	61	222		250
Loretto	14	60		50
WLHP	14	59		50
Number of the Customer Voices activities carried out				
Group	**161**	**307**		**622**
WHG	110	186		434
DC	15	28		54
DGHP	25	48		98
Loretto	8	13		26
WLHP	3	32		10
Number of Geographical/ Regional panels				
Group	**3**	**3**		**15**
East	0	0	N/A	3
WHG	3	3		9
South	0	0	N/A	3
Number of customers involved in Geographical/ Regional panels				
Group	**30**	**41**		**525**
East	0	0	N/A	75
WHG	30	41		300
South	0	0	N/A	150
Number of Scrutiny panels (Group)				
Group	**0**	**0**	**N/A**	**17**
WHG	0	0	N/A	12
DC	0	0	N/A	1
DGHP	0	0	N/A	2
Loretto	0	0	N/A	1
WLHP	0	0	N/A	1

4.17 This quarter, customers worked together with staff in a variety of activities with highlights as follows:

- The first three Wheatley Homes Glasgow online geographical panels took place in June. These focussed on fire safety in the home, saving money on fuel and heating costs, how we're tackling anti-social behaviour and the opportunities customers can access through the Wheatley Foundation;
- Customer Voices for Dunedin Canmore will be invited to an in-person event at New Mart Road at the end of August to hear all about our engagement events to date;
- In June 2022 DGHP held a community event celebrating the success of their 'You Choose Challenge' where 12 residents (100%) of Sanquhar, Old School Development had submitted ideas and subsequently voted for benches and additional lighting to be installed in their area; and

- Loretto held a number of events in Q1 including a gardening club launch at Glendore Street in Glasgow, Fire Safety Day in Dumbarton Road, and an open day in Clydebank for our incoming Queens Quay customers at the local community centre.

4.18 A review of the first quarter of the programme, including lessons learned, is being undertaken and will inform planning and targets, and support us in increasing the number of customers involved as the year progresses.

Making the Most of Our Homes and Assets

New Build Programme

4.19 The Group's revised aim is to deliver 4,000 new homes over the course of the five-year strategy. Our revised target in 2022/23 is to deliver a total of 670 new homes; 180 of which carried over from 2021/22.

4.20 As of the end of June and shown in the below table, 83 homes have been handed over against a year to date target of 200. The following table shows the variance against target.

Table 6

All New Builds		Social						MMR			
		All	WHG	LH	DC	WLHP	DGHP	All	WHG	DC	WLHP
Target	200	103	26	51	0	26	0	97	71	0	26
Actual	83	56	26	4	0	26	0	27	27	0	0
Variance	-117	-47	0	-47	0	0	0	-70	-44	0	-26

4.21 Handovers in the quarter comprise a mixture of social and MMR units for WHG, Loretto and WLHP: 27 MMR for WHG at Hurlford Avenue, 26 social rented for WHG at Damshot Crescent, four social rented for Loretto at Dargavel and 26 social rented for WLHP at Almondvale.

4.22 These handovers, alongside delays to Watson Street and Sighthill MMR for WHG, Dargavel and Hallrule social rented for Loretto, and Almondvale MMR for WLHP, are shown in the below table.

Table 7

Sites*	Q1 Handovers (YTD)	Q1 Target (YTD)	Diff.
Wheatley Homes Glasgow	53	97	-44
Damshot (Social)	26	26	0
Hurlford Avenue (MMR)	27	27	0
Watson St Ph2 (MMR)	0	12	-12
Sighthill (MMR)	0	32	-32
Loretto Housing	4	51	-47
Dargavel (Social)	4	19	-15
Hallrule Drive (Social)	0	32	-32
Sawmill Field (Social)	0	0	0
Queens Quay (Social)	0	0	0

Sites*	Q1 Handovers (YTD)	Q1 Target (YTD)	Diff.
WLHP	26	52	-26
Almondvale (Social)	26	26	0
Almondvale (MMR)	0	26	-26
Blackness Road (Social)	0	0	0
Blackness Road (MMR)	0	0	0

***** Note that no handovers were due by the end of June for DGHP or Dunedin Canmore

4.23 Initial delays in the first quarter aside, further handovers are underway in quarter two and we still expect to achieve our Group target of 670 new homes in 2022/23.

Planned to Reactive Spend

4.24 We have set a strategic result to achieve a ratio of planned to reactive spend on maintaining our properties of 60% to 40%. Spend figures are subject to investment programme profiling throughout the year.

4.25 As shown in the below table, our planned spend ratio has reduced compared to last year, with all Group RSLs below the 60% planned target. This is due to priority being given to reducing the repairs backlog from 2021/22 during Q1 2022/23 and the resultant lower investment output in this period.

4.26 It is expected that the variances shown for planned spend compared to full year 2021/22 will reduce as investment programmes delivery increases during 2022/23.

Table 8

Percentage Spend 2022/23		Planned 2021/22	Planned 2022/23 (Jun 22)	Variance (21/22 to Jun 22)	Reactive 2022/23 (Jun 22)
West	WHG	65%	49%	-16.0	51%
	Loretto	68%	39.6%	-28.4	60.4%
East	Dunedin Canmore	58.6%	59.5%	0.9	40.5%
	WLHP	59.2%	41%	-18.2	59%
South	DGHP	69.1%	36.1%	-33.0	63.9%
Group total		**65.9%**	**47.1%**	**-18.8**	**52.9%**
			£12,568,228		**£14,099,544**

Volume of Emergency Repairs

4.27 The table below shows our position against the strategic result to incrementally reduce the overall volume of emergency repairs by 10% by 2026 compared to the new baseline year of 2021/22. The Group variance between 2021/22 and 2022/23 is -3.79% at the end of June, Q1, ahead of the target to reduce by 2.5% for the year.

4.28 While the variance in the East shows an increase compared to the same period 2021/22, the difference is only 31 additional repairs. Variances in West and South show more significant reductions in the numbers of emergency repairs completed year to date.

Table 9

Area	Completed Emergency Repairs		
	YTD June 2021/22	YTD June 2022/23	Variance
West	20,165	19,618	-2.71%
East	2,001	2,032	+1.55%
South	4,242	3,757	-11.43%
Total	**26,408**	**25,407**	**-3.79%**

<u>Repairs Timescales and Right First Time</u>

4.29 While there are fluctuations over time and by area, repairs demand continued to be high during the first quarter of the year. It has therefore remained a priority across Group for us to manage this high demand. Positively, the numbers of live and overdue repairs have been reducing during the quarter with careful management of resources and supply chains.

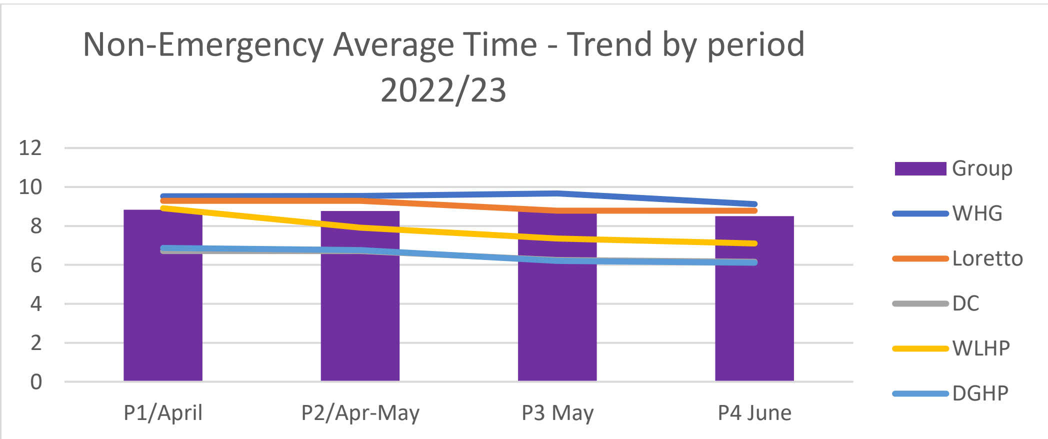
4.30 Group performance to end June is 2.61 hours for emergency repairs, with all RSLs within the three-hour target. All RSLs have improved performance compared to full year 2021/22, when the Group average was 3.0 hours.

Table 10

Repair completion timescale (Charter)		Emergency (hours)		Non-emergency (days)	
		Target	Q1 YTD Value	Target	Q1 YTD Value
West	WHG	3.00	2.69	5.50	9.26
	Loretto	3.00	2.77	5.50	8.78
East	Dunedin Canmore	3.00	2.58	5.50	6.16
	WLHP	3.00	2.88	5.50	7.1
South	DGHP	3.00	2.17	5.50	6.11
Group		3.00	2.61	5.50	8.51

4.31 However, all RSLs remain over the 5.5 days target for non-emergency repairs, with Group YTD at 8.51 days, an increase from 8.08 days at year end 2021/22. The chart below shows trend this year in non-emergency timescales, with some signs of improvement in June. Further improvement in non-emergency timescales is anticipated with the reduction in live and overdue repairs.

Chart 4



4.32 For Group, right first time performance to end June is better than 2021/22, at 90.72%. While under target for most Group RSLs, it has improved during the quarter. Further improvements in non-emergency repair timescales will positively impact performance in the right first time measure.

Table 11

Percentage of repairs right first time (Charter)		2021/22	2022/23 Q1 YTD	Target	
West	WHG	91.03%	89.91%	92%	
	Loretto	94.86%	96.59%	97%	
East	Dunedin Canmore	94.14%	94.71%	95%	
	West Lothian	93.37%	92.05%	95%	
South	DGHP	83.10%	90.47%	88%	
Group		90.42%	90.72%		

Repairs Satisfaction

4.33 Targets for satisfaction with the repairs service have been set to incrementally increase annually to 95% by 2026. The target for 2022/23 has increased to 89% from 87% last year. To the end June, Group is approaching target at 88.96%.

4.34 As noted previously, this Charter satisfaction measure continues to be based on a small sample size. This measure covers a rolling twelve-month period, and as at end June we have received 4,174 completed surveys in the last 12 months which is an increase compared to 2,732 at year end 2021/22.

Table 12

RSL		2022/23 Target	Current Value
West	WHG	89%	89.3%
	Loretto	89%	87.3%
East	DC	89%	88.1%
	WLHP	89%	85.2%
South	DGHP[1]	89%	100%
Group		**89%**	**88.96%**

Medical Adaptations

4.35 Between April and June, we have completed 619 adaptations in total, an increase from 448 in the previous quarter. There are now 152 households waiting (down from 164 reported last quarter/year end 2021/22).

4.36 The average time to complete adaptations has improved for the Group, from 42.6 days reported last quarter/year end 2021/22 to just over 31 days (31.25) and is within target. The table below shows the number of households waiting, completions and the average time to complete adaptations by RSL. All RSLs are within the target.

[1] Particularly low sample size following system issues

Table 13

Medical Adaptations	Households Waiting 2021/22	Current Households Waiting	Number Completed YTD	Average Days to Complete	Target
WHG	100	72	381	33.65	35
Loretto	4	4	23	18.3	35
DC	9	8	54	9.13	35
WLHP	0	1	3	25.67	35
DGHP	51	67	158	35	35
Group	164	152	619	31.25	35

Gas Safety

4.37 We continue to be in a 100% compliant position for gas safety, with no expired gas certificates.

Table 14

RSL	2021/22	YTD 2022/23
Dunedin Canmore	0	0
DGHP	0	0
WHG	0	0
Loretto	0	0
WLHP	0	0
Total	0	0

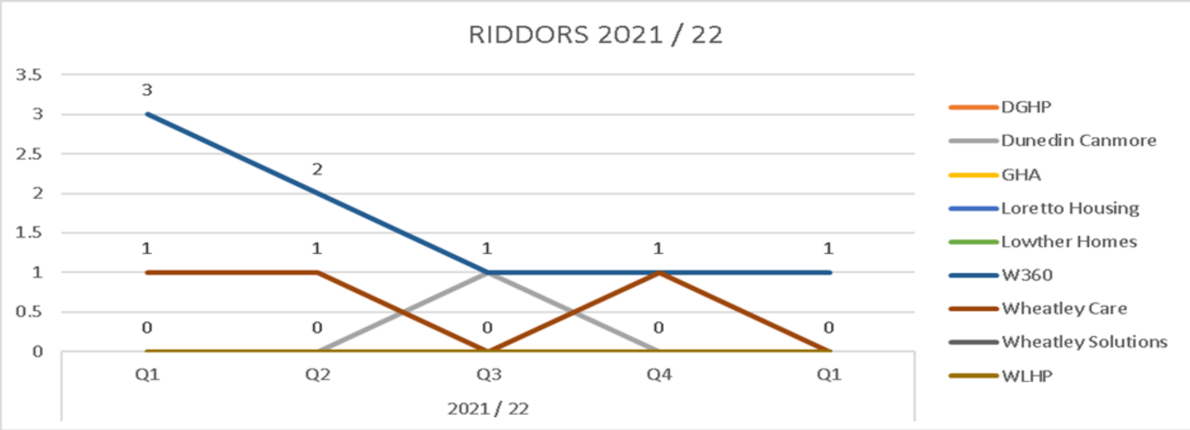
Health and Safety

4.38 There have been no accidental workplace fires year to date to the end of June 2022.

Table 15

Measure	2021/22	Q1 YTD 2022/23	Notes
Number of new employee liability claims received	2	0	
Number of open employee liability claims	8	8	
Number of days lost due to work-related accidents	258	78	7 days - back pain 8 days - back pain 4 days – allergic reaction 5 days - assault
Number of RIDDOR incidents reported	11	1	As chart below
Number of HSE or local authority environmental team interventions	0	0	N/A

Chart 5



<u>Compliance Programme</u>

4.39 Performance against our compliance programme delivery is shown in Appendix 2, with RSLs making good progress in the first quarter of the year.

Changing Lives and Communities

<u>Care Service Quality</u>

4.40 Our Strategic Result is that 90% of Care services are graded five or above. At the end of quarter one, Wheatley Care have 20 services with inspection reports. 14 of these have active inspection reports with grades of 5 or above, equating to 70%. As inspections recommence, we would expect to see this figure increase.

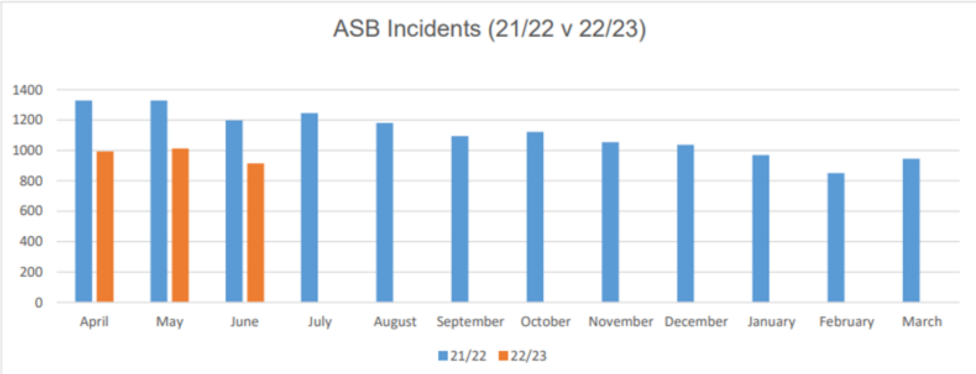
<u>Peaceful Neighbourhoods</u>

4.41 Our Group strategic measure is for over 70% of our customers to live in neighbourhoods categorised as peaceful. Peaceful communities are defined as communities where customer reported incidents of antisocial behaviour to Police Scotland are reducing and social deprivation indicators (SIMD) in the associated data zone are improving.

4.42 The most effective way to achieve this target is by reducing the incidence of customer reported antisocial behaviour to Police Scotland. To end June, Q1, 67.9% of our communities are categorised as 'Peaceful' against a target of 68.5% for 2022/23.

4.43 Improvement to this measure requires a reduction in Police-recorded ASB in the safe and calm data zones. In June, there were 915 ASB incidents reported to Police Scotland at or within 25m of a Wheatley Group property, of which 388 related to Noise, Neighbour Nuisance (42.4%). This an overall reduction in ASB of 23.6% when compared to June 2021.

Chart 6



4.44 There are currently 26 live ASB packages within our communities – 15 within WHG, 7 within DGHP, 3 within DC and 1 within Loretto. Out of the 26 packages, 12 are currently being investigated and 14 are being monitored for any new incidents.

Accidental Dwelling Fires

4.45 The Group set a Strategic Result to reduce RSL accidental dwelling fires by 10% over five years against the baseline of a total of 215 fires in 2020/21. Lowther and Wheatley Care are not included in the Strategic Result but will be referenced for information if any fires are recorded.

4.46 As shown in the below table, as of the end of June 24* fires have been recorded against the upper limit for 2022/23 of 205.

Table 16

Number of recorded accidental dwelling fires	2021/22	2022/23 Q1
Dunedin Canmore	8	2
WHG	121	18
Loretto	7	0
WLHP	0	0
DGHP	12	4
Total Group YTD	**148**	**24***
Upper limit this year to achieve strategic result	**210**	**205**

*There has been a lack of information on ADFs coming through from Edinburgh SFRS in Apr, May and June 2022 due to staff changes, making figures for East RSLs subject to change.

4.47 To support this reduction, there is an additional Strategy Measure to ensure 100% of applicable properties have a current fire risk assessment in place. This continues to be achieved.

Table 17

Fire Risk Assessments	YTD	Target
The percentage of relevant premises - HMOs that have a current fire risk assessment in place	100%	100%

4.48 Our programme for non-relevant properties, LivingWell and high-rise domestic premises, completed in March 2022. This programme recommenced in July 2022 and progress will be reported from Q2.

Reducing Homelessness

4.49 The Group has made 703 lets to homeless applicants in the year to June/Period 4. This surpasses the 500 homeless lets target set for quarter 1.

4.50 When we consider the targeted 'relevant lets' measure (which excludes mutual exchange, transfers and Livingwell lets where we are limited to let to homeless applicants), the Group is at 51.7% against 56%.

Table 18

Percentage of Lets to Homeless Applicants	Relevant lets					Charter Result	
	In-month June	YTD 2022/23		Target	2021/22 results	YTD 2022/23	2021/22 results
DGHP	62.8%	61.4%		45%	52.1%	59.3%	51.0%
Dunedin Canmore	35.0%	54.2%		50%	66.6%	48.4%	56.0%
WHG	48.9%	48.9%		60%	58.3%	47.6%	55.7%
Loretto	28.6%	47.6%		50%	53.3%	30.8%	48.4%
WLHP	80.0%	62.8%		50%	47.9%	40.3%	41.9%
Group	50.1%	51.7%		56%	57.2%	48.4%	54.2%

4.51 Our current result is impacted by WHG customers moving from Wyndford 26 storeys who have been given the highest priority for any available properties. Positively, the rehousing from the blocks earmarked for demolition is progressing well, with an update provided under a separate agenda item. Loretto has made 20 of 42 relevant lets to homeless applicants and is only short of target by 1 let. All other RSLs are better than target resulting in the Group result being within 10% of target.

Jobs and Opportunities

4.52 To end June, Q1, 891 children have been supported through Foundation programmes. The children have been supported by a number of projects including the Dolly Parton Imagination Library, Youth Cafes in Edinburgh and Digital Youth Sessions in Glasgow.

4.53 The Foundation have also supported 203 opportunities through Wheatley Works this quarter. Wheatley Works staff are working with internal and external partners to establish training and employment opportunities for our customers. New Changing Lives trainees and Apprentices have also started their placements.

4.54 The Wheatley Works team also ran a Trade Taster session in June with the support of Glasgow City College and our Community Benefits contractors. Five Wheatley customers took place in the course where they completed practical skills in construction, completed their CSCS test and gained CSCS card and took part in work experience on site. All five customers progressed into employment after the course.

Table 19

Indicator	Target (Annual)	Current Performance YTD	2021/22
Number of vulnerable children benefiting from targeted Foundation programmes (Group)	1,200	891	2,250
Total number of jobs, training places or apprenticeships created by Wheatley Group including Wheatley Pledge	750	203	825

Developing our Shared Capability

Sickness Absence

4.55 Group Sickness levels in the first quarter have been increasing and year to date at the end of June are 4.19%, an increase from year end 2021/22 (4.07%) and higher than in the same period 2021/22 (3.16%) and 2019/20 (1.69%). Our top two reasons for absence across Group are Stress/Anxiety (39%) and Minor Illness (21%). 37% of stress/ anxiety absence was work related.

4.56 Housemark's most recent pulse survey (to the end June) showed Scottish member's median sickness rates rose between May and June. UK wide showed a similar pattern. Housemark reported during June 2022 a 17% year-on-year increase in sickness absence rates from participating members at a time when they would've expected a seasonal drop. Wheatley Group sickness rate showed a similar increase of 16% (3.66% – June 2021 compared to 4.25% in June 2022).

4.57 To support staff the Group's new Employee Assistance Programme provider PAM assist was rolled out in May this year, including a helpline and a PAM Assist App.

4.58 As part of our on-going support to colleagues suffering from Long Covid, we are providing access to professional treatment specifically designed to combat several of the common symptoms associated with Long Covid - respiratory disorders, chronic fatigue, chest pains etc.

4.59 The treatment is provided by Hampden Sport Clinic and comprises of a combination of traditional physiotherapy and hydrotherapy treatments, with each employee receiving, on average, 6 sessions. Hydrotherapy is a medically supported intervention for Covid-19 recovery which is known to provide positive health outcomes. Colleagues diagnosed with Long Covid will be automatically referred for this treatment.

Board Governance and Administration

4.60 The following measures are indicators of the underlying strength of our Boards and administration and will be reported quarterly in line with the Board timelines:

- Number of vacancies across Group and Subsidiary Boards;
- Attendance levels across Group and Subsidiary Boards; and
- Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards.

4.61 This quarter there were six vacancies across Group and Subsidiary Boards, with the recruitment for vacancies at an adavced stage in Wheatley Care, Wheatley Homes Glasgow and the Wheatley Foundation.

4.62 Average attendance levels across Group and Subsidiary boards in Q1 was 79%. There were also no instances where board reports were not issued 7 days in advance of Group and Subsidiary Boards.

Table 20

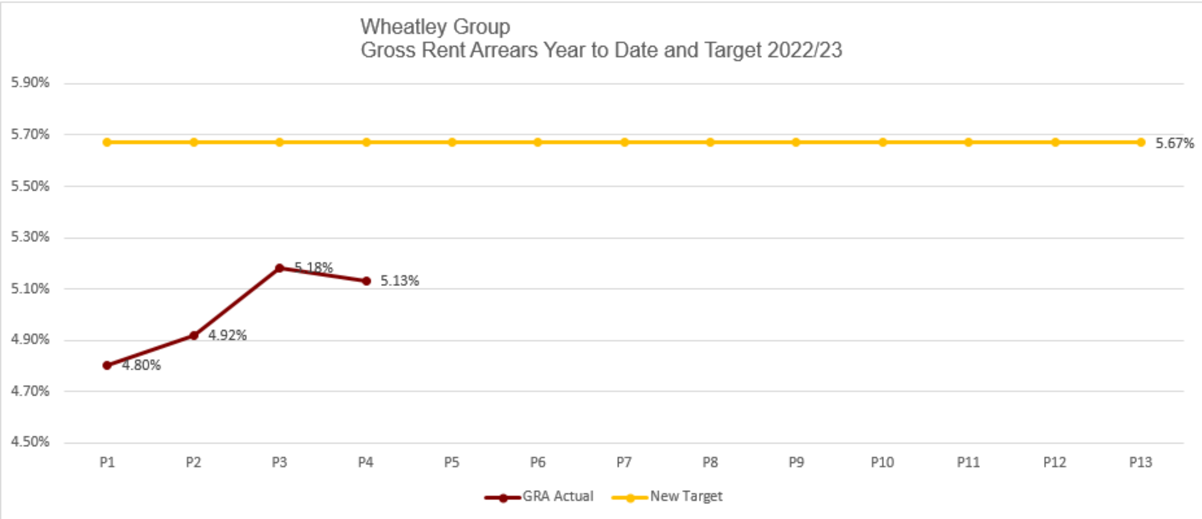
Indicator	Target	2022/23 (YTD)
Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	5%	0%

Enabling our Ambitions

Gross Rent Arrears

4.63 As agreed in the annual review of the Strategy, the Group's strategic aim is to reduce gross rent arrears to 4.5% by 2026. As at the end of June, Group gross rent arrears are at 5.13%, up from 4.80% at year end 2021/22 yet remaining below our 5.67% target for this year.

Chart 7



4.64 As shown in the below table, all RSLs except WLHP are on target. The largest impact on WLHP arrears comes from the reprovisioning process for customers moving from HMO shared accommodation to independent living. In Period 4 this caused arrears to increase by nearly £8k. The total impact on arrears totals £18k so far. Work is ongoing with West Lothian Council and POAs to get payments in place.

Table 21

RSL	P4/Jun		2022/23 target	Previous period	Variance from previous period	2021/22 Result
DC	4.55%		4.66%	4.35%	0.20	4.16%
DGHP	4.15%		5.02%	3.96%	0.19	4.10%
WHG A	5.60%	N/A	N/A	5.35%	0.25	5.15%
WHG B	4.55%	N/A	N/A	5.20%	-0.65	5.19%
WHG Comb	5.53%		6.10%	5.34%	0.19	5.16%
Loretto A	3.76%	N/A	N/A	3.43%	0.33	3.40%
Loretto B	4.00%	N/A	N/A	3.71%	0.29	3.97%
Loretto Comb	3.87%		4.18%	3.56%	0.31	3.67%
WLHP	4.06%		3.52%	3.48%	0.58	2.94%
Group RSLs	**5.13%**		**5.67%**	**4.92%**	**0.21**	**4.80%**

4.65 The Scottish Housing Regulator published their final quarterly dashboard of 2021/22 for Social Landlords on 25 May 2022. This reported that average arrears levels ended the year at 6.53% and for larger housing providers (>10,000 homes) this was 8.48%. We continue to outperform sector and peer group averages.

4.66 As reported by Housemark, arrears have increased over the last two years of the pandemic and the expectation is they will continue to increase due to the higher cost of living and the impact this is having on our customers.

4.67 The Business Plan assumed there would be an increase of 2,576 new UC customers across Group by June/Period 4. There is a current (net) caseload of 18,888 UC customers as 1,995 customers have come off UC.

4.68 DWP announced their "Move to UC" strategy to be completed by end of the calendar year 2024. We are refining our approach to ensure customers are supported during this transition which will be finalised as DWP make available detailed information on their deployment method.

Lowther

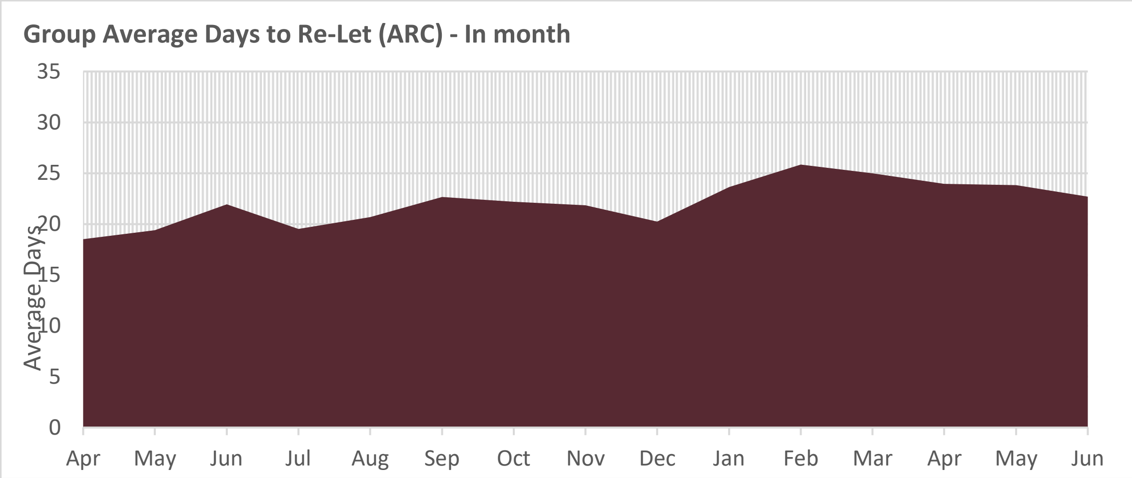
4.69 [paragraphs 4.69 – 4.73 redacted]

4.73

Average Days to Re-Let

4.74 The average days to re-let (Charter) for Group RSLs in the year to June/Period 4 is 23.40. While this is above the new 2022/23 target of 16 days – reduced from 19.5 days in the last quarter of 2021/22 –, in-month results shown below demonstrate an improving trend from February this year.

Chart 8



4.75 The table below provides the year-to-date position to the end June for each RSL against the 16 day target. DGHP and WLHP remain in target. Loretto has improved to within target for the year with 12.73 days in June.

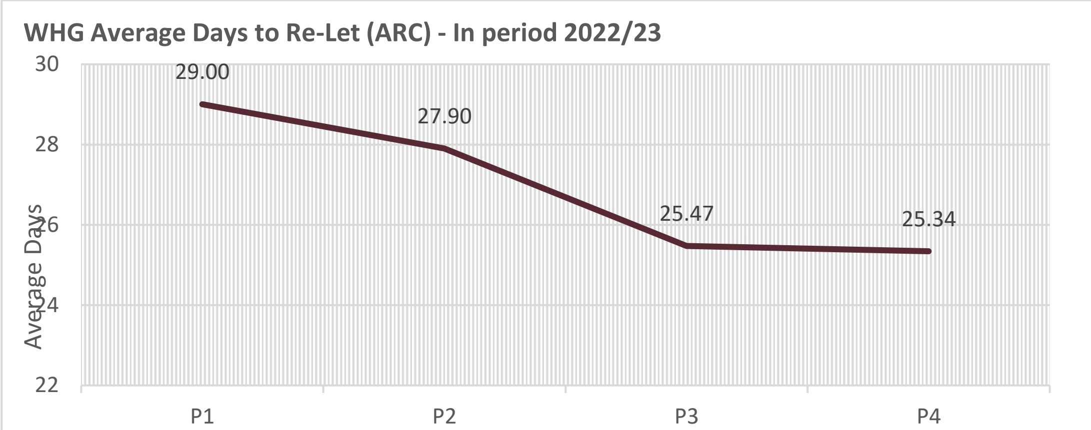
Table 23

Average days to re-let (Charter)	YTD		2022/22 Target	2021/22 Results
Dunedin Canmore	17.81		16	18.79
DGHP	14.11		16	17.73
WHG	26.80		16	23.48
Loretto	15.63		16	17.38
WLHP	9.18		16	5.94
Group RSLs	23.40		16	21.55

4.76 Dunedin Canmore improved from 17.74 days in April to 15.56 days in May, however, June seen an increase to 20.92 days and has now moved to over 10% above target. The increase in June for Dunedin Canmore was due to 3 lets with a higher void time due to extensive works required, as well as 1 tenancy for the purposes of SAVOLO assessment. DC expect to be on track with the trend seen in the earlier months this year.

4.77 WHG improved period on period during quarter 1, from 29 days in Period 1 to 27.9 days in Period 2, 25.47 days in Period 3 and 25.34 days in Period 4 (see below chart). WHG report that the two main drivers for not achieving target are contractor void turnaround times and high numbers of refusals on legacy LivingWell stock. Action is being taken to address these drivers, including a programme of targeted service improvements in the South Service Centre and an option appraisal of a number of Livingwell sites scheduled to be considered by the WHG Baord at its next meeting.

Chart 9



Care Services Breaking Even

4.78 Wheatley Care reports 79% of services breaking even after management fee at the end of June, below the current target of 90%. This is down from 94% reported at year end 2021/22 and below the same period last year (82%). However, there was an improvement between May and June and, importantly, June is the first period to include the pay deal uplift. The five services in deficit in June are expected to move to a break-even position during quarter 2.

4.79 100% of services were breaking even before management fees and there were no services in deficit for more than two years this quarter.

Online Transactions and Digital Shift

4.80 Our Strategic Result is that 50% of our customers actively use their online account to make transactions with us. As this is a new measure, work was underway during 2021/22 to develop reporting arrangements to determine active users, while also continuing to monitor online accounts as a percentage of customer accounts.

4.81 The table below represents the percentage of customers at the end June registered for an online account:

Table 24

Online Accounts as a Percentage of Customer Accounts	Q1 YTD Performance
Dunedin Canmore	47.7%
WHG	56.2%
Loretto	57.3%
Lowther Factoring	42.1%
Lowther Letting	48.7%
West Lothian	66.4%
Group	49.9%

4.82 Work to establish and report active users is progressing well and we expect to present baseline figures to Board as part of the quarter 2 update. Our decision to re-introduce our repairs option on WSS this reporting year will encourage customers to utilise our WSS offering and ultimately impact upon our number of registrations and active use.

Lowther Rental Customers' Online Accounts

4.83 [redacted]

Summary of Strategic Project Delivery

4.84 An update on progress with strategic projects is attached at Appendix 3. The following table summarises the current status of projects by programme stream. One project has completed, 21 are on track and one is overdue.

Table 25

Programme Stream	Complete	On track	Slippage	Overdue
Repairs	0	3	0	1
CFC	1	2	0	0
Engagement	0	3	0	0
Assets & Sustainability	0	5	0	0
Governance	0	4	0	0
Other	0	4	0	0
Total	**1**	**21**	**0**	**1**

4.85 The project which completed was:

- *CFC interim review* (CFC Programme Stream).

4.86 The project which is overdue, with the rarionale set out in more detail in the repairs transformation programme update paper, is:

- *Service & process redesign* (Repairs Programme Stream).

4.87 It is proposed that the project *CFC year 1 evaluation,* part of the CFC Programme Stream, be redefined for 2022/23 as *CFC second interim review*. This would support a full external evaluation to be carried out after one full year of operation in Q1 2023 with a second interim review carried out in Q4 2022 for purposes of updating ET and Boards on progress during 2022/23.

5. Customer Engagement

5.1 We presented an overview of the 2021/22 Charter results to the Tenant Scrutiny Panel in May 2022. We will also present a comparison with the national average – once SHR publish the returns in Autumn – and provide an update on performance in the first part of 2022/23.

5.2 Our new engagement model continues to embed, with all quarter 1 targets met. Several strategic projects facilitate opportunity for customer engagement, as reflected in the progress notes in Appendix 3. This will directly impact the way we deliver services or the way they can be drawn down by customers.

6. Environmental and sustainability implications

6.1 We have added two new sustainability measures to support our ambitions in this area; the first to monitor the average new build CO2 output and the second to increase the percentage of stock at EPC 'B' rating. These will be reportable annually and are therefore not included in quarterly updates.

6.2 A key project for 2022/23 is the development of a strategic sustainability framework. As part of this we anticipate further measures will be developed for future incorporation into our PMF.

7. Digital transformation alignment

7.1 Our strategy is underpinned by digital transformation. The measures and strategic projects for 2022/23 have been fully reviewed to ensure we have the appropriate technical and resource capacity alongside our Digital Programme.

8. Financial and value for money implications

8.1 The measures, targets and projects included in this report were agreed as part of the PMF and Delivery Plan for 2022/23. This approach focuses service delivery and improvement on the key priorities within the Group Strategy to make sure that financial and other resources are aligned with these priorities.

8.2 There are no direct financial implications arising from this report. Any financial requirements related to actions and projects within the report are subject to separate reporting and agreement.

9. Legal, regulatory and charitable implications

9.1 The Scottish Housing Regulator requires an Annual Return on the Charter from each RSL. Key indicators within this return are also included in quarterly performance reporting. RSL Subsidiary Boards approve the returns, and the figures are included in the year-end performance report to the Board. RSLs are also required to involve tenants in the scrutiny of performance, which the Group does through its Tenant Scrutiny Panel, and to report to tenants on performance by October each year.

10. Risk Appetite and assessment

10.1 Our risk appetite in relation to governance is “cautious”. This level of risk tolerance is defined as “preference for safe delivery options that have a low degree of inherent risk”. We mitigate this risk by reserving the agreement of individual performance targets and strategic projects to Boards and providing the Board with regular updates in relation to progress against these targets and projects.

11. Equalities implications

11.1 Project monitoring and evaluations consider equalities information and Equalities Impact Assessments are undertaken at the outset of new programmes to ensure compliance with equality legislation, where applicable.

11.2 There is a project under the governance programme stream dedicated to advancing our commitment to equality, diversity and inclusion.

11.3 Additionally, the expansion of our Customer Voices is focused on creating a more diverse range of voices actively participating in our engagement structures. In turn, this will support co-creation and influencing which is based on a more diverse range of perspectives.

12. Key issues and conclusions

12.1 During the first quarter of 2022/23, we have recorded strong performance in several areas: tenancy sustainment remains high, emergency repair timescales on average less than three hours, medical adaptation completion timescales have improved and are within target and gross rent arrears are better than target.

12.2 Although we are behind target on the percentage of relevant lets to homeless applicants, we have positively rehoused 60% of our WHG Wyndford customers. We have also exceeded our target of 500 homeless lets.

12.3 There are signs of improvement for Lowther, with further work underway to support income and letting.

12.4 At a time when customers and communities are struggling with the uncertainties of the rising costs of living, the Wheatley Foundation is currently meeting the majority of it's strategic targets. This includes supporting over 800 children through Foundation programmes and over 200 customers with jobs, training places or apprenticeships opportunities so far this year.

12.5 Performance issues that are in focus include non-emergency repair completion timescales, new build completions, average days to relet, care services breaking even after management fee and staff sickness.

13. Recommendations

13.1 The Board is asked to:

1) note the contents of this report; and
2) approve one change to the strategic projects for 2022/23 as per the proposal at 4.87.

List of Appendices

Appendix 1 – Board Strategic Measures Dashboard 2021/22
Appendix 2 – Board Other KPIs Dashboard 2021/22
Appendix 3 – Board Strategic Projects Dashboard 2021/22

Appendix 1
Group Board Strategic Results (2021/22 to 2025/26) – Q1 2022/23

Delivering Exceptional Customer Experience

The Strategic Results the Group has set under this strategic theme are all reportable annually rather than by quarter. They are:

- Overall customer satisfaction is above 90%
- Over 90% of Care customers are satisfied with the overall service
- RSL tenant satisfaction with value for money increased to 85%
- Satisfaction with complaint handling increased by 10%
- Overall satisfaction among households with children improved to 90%
- Satisfaction with the process of getting a new home is improved by 10%
- 90% of customers feel they can participate in the landlord's decision making
- 95 of customers actively engaged in shaping services feel they participate in decision making.

The following two Strategic Results will be reported quarterly, but are being developed:

- Implement "rate it" score from book it, track it, rate it repairs approach and aim to improve performance by 10% (being developed, will be reported monthly once in place)
- Net promoter score for Lowther increased to 60.

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
Customer first centre grade of service - 80% of calls within 30 seconds	85.42% (March 2022)	86.94%	80%	✔
Percentage of calls to the CFC resolved at first contact	92.33% (March 2022)	88.45%	90%	✔
Call abandonment rate	3.81% (March 2022)	3.66%	7%	✔
Average waiting time (seconds)	30s (March 2022)	25.75	30	✔

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
Percentage of CFC customer interactions that are passed to Housing and Lowther staff for resolution	NEW	6.13%	<10%	✓
Total number of customers involved in Customer Voices Programme	NEW	**804**	**392**	✓
WHG	NEW	360	252	✓
DC	NEW	103	51	✓
DGHP	NEW	222	61	✓
LH	NEW	60	14	✓
WLHP	NEW	59	14	✓
Number of customer voices activities carried out	NEW	**307**	**161**	✓
WHG	NEW	186	110	✓
DC	NEW	28	15	✓
DGHP	NEW	48	25	✓
LH	NEW	13	8	✓
WLHP	NEW	32	3	✓
Number of East Regionwide panel sessions (DC and WLHP)	NEW	0	0	N/A
Number of Geographical panel sessions (WHG only)	NEW	3	3	✓
Number of Regionwide panel sessions (DGHP only)	NEW	0	0	N/A
Number of customers involved in East (DC/WLHP) Region panel	NEW	0	0	N/A
Number of customers involved in Wheatley Homes Glasgow Geographical panels	NEW	41	30	✓
Number of customers involved in DGHP Region panel	NEW	0	0	N/A
Number of Scrutiny focus groups	NEW	0	0	N/A
WHG	NEW	0	0	N/A
DC	NEW	0	0	N/A

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
DGHP	NEW	0	0	N/A
Loretto	NEW	0	0	N/A
WLHP	NEW	0	0	N/A

Making the Most of Our Homes and Assets

Measure	2021/22 Value	YTD 2022/23 Value	YTD 2022/23 Target	Status
New build completions (total for Group)	438	83	200	
WHG - Social Housing	106	26	26	
WHG - Mid-market	142	27	71	
Loretto - Social Housing	30	4	51	
Dunedin Canmore - Social Housing	36	0	0	
Dunedin Canmore - Mid-market	25	0	0	
WLHP - Social Housing	62	26	26	
WLHP - Mid-market	0	0	26	
DGHP - Social Housing	37	0	0	
Achieve 60:40 ratio of planned to reactive repairs spending	2021/22 65.9% : 34.1% (£92.2m : £47.7m)	47.1% : 52.9% (£12.6m : £14.1m)	60% : 40%	
Reduce the volume of emergency repairs by 10% by 2025/26 (Group average)	April to June 21/22 – 26,408	25,407	-3.79%	
WHG	April to June 21/22 – 19,390	18,714	-3.49%	
Loretto	April to June 21/22 – 775	904	+16.65%	
Dunedin Canmore	April to June 21/22 – 1,744	1,705	-2.24%	
WLHP	April to June 21/22 – 257	327	+27.24%	

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
DGHP	April to June 21/22 – 4,242	3,757	-11.43%	
Percentage of customers who have had repairs or maintenance carried out in last 12 months satisfied with the repairs and maintenance service (ARC)	88.51%	88.96%	89%	

The following additional Strategic Results under this strategic theme will be reported annually or are still under development:

- Invest £500m of new public and private finance in new build housing (annual, with related updates provided as part of quarterly finance papers)
- Invest £360 million in improving, modernising and maintaining homes by 2025/26 (annual, with related updates provided as part of quarterly finance papers)
- Achieve 95% customer satisfaction with their new build home (being developed as part of new survey approach/platform for customer value measures)
- Reduce the output of CO_2 emission from our homes by at least 4,000 tonnes per year (annual)
- Reduce our corporate carbon footprint to carbon neutral by 2026 (annual)
- Maintain existing tenant satisfaction with the quality of their home at over 90% (ARC) (annual)
- Average new build CO_2 output no greater than 1.8t (annual)
- Increase the % of stock at EPC ‘B’ to 30% (annual).

Changing Lives and Communities

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
Percentage of Care services graded very good (5) or better by the Care Inspectorate	68.18%	70%	90%	
Over 70% of customers live in neighbourhoods categorised as peaceful by 2025/26 (Group average)	70.10%	67.9%	68.5%	
Number of accidental dwelling fires recorded by Scottish Fire and Rescue (Group RSLs)	148	24	205 (Annual upper limit)	
WHG	121	18	N/A	N/A
Loretto	7	0	N/A	N/A
Dunedin Canmore	8	2	N/A	N/A
WLHP	0	0	N/A	N/A
DGHP	12	4	N/A	N/A
100% of relevant properties have a current fire risk assessment in place (Group)	100%	100%	100%	
The percentage of non-relevant properties with current fire risk assessment in place (Group) (Target revised in-year to reflect aim of having all FRAs completed by end of March 2022 rather than March 2023 as originally planned)	100%	100%	100%	
Percentage of relevant lets to homeless applicants	57.2%	51.7%	56%	
WHG	58.3%	48.9%	60%	
Loretto	53.3%	47.6%	50%	
Dunedin Canmore	66.6%	54.2%	50%	
WLHP	47.9%	62.8%	50%	
DGHP	52.1%	61.4%	45%	
Percentage of lets to homeless applicants (Charter)	54.2%	48.4%	N/A	N/A

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
WHG	55.7%	47.6%	N/A	N/A
Loretto	48.4%	30.8%	N/A	N/A
Dunedin Canmore	56.0%	48.4%	N/A	N/A
WLHP	41.9%	40.3%	N/A	N/A
DGHP	51.0%	59.3%	N/A	N/A
Number of lets to homeless applicants (10,000 for Group by 2025/26)	2,475	703	500	
WHG	1,683	474	N/A	N/A
Loretto	88	20	N/A	N/A
Dunedin Canmore	206	45	N/A	N/A
WLHP	36	27	N/A	N/A
DGHP	443	137	N/A	N/A
4,000 jobs, training places or apprenticeships opportunities delivered	825	203	169	
WHG	361	66	70	
Loretto	5	1	1	
Dunedin Canmore	80	49	21	
WLHP	3	1	1	
DGHP	74	38	24	
Care	0	0	0	
Lowther	[redacted]	redacted]	redacted]	redacted]
Other	268	28	42	
10,000 vulnerable children benefit from targeted Foundation programmes (Group total)	2,250	1,302	652	
60% of tenants with online accounts are using the My Savings rewards gateway	11.95%	12.33%	12%	

The following Strategic Results under this strategic theme will be reported annually or are still being developed:

- Achieve 85% satisfaction with Wheatley Environmental Services (being developed as part of new survey approach/platform for customer value measures)
- 250 customers have been supported to attend higher education and university through Wheatley bursaries (annual)
- 10% reduction in the cost of running a home by 2026 (being developed with Fraser of Allander) (annual).

Developing our Shared Capability

Measure	2021/22	YTD 2021/22		
	Value	Value	Target	Status
Staff absence is maintained at 5% for Care services and 3% for all other parts of the business	4.07%	4.19%	3%	
WHG	2.29%	2.86%	3%	
Loretto	3.50%	5.87%	3%	
Dunedin Canmore	3.21%	3.28%	3%	
WLHP	0.60%	6.67%	3%	
DGHP	1.94%	2.56%	3%	
Lowther	redacted]	redacted]	redacted]	redacted]
Care	6.67%	5.30%	5%	
Solutions	2.22%	2.35%	3%	
Wheatley 360	5.73%	4.54%	3%	
Instances where Board reports are not issued 7 days in advance of Group and Subsidiary Boards	NEW	0%	5%	
Number of vacancies across Group and Subsidiary Boards	NEW	6	N/A	N/A
Attendance levels across Group and Subsidiary Boards	NEW	79%	N/A	N/A

The following Strategic Results under this strategic theme will be reported annually or are still to be developed:

- Over 90% of staff say they feel appreciated for the work they do (annual)
- Over 80% of RSL customers self-report positive distance travelled towards “self-reliance” (approach to be implemented and measure to be developed)
- 250 young people provided with structured opportunities to build their skills within the business (annual)
- 50 graduates provided with opportunities to work and gain experience in our sectors (annual)

- Our workforce's demographic more closely resembles that of the communities in which we operate (measure to be developed by year 3)
- 40% of promoted posts are filled with internal candidates (annual)
- Staff voluntary turnover (i.e. resignations) remains at less than 7% (annual).

Enabling our Ambitions

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
Reduce gross rent arrears down to 4% by 2026 (Group RSL average)	4.80%	5.13%	5.67%	
WHG A	5.15%	5.60%	N/A	N/A
WHG B	5.19%	4.55%	N/A	N/A
WHG Combined	5.16	5.53%	6.10%	
Loretto A	3.40%	3.76%	N/A	N/A
Loretto B	3.97%	4.00%	N/A	N/A
Loretto Combined	3.67%	3.87%	4.18%	
Dunedin Canmore	4.16%	4.55%	4.66%	
WLHP	2.94%	4.06%	3.52%	
DGHP	4.10%	4.55%	4.66%	
Lowther Residential	redacted]	redacted]	redacted]	redacted]
Average time to re-let properties (Group RSL average)	21.55	23.40	16	
WHG	23.48	26.80	16	
Loretto	17.38	15.63	16	
Dunedin Canmore	18.79	17.81	16	
WLHP	5.94	9.18	16	
DGHP	17.73	14.11	16	
Proportion of Care services breaking even (after management fee)	94%	79%	90%	
Proportion of Care services breaking even (before management fee)	100%	100%	98%	
Number of Care Services in deficit for more than two years	0	0	0	

Measure	2021/22	YTD 2022/23		
	Value	Value	Target	Status
Percentage of Lowther rental customers with an online account	redacted]	redacted]	redacted]	redacted]
redacted]	redacted]	redacted]	redacted]	redacted]
redacted]	redacted]	redacted]	redacted]	redacted]
redacted]	redacted]	redacted]	redacted]	redacted]

The following Strategic Results will be reported annually or are still in development:

- Limit annual RSL rent increases to 2.9% throughout the life of the strategy (annual)
- Maintain a strong investment credit rating of A+ stable (annual)
- £15m generated in Gift Aid to Wheatley Foundation and reinvested in communities (annual)
- Achieve management costs per unit that remain in the lower quartile among an independently selected UK and international benchmarking group (being developed with Housemark)
- Achieve a £10m real terms reduction in management costs (annual)
- Over 50% of our customers actively use their online account to make transactions with us (developed work underway)
- Achieve our targets across the 7 domains of our digital maturity assessment (annual).

Appendix 2
Group Board Other KPIs Q1 (2022/23) (includes Compliance)

Measure	2021/22 Value	2022/23 Value	2022/23 Target	Status
Average number of working days to respond to stage 1 complaints (ARC)				
WHG	3.98	3.90	5	✅
Loretto	3.62	3.66	5	✅
Dunedin Canmore	3.92	3.58	5	✅
WLHP	4.19	3.22	5	✅
DGHP	4.74	3.59	5	✅
Average number of working days to respond to stage 2 complaints (ARC)				
WHG	20.78	17.89	20	✅
Loretto	21.33	16.29	20	✅
Dunedin Canmore	18.92	17.50	20	✅
WLHP	N/A	15.00	20	✅
DGHP	21.95	17.88	20	✅
Average number of working days to respond to all complaints – Stage 1 and 2 (ARC)				
WHG	6.05	5.52	6	✅
Loretto	5.04	5.76	6	✅

Measure	2021/22	2022/23		
	Value	Value	Target	Status
Dunedin Canmore	5.83	5.03	6	
WLHP	4.19	4.40	6	
DGHP	5.94	4.47	6	
Percentage of new tenancies sustained for more than a year – overall (Group RSL average)	91.00%	90.40%	90%	
WHG	92.26%	91.53%	90%	
Loretto	88.57%	89.57%	90%	
Dunedin Canmore	93.18%	92.27%	90%	
WLHP	97.50%	90.00%	90%	
DGHP	86.04%	85.73%	88%	
Average time taken to complete emergency repairs (hours) – make safe (Group RSL average)	3.00	2.61	3	
WHG	3.12	2.69	3	
Loretto	3.16	2.77	3	
Dunedin Canmore	3.40	2.58	3	
WLHP	3.28	2.88	3	
DGHP	2.21	2.17	3	
Average time taken to complete non-emergency repairs (working days) (Group RSL average)	8.08	8.51	5.5	
WHG	8.07	9.26	5.5	
Loretto	6.98	8.78	5.5	

Measure	2021/22 Value	2022/23 Value	2022/23 Target	Status
Dunedin Canmore	6.49	6.16	5.5	
WLHP	6.46	7.10	5.5	
DGHP	9.91	6.11	5.5	
Average time to complete approved applications for medical adaptations (calendar days) (Group RSL average)	42.60	31.25	35	
WHG	38.19	33.65	35	
Loretto	61.36	18.30	35	
Dunedin Canmore	10.85	9.13	35	
WLHP	22.57	25.67	35	
DGHP	55.35	35.01	35	
Percentage of reactive repairs completed right first time	90.42%	90.72%	N/A	
WHG	91.03%	89.91%	92%	
Loretto	94.86%	96.59%	97%	
Dunedin Canmore	94.14%	94.71%	95%	
WLHP	93.37%	92.05%	95%	
DGHP	83.10%	90.47%	88%	
Number of times in the reporting year the RSL did not meet the statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check (Group RSL total)	0	0	0	

Measure	2021/22 Value	2022/23 Value	2022/23 Target	Status
WHG	0	0	0	
Loretto	0	0	0	
Dunedin Canmore	0	0	0	
WLHP	0	0	0	
DGHP	0	0	0	
Percentage of ASB incidents resolved (Group RSL average)	99.91%	94.89%	98%	
WHG	100%	93.15%	98%	
Loretto	100%	100%	98%	
Dunedin Canmore	100%	91.94%	98%	
WLHP	100%	100%	98%	
DGHP	99.17%	100%	98%	
Percentage of court actions initiated which resulted in eviction	48.95%	36.8%	25%	
WHG	69.57%	25%	25%	
Loretto	100%	No court actions, no evictions	25%	N/A
Dunedin Canmore	11.1%	50%	33%	
WLHP	No court actions, no evictions	No court actions and no evictions	33%	N/A
DGHP	20%	200%	25%	

Measure	2021/22	2022/23		
	Value	Value	Target	Status
Percentage of lettable homes that became vacant (Group RSL average)	7.85%	7.76%	8%	
WHG	7.83%	7.71%	8%	
Loretto	7.48%	7.31%	8%	
Dunedin Canmore	7.37%	7.44%	7.3%	
WLHP	6.29%	6.87%	5.6%	
DGHP	8.39%	8.32%	8%	
Number of accidental fires in workplace	1	0	0	
Number of RIDDOR incidents reported	11	1	20	
Number of Health and Safety Executive or local authority environmental team interventions	0	0	0	
Number of new employee liability claims received	2	0	0	
Number of open employee liability claims	8	8	N/A	N/A
Number of days lost due to work related accidents	258	78	N/A	N/A

Compliance Programme Delivery

2022/23 Quarter 1	WHG	Loretto	DC	WLHP	DGHP
Fire Safety (smoke, heat, CO detectors / LD2) - percentage of properties on applicable servicing completed	100%	100%	100%	100%	100%
Legionella - percentage of applicable properties with a valid risk assessment in place	82.08%	96%	100%	100%	100%

2022/23 Quarter 1	WHG	Loretto	DC	WLHP	DGHP
Number of domestic stair and through floor lifts with a completed annual inspection and test against the number due to be completed	100%	100%	100%	100%	100%
Number of passenger lifts with a completed six-month inspection and test against the number due to be completed	100%	100%	100%	100%	100%
Percentage of electrical installation inspections completed toward annual programme	79.24%	84.06%	50.04%	54.9%	99.83%
Percentage of properties with an EICR certificate up to 5 years old	98.08%	98.79%	97.03%	98.67%	99.83%

Appendix 3 - Wheatley Group Board - Delivery Plan 22/23 - Strategic Projects

A. Repairs Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Improve Customer Contact & Communications	31-Dec-2022		66%	01. Taking into account customer feedback, implement revised customer comms for all repair types (including owner repairs)	30-Jun-2022	Yes	Milestones 1 and 2 complete. In progressing Milestone 3, work is on-going with Localz on messages to customers and the repairs event (e.g. agreeing an appointment, reminder on day of repair, operative on route, etc.) that will trigger a message being sent. Detailed technical design work is underway and the full action plan will be reprogrammed to reflect implementation timescales.
				02. Proposals for customer feedback to Boards developed and agreed	30-Jun-2022	Yes	
				03. Approach to real time repairs feedback on repairs agreed	31-Dec-2022	No	
Develop IT & Systems	31-Dec-2022		33%	01. CBG Servitor upgrade implemented	31-May-2022	Yes	Milestone 1, the Servitor upgrade, is now complete.
				02. Localz phase 1 installation (pilot with CBG)	31-Oct-2022	No	
				03. Localz phase 1 full roll out programme agreed	31-Dec-2022	No	
Service & process redesign	30-Jun-2022		75%	01. DGHP improvement plan defined and agreed	31-May-2022	Yes	Update provided in separate Board paper on transformation programme.
				02. Quick wins for the repairs service in the West implemented (opening up appts, better communication between CBG and CFC,	30-Jun-2022	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				approach to customer comms)			
				03. Planning complete for implementing redesigned repairs delivery model	30-Jun-2022	Yes	
				04. DC approach to migrate to Group Servitor agreed	30-Jun-2022	Yes	
Meet the needs of owners	31-Mar-2023		66%	01. Review owner billing inc. suitability of existing SoRs and approach to lower value jobs	30-Jun-2022	Yes	Milestones 1 to 4 are now complete. During May and June this involved: • Lowther staff reviewing bills • meetings with senior staff in Lowther, CB and My Repairs • cross Group staff Focus Groups • customer focus groups. Improvements to current owner repairs approach and processes identified and work has begun on implementing quick wins. Customer focus groups included both Tenant and Owner customers and were in-person, online and some via telephone. Sessions focused on overall Lowther repair service and
				02. Review current approach to owner repairs and define & agree reshaped owner repairs service delivery model	30-Jun-2022	Yes	
				03. Review processes that support owner repairs service and refine	30-Jun-2022	Yes	
				04. Design and deliver customer engagement focus groups involving Lowther Tenants, that will improve communication and shape Lowther's repair service	31-Jul-2022	Yes	
				05. Implement revised processes to support owner repairs	31-Dec-2022	No	
				06. Deploy revised owner repair service delivery model	31-Mar-2023	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
							communication, including billing. Improvements identified to billing include wording/description of location of works & quantities.

B. CFC Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
CFC interim review	31-May-2022		100%	01. External interim review concluded	30-Apr-2022	Yes	Project is complete. Full external interim review now concluded, and findings reported to Group and subsidiary Boards.
				02. Present findings of interim review to Group Board	30-Apr-2022	Yes	
				03. Present findings of interim review to RSL Boards	31-May-2022	Yes	
CFC year 1 evaluation	31-Mar-2023		0%	01. Scope of full evaluation agreed by ET	31-Dec-2022	No	It is proposed that the full year 1 evaluation is moved to Quarter 1 of the 2023/24 reporting year to allow for one full year of operation. It is anticipated that a further interim review will be carried out across Quarter 4 of this reporting year and this will be defined across Quarter 3.
				02. Undertake evaluation of the first year of the CFC including customer experiences	28-Feb-2023	No	
				03. Present findings to ET	31-Mar-2023	No	
RSL digital services model	31-Mar-2023		0%	01. Review existing digital services offering with customers, including existing usage rates, functionality, and	31-Aug-2022	No	Work is ongoing towards completion of milestone 1. A draft service catalogue spanning our main

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				projected future lifespan			customer engagement channels has been defined, and Group Board have agreed key digital metrics (June Board).
				02. Scope future RSL digital services model, including role of apps, online services, repairs digital offering and self-service	31-Oct-2022	No	
				03. Undertake themed engagement discussions with Glasgow 1000 Panel on digital services	28-Feb-2023	No	
				04. Present recommendations to ET for next 3 years	31-Mar-2023	No	

C. Engagement Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Wheatley Whole Family approach	30-Sep-2022		50%	01. Complete the research phase, including survey of households with children and follow up focus groups	31-May-2022	Yes	Milestones 1 and 2 are complete.
				02. Present findings and proposed approach to ET	30-Jun-2022	Yes	
				03. Engagement with customer voices on the proposed Whole Family approach	31-Aug-2022	No	
				04. Final implementation approach agreed by ET	30-Sep-2022	No	
Engagement Framework – Phase 2	31-Mar-2023		40%	01. Develop a programme of engagement using customers' preferred methods	31-May-2022	Yes	Milestones 1 and 2 are complete. Most recently, Engagement Plans, including funding mechanisms, were agreed
				02. 2022/23 Engagement plans, including mechanisms	31-May-2022	Yes	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				for allocation of funding, agreed by Boards			by Boards in May.
				03. Develop learning and development programme for staff as well as Customer and Community Voices	30-Sep-2022	No	Work on the Learning and Development programme (Milestone 3) is now well underway and the programme will now be launched by the end of September.
				04. Customer voices feedback to group wide governance event(s)	31-Mar-2023	No	
				05. Complete recruitment of Customer and Community Voices	31-Mar-2023	No	
Customer data collection exercise (Contact info, equalities and communication preferences)	30-Nov-2022		25%	01. Project approach and proposed resource requirements agreed Group Executive	31-May-2022	Yes	Milestone 1 is complete, with the project approach and resource requirements approved by ET end of June.
				02. Data collection exercise undertaken (RSL tenants, Lowther tenants & Care customers)	30-Sep-2022	No	
				03. Update to Group Executive on outcome of data collection exercise and proposed actions	31-Oct-2022	No	
				04. Update to Boards on outcome of data collection exercise	30-Nov-2022	No	

D. Assets & Sustainability Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Corporate Estate	31-Mar-2023		0%	01. East Glasgow and Bathgate Hubs complete	31-Jul-2022	No	Work is ongoing towards completion of milestones.

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				02. West Glasgow Hub complete	30-Sep-2022	No	Work at Bathgate is complete, with new furniture awaited. Work continues for milestones 1-3, on site for East and West Glasgow, and East. The proposal for Lipton House is being developed.
				03. East Hub (NMR) complete	30-Sep-2022	No	
				04. CFC Lipton House complete	31-Dec-2022	No	
				05. South Hub (Dumfries) complete	31-Mar-2023	No	
Strategic Sustainability Framework	31-Jan-2023		25%	01. Pathway to Net Zero Advisory Group recruited and in place	31-May-2022	Yes	Milestones 1 and 2 complete, with: • The Pathway to Net Zero Advisory Group held its first meeting on 13 May. • Supplier to undertake independent review identified and proposal agreed. The Advisory Group are discussing the framework at their meeting on 19 August 2022, with the key principles having been considered by the Wheatley Solutions Board at its August meeting.
				02. Commission an independent review of energy efficient technologies and low emission heating systems installed to date	31-May-2022	Yes	
				03. Draft framework reviewed by Advisory Group	31-Jul-2022	No	
				04. Update on sustainability framework and independent review to Group Board	31-Aug-2022	No	
				05. Independent review complete	30-Sep-2022	No	
				06. Draft framework and outcome of independent review to ET	31-Oct-2022	No	
				07. Draft framework approved by Group Board	31-Dec-2022	No	
				08. Group wide launch of strategic sustainability framework	31-Jan-2023	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Asset Strategy for Glasgow	31-Mar-2023		0%	01. Strategic assets appraisal undertaken for Glasgow, taking into account our planned development programme and liaison with partners (GCC)	31-Dec-2022	No	Foundations for strategy being developed at present including on-going stock condition validation exercise by JLL, low carbon heaving system evaluation by Ricardo and distance to travel to EPC B assessment as part of sustainability framework
				02. Asset strategy approved by ET	31-Jan-2023	No	
				03. Asset strategy and approach to customer engagement during implementation approved by Wheatley Homes Glasgow Board	31-Mar-2023	No	
Wyndford Regeneration	31-Mar-2023		20%	01. Issue demolition tender documents	30-Jun-2022	Yes	Milestone 1 complete with demolition tender issued. Work is ongoing on milestone 2, with first meeting on WFF held. Communications Strategy to be agreed with GCC ahead of wider consultation.
				02. Co-create investment plans with customers and seek their input on new build proposals including the Wyndford Future Focus Group	31-Mar-2023	No	
				03. Update to Wheatley Homes Glasgow Board	31-Mar-2023	No	
				04. Conclude our rehousing strategy	31-Mar-2023	No	
				05. Masterplan agreed with GCC	31-Mar-2023	No	
redacted]	redacted]	redacted]	redacted]	redacted]	redacted]	redacted]	redacted]
				redacted]	redacted]	redacted]	
				redacted]	redacted]	redacted]	

E. Governance Programme Stream

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Strategic Governance Review	16-Nov-2022		60%	01. Wheatley Homes Glasgow – all legal steps taken to officially change name	31-May-2022	Yes	Milestones 1 to 3 complete. The stock transfer completion date (Milestone 4) was projected, subject to relevant approvals e.g. funders. This is now assumed to be September 2022. Funder consents require approval from each RSL Board which is planned and on track for the August Board cycle.
				02. East of Scotland partnership – stage 1 consultation complete	31-May-2022	Yes	
				03. East of Scotland partnership tenant ballot completed	30-Jun-2022	Yes	
				04. WLHP stock transfer completed	31-Jul-2022	No	
				05. Lowther Homes – undertake first annual self-assurance statement (externally validated) and present to Board	16-Nov-2022	No	
Equality, Diversity & Inclusion	31-Oct-2022		25%	01. ET agree proposed survey approach for staff and tenants	31-May-2022	Yes	Milestone 1 complete. ET agreed we should undertake a mailing to tenants in August, providing a clear audit trail for our SHR compliance and in keeping with revised SFHA guidance. We have undertaken 3 focus groups (totalling 20 tenants) to co-create the content for the tenant mailing. The mailing will be undertaken during
				02. EDI update to Group Board, including revised Equality, Diversity and Inclusion Policy for approval	25-Aug-2022	No	
				03. Equalities results from customer data collection exercise analysed and proposed actions to Group Executive	30-Sep-2022	No	
				04. Update SHR Annual Assurance Statement on progress with equalities	31-Oct-2022	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
							August. The policy was rescheduled to the September Group Board as part of the Group Board agenda planning.
Updated Strategic Agreement with GCC	31-Mar-2023		0%	01. Group Executive agree an outline updated strategic agreement for discussion with GCC	30-Sep-2022	No	Initial draft prepared and provided to GCC, comments expected by mid-August. Meeting also scheduled with exec lead at GCC to address key points and plan through to completion.
				02. Present outline strategic agreement to Group Board for consideration	31-Oct-2022	No	
				03. Update to Wheatley Homes Glasgow Board	30-Nov-2022	No	
				04. Board approvals of draft strategic agreement with GCC	28-Feb-2023	No	
				05. Present to GCC for approval	31-Mar-2023	No	
Strategic agreement with Dumfries and Galloway Council	31-Mar-2023		0%	01. Group Executive agree an outline strategic agreement for discussion with DGC	30-Sep-2022	No	
				02. Present outline strategic agreement to Group Board for consideration	31-Oct-2022	No	
				03. Update to DGHP Board	30-Nov-2022	No	
				04. Board approvals of draft strategic agreement with DGC	28-Feb-2023	No	
				05. Present to DGC for approval	31-Mar-2023	No	

H. Other - Changing Lives & Communities

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
Strategic realignment of Care services	28-Feb-2023		33%	01. Review the current service delivery offering within Care	30-Nov-2022	Yes	Milestone 1 complete. On Board agenda for August meeting.
				02. Present recommendations to ET for realignment	31-Dec-2022	No	
				03. Revised care strategic review brief agreed by Group Board	28-Feb-2023	No	
Implement year 2 of the Group Homelessness Framework	31-Mar-2023		25%	01. Undertake a review of existing customer engagement in homelessness service design and delivery	30-Jun-2022	Yes	Milestone 1 complete on target. review of existing engagement has been undertaken. slides on findings have been prepared. Project plan has been drafted which details key tasks to deliver each milestone.
				02. Develop an action plan to maximise engagement opportunities	30-Nov-2022	No	
				03. Undertake a review of existing tenancy sustainment performance reporting and develop and agree a new consistent group wide approach to reporting	31-Dec-2022	No	
				04. Proposal drafted and available for ET review	31-Mar-2023	No	
Review of group allocations policy and systems	31-Mar-2023		40%	01. Updates to policy agreed by ET and RSL Boards for consultation with tenants	31-May-2022	Yes	Milestone 1 complete with staff and customer focus groups undertaken. Milestone 2 – Consultation undertaken. Closed 24th July
				02. Undertake customer consultation	31-Jul-2022	Yes	
				03. Present findings to Wheatley Board	31-Aug-2022	No	
				04. Present findings to RSL	30-Sep-2022	No	

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
				Boards			
				05. Undertake testing of the new system in D&G	31-Mar-2023	No	

J. Other - Enabling our Ambitions

Delivery Plan Project	Delivery Date	Status	% Progress	Milestone	Due Date	Completed	Progress Note
NETs Digital service	30-Nov-2022		20%	01. Undertake build phase	31-Jul-2022	Yes	Milestone 1 complete. Work towards completion of Milestone 2, User Testing Phase 1, commenced June 2022.
				02. Undertake testing of the product	31-Aug-2022	No	
				03. Commence pilot	30-Sep-2022	No	
				04. Go Live	30-Nov-2022	No	
				05. Provide update to Board	30-Nov-2022	No	

Wheatley Group

Report

To:	**Wheatley Housing Group Board**
By:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Governance update**
Date of Meeting:	**25 August 2022**

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1. Purpose

1.1 To update the Board, seeking approval where appropriate, on the following governance related matters:

- Annual General Meeting arrangements;
- 2023 schedule of meetings;
- Remuneration of Board members and policy updates;
- Group and CBG Modern Slavery Statement
- Agree completion of the business transfer between WLHP and Dunedin Canmore Housing

2. Authorising and strategic context

2.1 Under the Articles, the company is required to hold an Annual General Meeting ("AGM"). The process for calling General Meetings and the business they must consider are set out in the Articles of Association.

2.2 As a member of City Building (Glasgow) LLP approval is required by the Board for matters reserved to the members under the LLP Agreement save where expressly delegated to a Committee and/or senior staff member.

3. Background

3.1 A number of the governance related matters included in this report require periodic Board review and approval.

4. Discussion

<u>2022 Annual General Meeting and remaining meeting schedule</u>

4.1 It is proposed that we call our AGM for 28th September 2021 at 13.30, followed by a Board meeting immediately thereafter. These will follow the Group wide governance event on the same day at 10.30am. The meeting and business thereof will be called in line with the requirements of our Articles, with the only new appointment Alastair Murray as the new Dunedin Canmore Housing Chair. This will leave the following meetings in the 2022 cycle – Wednesday 26th October at 10.30am (now to be held at Wheatley House) and Wednesday 14th December at 10.30am followed by a social festive lunch with all Boards at 13.00.

4.2 The AGM will be the formal retirement date for a number of Board members. We will be formally recognising the outstanding service of these members and the Group's achievement during their tenure as part of the Group strategy event. On this basis and given that the AGM is a short meeting, we anticipate a number of retiring members will submit a proxy for the AGM rather than attend in person. As always, members due for reappointment under the Articles of Association will be reappointed as necessary at the AGM in line with our 3 year succession plan.

Partner General Meetings

4.3 Each of our RSL partners will also hold their AGMs, an in some instances Special general Meetings, in September. Under their constitutions, all appointments and re-appointments at the AGMs require formal approval from the Parent. The Group RAAG Committee, under its Terms of Reference, is responsible for approving Subsidiary Board appointments and will therefore be asked to provide this approval on behalf of the Parent.

4.4 All partner General Meetings also require the Parent member to be in attendance to take place. It is proposed that any of the lead Executives, the Group Company Secretary or Deputy Group Company Secretary be authorised to act as the Parent Appointees, them being:

- Steven Henderson – GHA;
- Laura Pluck –Loretto Housing
- Hazel Young- West Lothian Housing Partnership and Dunedin Canmore;
- Pauline Turnock – Dumfries and Galloway Housing Partnership
- Anthony Allison – (All)Group Company Secretary; and
- Stephen Wright – (All) Deputy Group Company Secretary.

4.5 The appointees shall act on the basis that they are instructed to, and only authorised to, vote in favour of the resolutions. In accordance with partner constitutions, formal notice confirming which person is being appointed will be given prior to the relevant meetings.

<u>2023 schedule</u>

4.6 The proposed Board dates for 2023 are as follows:

1) Wednesday 22 February at 10.30am– Board meeting
2) Wednesday 26 April at 10.30am - Board meeting followed by stock tour
3) Thursday 29 and 30 June 2022 at 10.30am – Board meeting and strategy residential
4) Wednesday 30 August 2022– Board meeting
5) Wednesday 27 September at 10.00 – AGM followed by Board meeting
   - New Mart Road
6) Wednesday 25 October at 10.30am – Board meeting
7) Wednesday 20 December at 10.30am – Board meeting

4.7 The schedule proposes the annual residential reverts back to early summer in June, being closer to the financial year end and the start of the new financial year. This also decouples the residential from the congested August Board and Committee cycle where members already have several attendance requirements.

4.8 Based on feedback from members that there is a strong preference to combine dates it is also proposed that the stock tour is scheduled for after the April Board meeting and CPD events are scheduled for after Group Board meetings.

4.9 The following dates are proposed for the 2023 Board CPD/social sessions:

1) CPD - Wednesday 22 February at 13.30, Wheatley House
2) CPD – Friday 26 May at 13.30, Wheatley House
3) CPD – Wednesday 27 September 13.30 New Mart Road
4) Social lunch (Group wide) - Wednesday 20 December at 13.00, Wheatley House

Remuneration of Board members

4.10 The remuneration of Board members is subject to approval by this Board under the group governing body member remuneration policy. The Group RAAG Committee has been considering recruitment and succession planning across the Group. As part of this, a new Wheatley Appointee for the Wheatley Homes Glasgow Board is currently being recruited to succeed Martin Kelso.

4.11 The appointment of a Wheatley Appointee who is not a Group Board Member will reduce the level of overlap of membership between this Board and the Wheatley Homes Glasgow Board. This is increasingly important in relation to conflicts of interest and operational independence given Wheatley Homes Glasgow reduced its Board size by two as part of the strategic governance review.

4.12 The role will also include being appointed to the Group Audit Committee and Wheatley Developments Scotland Boards, with all three currently having a skills gap for a qualified accountant with senior experience. It is proposed the role would be remunerated at £7,000 per annum which is the rate already paid to all current Wheatley Developments Scotland Non-Executive Directors drawn from partner Boards. The role would also be incorporated into our Group governing body member remuneration policy.

Modern Slavery statement

4.13 The Modern Slavery Act 2015 was developed by the UK Government to help combat a growing concern about poor ethical practices. The Act came into force on 29 October 2015 and requires all organisations with a turnover in excess of £36m to prepare and publish a statement setting out the steps taken during the financial year to ensure that slavery and human trafficking are not taking place in any part of their supply chains or business.

4.14 A copy of our updated statement is attached at Appendix 1, which has not materially changed from the statement agreed last year. The statement will apply to the Group, Wheatley Homes Glasgow, Dunedin Canmore Housing and DGHP. It will be published on the relevant websites.

4.15 We have again assessed the risk of slavery and human trafficking in the Group and its supply chain as low for the following reasons:

- We do not operate a large global supply chain;
- We pay the minimum wage and Wheatley Homes Glasgow, the Group's largest employer, is an accredited Glasgow Living Wage employer;
- We have a specialist procurement team which aims to drive up standards within our suppliers through Wheatley pledge and community benefits clauses;
- We have introduced a requirement into our contracts that obliges suppliers to confirm their adherence to the Act; and
- We enjoy a high public profile and are aware of the need to ensure that we engage suppliers that demonstrate a commitment to the highest ethical standards.

4.16 City Building currently has a Modern Slavery Statement, which requires to be approved by the Members. A copy of their statement is attached at Appendix 2.

East of Scotland Partnership

4.17 Following the successful ballot, the Boards of WLHP and DCH have each now met and agreed the business transfer agreement (BTA) that will see the tenants and assets of WHP transfer to DCH. This was accompanied by legal advice from their respective advisors. The transfer remains scheduled for the 5th September 2022 and as the parent of both organisations, we are now asked to confirm that the parties enter into the BTA and complete the transfer.

4.18 From completion, WLHP will no longer have any tenants and will become a non-trading entity. We intend to formally exercise our parental powers to remove all members of the company from that date (other than serving Board members). All members will be invited to apply for membership of Dunedin Canmore.

5. Customer Engagement

5.1 As governance related matters, the content of the report is reserved to the Board and is of an internal focus. As such no customer engagement has been appropriate.

6. Environmental and sustainability implications

6.1 There are no environmental or sustainability implications associated with this report.

7. Digital transformation alignment

7.1 There are no links to the digital transformation programme.

8. Financial and value for money implications

8.1 There are no financial or value for money implications.

9. Legal, regulatory and charitable implications

9.1 The proposals are set out in compliance with our constitution. We are legally required to publish a Modern Slavery Statement, which is now required to be published within 6 months of the end of the financial year.

10. Risk appetite and assessment

10.1 Our risk appetite in relation to governance is cautious, which is defined as "Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward".

10.2 We mitigate this risk by regularly reporting to the Board on governance related matters and routinely reviewing our records to ensure that our governance records remain up to date and accurate.

11. Equalities implications

10.1 There is no equalities impact arising from this report.

12. Key issues and conclusions

12.1 The report covers routine governance matters which require to be considered on an annual basis or which are subject to Board approval.

12. Recommendations

12.1 The Board is asked to:

1) Agree to call our Annual General Meeting for Wednesday 28th September at 13.30;
2) Note a Board meeting will be held follow the Annual General Meeting;
3) Approve the Parent Appointees for the subsidiary General Meetings as set out in the report and instruct them to vote in favour of all resolutions;
4) Approve the schedule of meetings for 2023;
5) Approve the remuneration of the Wheatley Homes Glasgow appointee at a rate of £7,000 per annum on the basis that they are a member of the Group Audit Committee and Non-Executive Director of the Wheatley Developments Scotland Board and that the role be reflected in the Group remuneration of governing body members policy;
6) Approve the Modern Slavery Statement on behalf of the Group;
7) Approve the CBG LLP Modern Slavery Statement;
8) Approve the completion of the business transfer between West Lothian Housing Partnership and Dunedin Canmore; and
9) Approve that we remove all members of West Lothian Housing Partnership from the date of transfer on the basis that they will be offered an opportunity to apply for membership of Dunedin Canmore Housing.

LIST OF APPENDICES:

Appendix 1 – Modern Slavery Statement [redacted: available here Modern slavery statement | Wheatley Group (wheatley-group.com)
Appendix 2 – CBG Modern Slavery Statement [redacted]

Report

To:	**Wheatley Housing Group Board**
By:	**Steven Henderson, Group Director of Finance**
Approved by:	**Martin Armstrong, Group Chief Executive**
Subject:	**Hybrid Mail and Digital Mailroom Services Contract**
Date of Meeting:	**25 August 2022**

1. Purpose

1.1 To seek approval for the award of the contract for the provision of Hybrid Mail and Digital Mailroom Services across Group to Critiqom Limited ("Critiqom") for a contracted period of four years to a value of £[redacted]

2. Authorising and strategic context

2.1 Under the Scheme of Financial Delegation, set out in the Group Standing Orders, approval of revenue contracts over £1m is reserved to the Group Board.

2.2 The value of this contract over the proposed [redacted]. We have excluded VAT as variable rates apply. This figure also takes into account an additional amount for any future business growth and aligns with Group's the digital transformation ambitions.

3. Background

3.1 The incumbent supplier Critiqom has provided Hybrid Mail services to Wheatley Group since 2009. Hybrid Mail is mail that is delivered using a combination of electronic and physical delivery. Digital data is transformed into a physical letter and issued in a physical format on behalf of Group. Critiqom work with us to print and produce customer communications, and Royal Mail delivers the mail.

3.2 Critiqom has been providing Hybrid Mail Services to Group via the Crown Commercial Services (CCS) Postal Goods, Services and Solutions Framework. Sending out letters on behalf of the Group at an average annual volume of 960,000 letters.

3.3 The anticipated value of the Hybrid Mail contract over the 4-year period was estimated at £2 million (ex VAT). The actual spend was approximately £2.2 million. Customers will continue to receive important communications such as consultations and ballots, therefore this level of spend is expected to continue.

3.4 DGHP currently utilise a Hybrid Mail service established during the pandemic called 'Print & Post', via an arrangement with Royal Mail. DGHP will utilise the Group Hybrid Mail service going forward. Taking into consideration historical spend and including the introduction of digital mailroom services, it is anticipated that expenditure over the next four year will be £2.4 million.

4. Discussion

4.1 The preferred procurement approach for these services is to use a procurement framework already in place by a suitable third party. This allows us to benefit from advantageous pricing from the economies scale and the robust terms and conditions suitable for the public sector.

4.2 Following a rigorous price comparison exercise it was determined that potential savings could be achieved via the Direct Award route to Critiqom via the Scottish Government Framework, Postal Services Framework, Lot 2: Hybrid Mail and Digital Mail Services. Critiqom are the nominated supplier on this Framework, confirming their competitive pricing and high quality of service.

4.3 Critiqom is a market leader for mail and has knowledge of Group needs and can ensure confidence in a system that will deliver from an existing supplier who is fully accredited for this service. Risk mitigation and savings are ensured by renewing with the incumbent supplier.

4.4 White Mail (traditional physical mail) is still required to communicate with customers. Our 2021 – 2026 strategy has outlined digitalisation transformation ambitions. Reaching full digital potential will take time and many of our customers do not have internet access. It is crucial that white mail communicating important information is sent to those who require it.

<u>Proposed Contract Enhancement – 'Wheatley Mail'</u>

4.5 Enhancements to the current mail will be delivered. Wheatley Mail, a digital portal of pre-uploaded branded letterhead templates that are consistent throughout Group. Both office-based and remote working staff will be able to send customer communications out easily with corporate branding on the letter head.

4.6 Changes to documents can be made electronically, avoiding the need for costly reprints or technical costs. Staff will no longer need to print their own letters or use petty cash to pay for postage. Critiqom will host various Train the Trainer sessions, demonstrations, and on-going digital support for staff.

4.7 We are reducing outbound white mail customer communication across the group, as we utilise digital communication methods. Some services such as ballots and consultations are however still necessary and will remain in place. However, as the quality of data for customer improves i.e., emails and mobile numbers, we can further reduce traditional white mail.

<u>Proposed New Service – Digital Mailroom Services</u>

4.8 A modernised and innovative processing solution is required as manual mail processing is time consuming and error prone. By utilising existing outbound mail supplier Critiqom, a Digital Mailroom Service can be introduced for all in-bound mail, to create a modernised digitalising processing solution.

<u>Solution</u>

4.9 Group mail will be received in physical format at the Critiqom site, and mail will be scanned, uploaded to their secure portal, and then sent to the intended recipient. Letters will be digitally read and sent to the intended recipient without manual intervention. Each department will be able to view their own documents on the portal.

Benefits

4.10 Digital Mailroom Services will provide a range of benefits such as increased effectiveness and security. Costly Royal Mail re-directions are currently in place for all offices across Group, however all mail will now be sent to one designated address. Mail reduction strategies more widely have also been considered. We have established a contract management system to communicate with suppliers electronically via email alerts. This approach will ensure a reduction in traditional white mail.

5. Customer Engagement

5.1 Engagement with customers was not directly applicable to this contract renewal.

6. Environmental and sustainability implications

6.1 The supplier will work with Group to ensure that working practices align with our Sustainable Procurement Policy, such as transitioning fleet to electric, implementing energy evaluation programmes and gaining ECO Vadis Gold and Platinum accreditations.

6.2 Critiqom are dedicated to fulfilling environmental and sustainable obligations. Examples of recent achievements include:

- 34% reduction in market-based carbon emissions since 2019.
- 100% of all electricity comes from renewable sources
- 30% reduction in energy consumption since 2019
- Biodegradable envelope initiative introduced in 2019

6.3 Introduction of the Digital Mailroom Service will create a sustainable solution by replacing current internal working practices. Physical journeys will no longer need to occur to distribute mail.

7. Digital transformation alignment

7.1 The digital elements of this contract align with the Group digital transformation ambitions. The current hybrid mail contract, as well as the additional of digital mailroom services are a good fit with the new operating model, whilst delivering business continuity and increased security.

7.2 The digital mailroom would replace 56 old estate addresses, these would all be centralised to one site. Mail will be scanned, documents distributed via the online portal which provides 24.7 remote access to all users. The added functionality of Intelligent Document Processing (IDP) smart technology which will scan all our mail and direct to the intended recipient.

8. Financial and value for money implications

8.1 Value for money will continue to be delivered throughout this contract. A comparison exercise was conducted between the Crown Commercial Services (CCS) Framework and Scottish Government Framework for outbound hybrid mail services.

8.2 A benchmarking exercise concluded that significant savings can be achieved annually by moving from CCS Framework to Scottish Government Framework. These include:

Where	How	Saving
Print and Postage Services	Switch from CCS to Scottish Gov Framework	**£35,000**
Technical	Switch from CCS to Scottish Gov Framework	**£16,000**
Stock	Switch from CCS to Scottish Gov Framework	**£7,000**

8.3 The projected cost savings, based on the above detail are expected to be £58k per annum (£178k over the course of the contract). We plan to use these savings to fund the set-up and delivery of the enhanced digital mailroom services as outlined within this paper. There is a one-off set up cost £17k and estimated annual cost £40k.

8.4 Introducing Digital Mailroom Services will reduce costs to Group ending mail re-directions for all offices, all mail will now go to one designated address. Equipment (printers / franking machines) used across Group to process mail will no longer required, creating further cost savings.

8.5 Our existing plans to reduce inbound and outbound traditional white mail will reduce the financial value of mail sent out and received throughout Group. By encouraging, where possible, customers and suppliers to communicate with Group through digital platforms such as online portals and email, text and phone call. The introduction of these digital services will in turn allow for a reduction in mail spend throughout the organisation.

9. Legal, regulatory and charitable implications

9.1 Scottish Government procurement of this framework (Lot 2 - Hybrid Mail and Digital Mail Services) has been subject to a full OJEU process. The risk of a procurement challenge is considered low and contract award will follow immediately after approval for commencement.

9.2 An Equifax finance report has been conducted for Critiqom detailing a financial stability rating of C which meets the Group's minimum requirements in respect of financial standing. The company appears to be of sufficient financial stability to undertake contract to a value of £6,000,000.

9.3 We will ensure data security compliance and integration, including a full Security Assessment and Data Processing Impact Assessment.

10. Risk Appetite and assessment

10.1 The Group's risk appetite in respect of Laws, Regulations and Covenant Compliance is averse, i.e., avoidance of risk and uncertainty is a key organisational objective.

10.2 The award of this contract is fully compliant with all relevant procurement legislation and presents no increased risk to the Group.

11. Equalities implications

11.1 There are no equalities implications for this report.

12. Key issues and conclusions

12.1 We have an established strong working relationship with Critiqom, the current service offering meets the needs of the Group. The current contract is due to expire in September and after benchmarking exercises demonstrate that continuing to work with Critiqom will ensure best value for money, as well as continuity of services.

12.2 Enhancements to the current mail offering with the introduction of the Digital Mailroom will require a set-up and installation period prior to full commencement. Staff will receive demonstrations and training for prior to launch to ensure services are not impacted.

12.3 Full IT mobilisation will be required for both services, for example installing printer drivers to staff standard desktops across Group. It is anticipated that the digital mailroom will be set-up and ready to use by Q4 of this year.

13. Recommendations

13.1 The Board is requested to approve the award of a Group-wide contract for the supply of Hybrid Mail and Digital Mailroom Services to Critiqom Limited for a contract period of [redacted].