

WHEATLEY HOUSING GROUP LIMITED

BOARD MEETING

Wednesday 26 August at 10.30am BY VIDEOCONFERENCE

AGENDA

- 1. Apologies for Absence
- 2. Declarations of Interest
- 3. Minutes of Meeting held on 24 June and matters arising
- 4. Group CEO Update
- 5. Committee Chair bi-annual updates (Oral):
 - Alastair MacNish, Group RAAG Committee
 - Martin Kelso, Group Audit Committee
 - Jo Armstrong, Group Development Committee

Main Business Items

- 6. Business update
- 7. a) Coronavirus Health and Safety Management Updateb) Building compliance update
- 8. a) Group Performance Framework and Delivery Plan 2020/21b) Group Delivery Plan 2020-21: Quarter 1
- 9. Staff survey during lockdown, summer 2020
- 10. [redacted]
- 11. Coronavirus Job Retention Scheme update
- 12. 2021 RSL Rent Setting and Updated Financial Projections
- 13. a) 2019/20 Group statutory accountsb) Annual Internal Audit Report
- 14. Strategic risk register update

Other Business Items

- 15. Finance report
- 16. Treasury report
- 17. Governance update
- 18. AOCB



Report

То:	Wheatley Housing Group Board
Ву:	Olga Clayton, Group Director of Housing and Care
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Business update
Date of Meeting:	26 August 2020

1. Purpose

1.1. To provide the Board with an update on current activity and remobilisation processes. It links to the separate report on performance in Quarter 1.

2. Authorising context

2.1. The Group CEO has responsibility for business operations across the Group. The Covid-19 situation has had a significant effect on these operations and has impacted on the delivery of the Group strategy.

3. Risk appetite and assessment

- 3.1 The unprecedented nature of the current situation raises risks in a number of key areas. These include:
 - i. *Customers* risks that our customers may suffer hardship and distress, not just through the risk of catching or through having the virus itself, but through the current government measures causing other effects such as hunger, isolation and mental and physical health problems
 - ii. *Staff* risks that staff are exposed to the virus, especially those engaged in customer-facing activity; that we have a reduced workforce due to illness and/or self-isolating, and that those working from home may not be able to function effectively
 - iii. *Financial viability* risks to our financial position, such as increasing rent arrears and reduced cash flow

4. Background

4.1 Following the easing of lockdown many of our services have made good progress and have now moved into the second phase of remobilisation. Other services continue to provide the vital services that have been delivered throughout the pandemic. This report outlines the current status in each of these areas.

5. Remobilisation Summary

- 5.1. Our planning assumptions for how lockdown would ease have been consistent so far with the Scottish Government's position and route map. The June report to the Board set out an anticipated service model for the June to September time period, while progress through the Scottish Government route map is determined by the extent to which Covid-19 is contained. We therefore anticipate that our own service model stages may straddle multiple phases of the Scottish Government route map phases.
- 5.2. At the time of writing the Scottish Government has continued phase 3 of the routemap which we entered on 10 July. They have indicated that it is likely that full phase 4 is unlikely for some time.
- 5.3. We have continued to reflect on and refine our approach to remobilisation in line with guidance. The following table is an update of the one provided in June, showing progress to date. Our specific mobilisation plans for core service areas contains details of:
 - Each stage of the remobilisation eg June-Sept, Oct-Dec and January onwards;
 - The activities within each stage;
 - The evaluation date for each stage;
 - How we will communicate the details of each stage and transitions with customers; and
 - Personal Protective Equipment requirements.
- 5.4. These plans will continue to be refined, and will be adapted depending on the actual rate at which progress is made through the phases of the Scottish Government route map. We are currently developing contingency plans for a potential "second spike" of covid during the coming months. This would potentially result in a return to earlier phases of the Scottish Government routemap in all or part of the country. The highlights from our planned remobilisation, mapped approximately to the first three phases in the Scottish Government route map are also shown below.

	SG Phase1	SG Phase 2 (Jun-Aug)	SG Phase 3 (estimated Sept/Oct – Dec)	Update
Letting	Via Local Authorities for homelessness	Temp accommodation / Housing First	Matched highest need customer	Commenced phase 3 early on 18 August
Income maximisation	Home working	Visiting Teams		On track - Visiting teams commenced mid-July
Fire safety	Vulnerable customers, and ongoing incident management.	Fire inspections in lieu of SFRS quarterly inspections.	Household visits. Fire Risk Assessments recommence October	On track. All 136 MSFs now inspected.
ASB	Central team – advice, guidance ar d phone and limited face to face	Central team – hinvestigate – phone and increased face to face	Central team - visits	Now able to full resolve cases. Face to face contact through home visit team. On track
Environment al	MSF focus	Grass cutting	Close cleaning	On track. All sites have had first grass cut & most on second cut. Close cleaning not yet started
Eatwell	Customers in difficulty	Tapering-off	Most vulnerable customers	Numbers reducing. Vouchers also introduced to support choice & reduce administration
Repairs	Life and Limb	Safety First		On track. Void repairs in line with letting remobilisation commenced 18 August
Investment Commercial	Suspended Letting and services suspended	Test projects Letting – high demand Internal repairs	External Further service mobilisation in line with group approach	No change On track
New Build	Site-prep	Restart		All sites now restarted
Care	to homeworking	services. Limited face to face targeted to the most vulnerable customers	fface and phased office working return	On track
Others	Back office working from home Governance- online	Back office- no change Governance- no change	Reintroduction of full Boards, possibly in person	On track

5.5. In order to transition through the stages in our remobilisation plans in a structured way we have an agreed evaluation methodology. This will be applied at the end of each stage before transitioning to the next stage. No service will move between stages without all elements of the evaluation being agreed by the relevant parties.

6. Discussion

6.1. The report outlines current activity in key areas including RSL activity, Care services, W360, new build, repairs, the call centre and the Wheatley Foundation. It also provides an update on the current situation in relation to staffing including homeworking and furlough.

Rent collection

- 6.2. Despite the economic and physical challenges of the last four months, rent arrears across the Group have reduced from a peak of 5.08% in May to 4.95% in July, as outlined in the performance report. This has been achieved through a strong focus on customer contact and rent discussion by our housing officers using telephone and email rather than home visits. In particular, customers moving onto Universal Credit ("UC") or having a change in their UC claim have been supported through the process to ensure that waiting time is minimised and that they receive the amounts they are entitled to.
- 6.3. An unprecedented number of UC claims have been submitted in this time more than 3,000 cases compared to our pre-covid expectation of approximately half of that level. Our welfare benefit advisors have worked closely with a range of customers, including those out of work for the first time. Customers in acute need can also be assisted through Eatwell packages and items paid for through our Emergency Response Fund. The feedback from customers has been extremely positive in terms of the support they have received.
- 6.4. This work has been supplemented by our Home Visit Team which commenced operations at the end of July. These Housing Officers can make visits where contact has not been possible in any other way. This has been successful in assisting a number of our customers to pay their rent where they are able to do so. The team also undertakes work in relation to lettings, gas safety forced access and anti-social behaviour.
- 6.5. Although the number of people moving onto UC has now slowed to slightly below normal levels, we anticipate that there will be a further wave of economic hardship and UC applications as furlough ends in October. Our Housing Officers are already prioritising contact with households they know to be on furlough to ensure we have the best support in place ahead of the end of furlough in October. We are currently devising a campaign particularly targeting those affected by furlough. This will include exploring ways in which we can liaise with employees in order to highlight the support which is available from us to any employees who may be tenants of ours. In addition, we are developing an innovative proposal to maximise recruitment opportunities in Wheatley Care for any tenant who may find themselves facing unemployment.

- 6.6. Under the emergency legislation evictions are currently suspended. The Homelessness and Rough Sleeping Action Group ("HARSAG") have recommended that this suspension is continued until the end of the financial year. The Scottish Government have accepted the recommendations in principle and legislation to this effect is expected shortly. Our position has always been that we will not move to evict tenants who cannot pay. However, we have always had a robust approach to tenants who won't pay. We continue to have some tenants whose arrears are not related to ability to pay or to Covid.
- 6.7. We are considering how we can develop new escalation processes as an alternative to obtaining and enforcing eviction decrees in order to reinforce to those tenants their ongoing requirement to pay rent. This will include a rent campaign emphasising the necessity of rent payment and different escalation processes.
- 6.8. Remobilisation continues as planned. In addition to the home visit team, all payment arrangements are now being reviewed with the aiming of maximising the number of customers on Direct Debits or UC Alternative Payment Arrangements ("APAs"). A wider range of digital methods of contact are being implemented. These include webchat and video calls with welfare benefit advisors and housing managers where issues need to be escalated.

Allocations and Homelessness

- 6.9. Phase 1 of our letting remobilisation commenced in June. As described to the Board, we have focussed on contributing to national objectives by working with Local Authorities to meet the increased needs for temporary accommodation for homeless households; whilst also mitigating our rent loss during lockdown. We have also been successful in continuing to meet the needs of some of our most vulnerable applicants through the permanent letting of homes to Housing First customers, to those who had an outstanding offer from prior to lockdown and for new build developments which were completed. This phase has now been successful with the target for temporary accommodation reached and exceeded. In total, we have now now housed 132 Housing First Customers before and during lockdown the vast majority of the total in Scotland. Dunedin Canmore has created the majority of the permanent lets in this phase with 68 in total. 34 of these were for new build properties.
- 6.10. This progress has allowed us to move to phase 2 of lettings remobilisation 3 weeks earlier than the original planned date of 31 August. In this phase we will extend void repairs work to gradually remove the backlog of work required on vacant homes.
- 6.11. Initially we aim to let a maximum of 65% of lets to homeless households in Glasgow and Edinburgh, with a slightly lower rate in other areas such as Dumfries & Galloway, based on the position in terms of homelessness locally. Other priorities will include prevention of homelessness and young care leavers. Amongst the 105 recommendations from HARSAG is one to increase lets to homeless to 80-90%. This has been accepted in principle by the Scottish Government. This would have significant implications for our allocations processes, services, communities and customers. We are in discussion with our partner local authorities about how these recommendations might be reflected in their Rapid Rehousing Transition Plans. This will be the subject of a future item to the Board.

- 6.12. In GHA, Cube and Loretto, lets will primarily be undertaken through direct matching for households in greatest need including homeless households. Limited advertising will be used for LivingWell, adapted and new build homes. In the east properties will continue to be advertised through the Edindex common housing register and nominations with the focus on letting to high priority households. In DGHP we have offered all vacant homes to homeless households, with 100 now let or in the process of being let. 23 homes were not suitable for those households and these are now being let through Homes 4 D and G, the common housing register for the area.
- 6.13. Throughout our area of operation, we are aiming to "flip" 150 of the homes currently used for temporary accommodation direct to permanent lets where these are suitable for the household currently in the home. This will help to improve tenancy sustainment, remove the need for additional void expenditure and mitigate void rent loss. We have already "flipped" 24 tenancies and have already identified a total of 64 further homes which will be suitable.

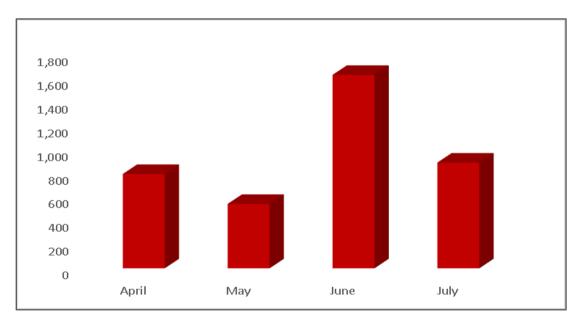
Wheatley 360

- 6.14. Our Neighbourhood Environmental Teams have remobilised grass cutting with all areas now having had at least one cut. Proactive work has been undertaken on requests of housing officers to assist specific customers and in some communal areas to make life easier for tenants. In addition, the teams have undertaken bulk uplift across our areas, for example removing 150 tonnes of waste in the week commencing 3 August alone. In part this has been required due to the suspension of bulk uplift by some Local Authorities, including Glasgow City Council where the work has still not been reinstated.
- 6.15. A detailed schedule of cleaning continues to be undertaken across our multistorey properties, including extra disinfecting and sanitising. All these sites have been fully staffed throughout the Covid period. Fire safety checks and patrols have continued as normal. Close cleaning has not yet restarted but, subject to Scottish Government guidance, it is hoped to restart this by September.
- 6.16. We have provided advice, guidance and support to more than 3,000 customers in relation to anti-social behaviour throughout the lockdown period - although it was generally not possible to fully resolve all cases due to the restrictions. We are now able to progress all cases to full resolution and this work is already underway. We have now cleared the backlog of approximately 200 Category A (highest priority) cases. Category B cases are now back with Housing Officers to work through to resolution, as they would have been pre-lockdown. The majority of work is still carried out by telephone with visits undertaken by exception due to the continuing restrictions. It is hoped that the CIP police team will return on a phased basis with the first group of 6 in place by 1 September which will help considerably with analysis, resolution and targeted deployments. We have, however, retained our Police intelligence capabilities throughout lockdown. This has been critical in allowing us to respond timeously to complaints as we are able to access police intelligence within 24 hours as opposed to the normal 28 day response time for all other landlords in Scotland.

- 6.17. Whilst we have seen an increase in the levels of antisocial behaviour reported to us since lockdown commenced, approximately 80% of these relate to low level noise and neighbour disturbance which could be directly related to the lockdown circumstances.
- 6.18. The Scottish Fire and Rescue Service ("SFRS") have reported a significant national increase in the number of deaths and serious injuries from fire since lockdown began. The SFRS have attributed the increase to the fact that people have been in their homes most, if not all, of the time and also that they suspended their Home Fire Safety Visits programme as part of their lockdown response. There have been no deaths or serious injuries due to Accidental Dwelling Fires during lockdown across the Group.
- 6.19. Our four Fire Safety Officers ("FSOs") are now back from furlough and have completed inspections of all 136 MSF blocks. These were undertaken following the SFRS decision to suspend their quarterly MSF inspections. Daily fire checks carried out by onsite environmental staff have continued throughout lockdown. In line with our remobilisation plan our FSOs will also now recommence some additional vulnerable household visits using PPE and social distancing. Bespoke fire safety and prevention devices, services and advice will continue to be delivered to high risk Housing First cases.
- 6.20. Our three-year Fire Risk Assessment programme for all MSF and Living Well is scheduled to recommence beginning of October and two additional FSOs will also be recruited at this time to allow us to continue with vulnerable/high risk customer visits and interventions.
- 6.21. It has been widely reported at a National level that lockdown and social distancing has been a particularly challenging time for victims of domestic abuse; this is a direct result of victims having to self-isolate with their perpetrators of abuse. Across Group this trend has been replicated and we have seen a marked increase in the support being provided by our Group Protection in dealing with new and existing cases of Domestic Abuse within our communities.
- The Group Protection team has continued to attend multi agency forums such 6.22. as the Multi Agency Risk Assessment Conference ("MARAC"), Multi Agency Tasking and Coordinating Group ("MATAC") and the Disclosure Scheme for Domestic Abuse ("DSDAS"), to hear high level cases of Domestic Abuse, share information and offer wraparound support actions to victims and their children as necessary. In particular, our attendance at the MARAC forum during the month of July 2020 seen 99 high risk victims taken forward as cases by agencies, in comparison to this time last year where there were only 63 cases. It is anticipated by all agencies involved in safety planning for victims (Police, Social Work Services, Domestic Abuse Advocacy Services), that as we exit lockdown and the associated measures in place, there will be an influx of reports around ongoing Domestic Abuse during the period of isolation that have not been reported. If required our Group Protection team is resourced to support a spike in case referrals and will continue to offer advice, guidance and support as necessary.

Eatwell and Emergency Response Fund

- 6.23. Since lockdown, the Wheatley Foundation have enabled the provision 27,000 food parcels or supermarket vouchers at a total cost of approximately £1m to the end of quarter 1. From the beginning of July we have offered supermarket vouchers as an alternative to food delivery. Now that lockdown has eased, this provides choice to customers and also requires less resource in terms of delivery.
- 6.24. In addition to Eatwell packages, customers have been able to receive support from our Emergency Response Fund. This has been used to help purchase one off items which are essential for the household. For example, many people in our communities did not have access to devices to connect to the internet. The Emergency Response Fund has been used to help with the purchase of tablets and smartphones to help children with school work but also to enable our customers to claim UC, pay rent and to keep in touch with us. The Fund has also been used to help some customers who have been left in distress when key household items such as cookers, fridges and washing machines broke down during lockdown and they had no money to replace them. Sadly, some of our customers have also struggled with funeral expenses for suitable clothes, burial plots or headstones. Money from the fund has also been used to help in these situations. The graph below shows the number of customers assisted through the Response Fund over the last four months.



Care Services

6.25. Wheatley Care staff continue to provide support to individuals across 9 Local Authority areas. Redesigned service delivery models ensure each person we work for receives a tailored approach based on their individual needs. In the first quarter care staff have supported 876 people we work for face to face with all other individuals receiving telephone support or support using video conferencing. Staff continue to adhere to regulatory requirements and record all contact with individuals.

- 6.26. To date fewer than 0.5% of the people we work for have contracted Covid 19 and there continues to be no Covid 19 diagnosis within our building based services where we have responsibility for the environment. We have seen an increase in staff requiring to be tested as a result of displaying some symptoms or of being a close contact of someone who has tested positive. However, these still remain small numbers with 8 in total in the 3 weeks to 14 August and staffing levels remain high. In all cases to date tests have been negative. We are reviewing contingency plans for the potential for increased absence due to seasonal illness and increased testing requirements.
- 6.27. An announcement has been shared with staff outlining a range of rewards to recognise staff's efforts including £300 payment for all staff who have worked throughout the pandemic and a weekly payment of £6 to all those working from home with an additional 2 days leave awarded for those individuals. This has been well received across the organisation.
- 6.28. It has continued to be a challenge to support people we work for, some of whom have complex needs and there has been an increase in the number of incidents we have to report to the Care Inspectorate. However, there has also been evidence of great innovation with staff teams devising alternative ways of ensuring individuals receive the care and support that they require while adhering to restrictions.
- 6.29. As Government guidelines have changed we have, where safe to do so, opened some garden areas in our shared living premises to ease some of the pressures and isolation individuals were experiencing. This has been done under robust risk assessment and has included restrictions of small bubbles of people socialising while maintaining 2m social distance. Care Management and H&S colleagues have developed a clear visitors protocol which will safely allow visiting to resume in our Care Homes and other residential buildings in line with Scottish Government guidance including the need to contact trace should we require.
- 6.30. Our care homes continue to operate robust procedures in relation to admissions throughout this time. This includes Covid testing being concluded prior to admission and a mandatory 14-day period of self-isolation regardless of the test results. Weekly testing is now also in place in our two care homes.
- 6.31. As a result of the Covid pandemic and our move to home working we expedited our care technology plans. As a result, every Wheatley Care employee has now been issued with a smart phone providing access to intranet, email, training and a range of communication options. This is a significant investment for care staff, being delivered much earlier than anticipated within the 2025 strategy. The significant initial capital costs have been met by the Group. The feedback from staff has been overwhelmingly positive.
- 6.32. The Care Inspectorate continue to make regular contact with services proactively to discuss our response to the emergency and understand any concerns or issues. These have been very positive for managers with the feedback from the Care Inspectorate without exception.
- 6.33. As we remobilise we continue to have 12 weeks supply of all appropriate PPE for our care staff.

Customer Service Centre

- 6.34. The Customer Service Centre Hubs in DGHP and Glasgow are continuing to operate within a virtual environment. Call numbers have increased considerably into our Glasgow Hub since late July/early August as services have continued to remobilise across Group. Call numbers in June 2020 were showing an average of 1,368 per weekday. This has steadily increased to 1,586 in July 2020 and 2,014 per weekday in August to date (a 47% increase on call volumes since June 2020). Overall performance year to date is showing a grade of service of 76.79% (reduced from 82% at the end of June 2020). The majority of call increases relate to repairs and general enquiries as services have started to remobilise.
- 6.35. In DGHP, call volumes have seen a steadier increase in line with service remobilisation. In June 2020, the DGHP Hub was handling on average 384 calls per weekday. This has increased to 403 during July showing an increase of 4.9%. The Grade of Service in DGHP year to date is 88.05%.
- 6.36. Since May 2020, the Glasgow Hub has also taken a key co-ordination role around gas servicing compliance across West partners. This measure was implemented in response to customer nervousness around letting operatives into their homes in order to create more proactive engagement to ensure access for gas servicing. Since mid-May 2020, the Glasgow Hub has been co-ordinating a small team of staff from across Group to facilitate high intensity outbound calling. This has ensured that we were able to engage with customers 24/7 every day, and therefore facilitate essential contact both in and out of regular office hours.
- 6.37. The early focus of this new approach was on CP12 certificates that had expired in April and May, or were due to expire in June. The approach had instant results with City Building Glasgow reporting access rates for gas servicing reaching 89% at first visit compared to around 74% pre-pandemic. This approach has continued with the small team making over 17,000 outbound calls to customers to date.
- 6.38. In early July, as lockdown restrictions eased, our approach to proactively engaging customers around gas service compliance was enhanced further through the introduction of Housing Visit Teams. Staff from these teams have been visiting customers who were proving challenging to engage with to provide further reassurance in an attempt to facilitate access to their homes. Having these teams has also helped with the forced access process for those customers who, despite repeated attempts, have not engaged and allowed access.

Repairs

6.39. On 29 June we extended our repairs service from Emergency Life and Limb to Safety First to include emergencies plus certain types of essential repairs. An example of the resulting difference in the service would be replacing pipework on a sink in Safety First rather than just making a leak safe in life and limb. Our overall (emergence and non-emergency) repairs volume at the end of July was just over 35,000.

- 6.40. This is 45% fewer than the same period last year with the difference made up of roughly an 8% increase in emergency repairs and a reducion of 74% in nonemergency. The slight increase in emergency repairs is part of applying judgement to ensure vulnerable customers were supported as we transitioned from our business as usual service to the Covid-19 life and limb service.
- 6.41. Customer attitudes to our Safety First repairs service is continuing to be monitored including through customer feedback gathered from our staff in the customer service centre. Any significant change or impact from customer demand will be taken into consideration as we continue to work within the recovery model in our remobilisation plan that currently has a full repairs service planned to re-commence in the last quarter (Jan-Mar 21).
- 6.42. Our in-house repairs delivery teams in DGHP and Dunedin Canmore, and City Building (Glasgow) are coping well with the remobilisation of services including reporting that they have necessary supplies of PPE both now and for the weeks ahead.
- 6.43. As discussed, in a separate report to this meeting, we have modified our processes relating to gas compliance and re-examined other building compliance workstreams to ensure an appropriate balance between completing necessary work and the safety of our staff and customers.
- 6.44. In general, our external investment programmes and cyclical works remain scheduled to re-start in October, although, as planned, a small number of projects that started prior to lockdown have now re-commenced. These projects will provide learning and assurance that this type of work can be delivered safely during this difficult period whilst complying with all current government and health and safety guidelines. Internal investment works are still planned to re-commence in January across the group; other than DGHP where some works are planned for October subject to customer buy-in to support the delivery of 'tenant promised' made through our partnership commitments.

Staffing

- 6.45. As an update on the figures to the end of June provided in the Q1 performance report, our absence levels remain very low with the Group reporting an absence figure of 1.66% for July 2020 compared to 3.59% for the same month in 2019 and 3.45% in February 2020 (the last full month prior to Covid). Absence in Wheatley Care is also worthy of note given the current situation with an absence figure of 3.34% for July 2020 (6.72% in July 2019 and 5.23% in February 2020).
- 6.46. For care, a significant amount of time and energy continues to be focused on health and safety arrangements in place, ensuring that myriad procedures, risk assessments and materials are updated and communicated to all staff. This has been strongly supported by our Group health and safety staff. Some of the challenges in respect of this have been the various working arrangements across care staff and the inability of some staff to access emails, and communication freely. As such multiple approaches for communication have been adopted which are bespoke for each service and individual's circumstances.

Personal Protective Equipment ("PPE")

- 6.47. The service transitions above will require an increasing use of PPE. At present, we have sufficient supplies in place for our staff for the next 12-week period based on the anticipated remobilisation plans and we have robust supply lines. The confirmed availability is also a key element of the evaluation criteria for any service remobilisation progressing to through future stages.
- 6.48. We have also made progress recently through the Scottish Government and we can now access additional supplies through an arrangement it has put in place with Lyreco. We have tested this arrangement and it worked well with next day delivery. In addition, as a contingency, we have placed orders so as we will have a further 25% stock beyond what we expect to need.

New Build

- 6.49. Since the lockdown has steadily eased, the construction industry recommenced site operations from 11 June 2020 and has progressed through the construction restart programme agreed with the Scottish Government. By 15 July 2020 the industry had entered phase 4 (steady state operations with PPE) of the restart plan. All 24 of the Group's development sites are now operational.
- 6.50. We continue to assess the overall impact of Covid-19 on our programme. The Board will recall the revised development programme for 2020/21 that built in prudent assumptions relating to completions to year end. Our revised Group annual target for 2020/21 is 475 affordable units. It is still too early to fully understand the impact on on-site productivity across our development sites. We will keep this under review.
- 6.51. Since construction sites restarted a number of project completions that had been impacted by Covid-19, and the subsequent lockdown, have now concluded. By 13 August 2020 we had taken into management 149 new build homes. This has included the completion of the following six projects: Cube Westcliff, DCH Greendykes Phase 4, DCH Lang Loan, DCH Morrison Crescent, DCH Beaverbank and WLHP Dixon Terrace.
- 6.52. At its recent meeting on 6 August 2020 the Group Development Committee considered and approved a further five development projects in Glasgow, Falkirk, Linlithgow and Winchburgh, in addition to approving a strategic land acquisition in West Edinburgh. All projects are in the Group Development programme approved by Group Board in February 2020.

Commercial activity

6.53 [redacted]

7. Key issues and conclusions

7.1. We continue to progress and expand our services in line with the routemap set out by Scottish Government. We are utilising the lessons learned to date to inform our range of remobilisation plans. Planning is already underway for the "new normal" at the end of remobilisation.

8. Value for money implications

8.1 The approach set out in this paper is designed to ensure we continue deliver as much value as possible for customers, while keeping them and our staff safe.

9. Impact on financial projections

9.1. There are no financial implications associated with this report.

10. Legal, regulatory and charitable implications

10.1. The returns to the Scottish Housing Regulator continue to be provided in line with their deadlines.

11. Implementation and deployment

11.1. The Executive Team will direct the deployment of the proposals set out in this paper.

12. Partnership implications

11.1 There are no partnership implications associated with this report.

13. Equalities impact

13.1. We will continue to take special account of those who have underlying health conditions or are shielding. The latter category of staff will not be required to leave their homes and it is recognised their ability to work may be restricted by the shielding provisions in force.

14. Recommendations

14.1 The Board is asked to note the contents of the report.



Report

То:	Wheatley Housing Group Board
By:	Tom Barclay, Group Director of Property and Development
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Coronavirus Health and Safety Management Update
Date of Meeting:	26 August 2020

1. Purpose

1.1 To provide the Board with an update on the continued management of Health and Safety for during the current Coronavirus Pandemic.

2. Authorising Context

- 2.1 Under the Group Authorising Framework and Intra-Group Agreement the Group Board are responsible for approving and implementing Group Policies. The Health and Safety Policy was approved and designated as a Group Policy in the overall Group Health and Safety Management System.
- 2.2 Under the Group Authorise/Manage/Monitor Matrix, individual RSL and subsidiary boards are responsible for the application of group frameworks and policies such as the Health & Safety Policy.

3. Risk Appetite and Assessment

- 3.1 The Group's risk appetite relating to laws and regulations is "Averse" i.e. avoidance of risk and uncertainty is a key organisational objective. The risk tolerance of all subsidiaries relating to technical compliance (e.g. Health and safety, gas) is also "Averse".
- 3.2 Health and safety compliance risks are included in the group strategic risk register and in the Wheatley Housing Group risk register.

4. Background

4.1 The Group Health and Safety Policy approved by the Board in August 2018 and is now well embedded by the Group and our partner organisations. As part of our continued focus on health and safety, the policy signposted our intention to consolidate the various elements of our policy under the Group Health and Safety 'Management System'. The Management System supports us by having a clear overarching means for managing health and safety in the review and implementation of Health and Safety Management Arrangements ("HSMAs") and Operational Safety Manuals ("OSMs") that will communicate and drive a positive health and safety culture throughout the organisation.

- 4.2 On 16 March 2020, the UK Government began daily briefings on the Coronavirus outbreak in the UK. The Prime Minister urged employers and businesses to work from home where possible. In tandem with this, the Group H&S Team promptly established a Business Continuity Management Team, which included the Managing Directors of all our partners, along with other senior leaders across the group.
- 4.3 Daily meetings of the group took place to help navigate the group's response to the rapidly emerging developments of the Coronavirus Pandemic and ensure our preparedness was fully considered, prior to a likely imminent 'lockdown'.
- 4.4 As a result of this early action and collaborative approach across the group, we were able to mobilise 'en masse' homeworking and, following a review of Business Continuity Plans and Business Impact Assessments, a framework of essential services to be maintained during 'lockdown' were agreed as follows :
 - Customer Service Centre
 - Life and Limb Repairs & Compliance
 - Eat Well Food Deliveries
 - IT Support
 - Wheatley 360 Services (Fire Safety Checks)
 - Void Transfers (for Homeless)
 - Finance and Payroll
 - Customer Support and Income Protection
 - Communications
- 4.5 The success of maintaining services during 'lockdown' have ensured that staff were able to work from home providing essential services and support to some of our most vulnerable customers in the most challenging of times whilst significantly contributing to the national effort to the prevent the spread and impact of Coronavirus.
- 4.6 Since lockdown, Health and Safety work streams have been impacted by the restrictions put in place and we have had to adapt the application of the policy within a lockdown situation. We have also had to adapt to new health and safety challenges brought about by the pandemic. This paper aims to update the Board on our approach to Health and Safety during the Coronavirus outbreak and our approach to Health and safety as we begin to remobilise.

5. Discussion

5.1 Despite working from home since lockdown, the Group Health and Safety Team have continued to provide advice, guidance and support to the Executive Team, Managing Directors, Senior Managers and other staff during the pandemic. The team have been regularly monitoring the validity and accuracy of the Group Health and Safety Policy in cognisance of new and emerging guidelines regarding Coronavirus.

- 5.2 On 19 June 2020, Scotland moved into Phase 2 of the Scottish Government's route to recovery. This prompted a review of the essential services operating model and re-mobilisation of services that will see the following services expand or resume:
 - Letting, Allocations and Void Processes
 - Anti-Social Behaviour Interventions
 - Income Maximisation
 - Landscaping and Horticulture
 - Property Cleaning
 - 'Safety First' Approach to Repairs
- 5.3 Since then, and the Scottish Government's subsequent move to Phase 3 on 9th July 2020, the Group H&S Team have been working closely with Management teams to establish safe working arrangements for all staff and customers.
- 5.4 Key strands of our approach to Health and Safety during the initial period of lockdown, and moving forward (as we enter into our initial stage of remobilisation) are outlined below:

A) Review of Operational Safety Manuals & Risk Assessments

- 5.5 OSMs are mandatory across all partners to document safe systems of work, local procedures, guidance and best practice, specific to the nature of work activities. The introduction of widespread homeworking over a medium to long term period and social distancing requirements for those staff carrying out essential services, and our revised operating model outlined above, has resulted in an ongoing and dynamic review of OSMs. These updates have been communicated to Management Teams and Trade Union Safety Representatives and include activities such as:
 - Property Visits,
 - Customer Engagement,
 - Eat Well Food Deliveries,
 - Allocations and Voids Processes,
 - Anti-Social Behaviour Interventions,
 - Travelling to and from work locations
- 5.6 Risk Assessments and Safe Working procedures that form the OSMs have been updated where necessary to reflect, the use and maintenance of Personal Protective Equipment ("PPE"), social distancing measures and general hygiene precautions, in accordance with current UK and Scottish Government guidelines.
- 5.7 OSMs will continue to be reviewed as new and emerging guidelines are issued by Government and other relevant bodies in relation to the prevention and spread of Coronavirus. An Index of revised Operational Safety Manuals Procedures and Risk Assessments across the Group is appended to this report (**Appendix 1**).

B) Homeworking

- 5.8 The transition of large numbers of staff from office locations to homeworking is one that is unprecedented for us. As the Coronavirus outbreak developed at an alarming rate, we were required to move quickly and decisively to ensure the safety of our staff and customers. Staff who are working from home have been provided with iPads, Laptops, and workstations set-ups in their home, to facilitate homeworking and allow staff to access our networks remotely.
- 5.9 To maintain posture and work comfortably at home, we have implemented a system for the ordering and delivery of additional office equipment such as monitors, keyboards and office chairs etc throughout the duration of the crisis. The Group's Occupational Health Provider, People Asset Management ("PAM") have also provided for all staff information and guidance on exercise and stretching routines that can be adopted whilst working from home. (See **Appendix 2**)
- 5.10 'E' Workshops to support staff in dealing with the emotional challenges that they may face during the Coronavirus crisis, have also been provided by PAM. The workshops covered a wide range of subjects including resilience and isolation, a positive mindset, working well remotely and being active. (See **Appendix 3**)
- 5.11 Further support for all staff who are homeworking and on furlough leave, also include the following resources:
 - Occupational Health Services from People Asset Management
 - Employee Support Counselling for our EAP Confidential Care
 - Mindfulness Sessions through our Wellbeing Programme & My Academy
 - Wheatley Family Hub on WE Connect
 - Regular Welfare Calls

C) Personal Protective Equipment (PPE) Tracking

- 5.12 Throughout the Coronavirus outbreak it has been well documented in the media that there have been a number of challenges associated with the procurement of PPE. This has been no different for the us, as initial demand on supply chains increased and supplies diminished both nationally and globally.
- 5.13 In response to this, a PPE Tracker was developed to ensure the supply of PPE is monitored and managed effectively at a group level for all our essential services. The tracker is updated weekly by nominated business leads to ensure there is a minimum of 12 weeks' resilience in future requirements for all Staff.
- 5.14 The tracker which is shared with the Group Procurement Team to ensure the provision of PPE is maintained and allowing for optimisation of current and future supplies in critical areas. Highlights & exceptions are being reported to the Executive Team on a weekly basis.

D) Fire Safety

- 5.15 During the lockdown, desktop reviews of fire safety risk assessments were being undertaken as their review dates arise. Conference calls with Managers were arranged to discuss the closure and status of previous action plans, where possible.
- 5.16 A programme of site visits and inspections shall re-commence when further guidelines are issued by UK and Scottish Government that permits such. Fire Incident Reporting continues to be implemented and the Group Health and Safety Team are reviewing and responding to fire incident reports as they arise across Group.

E) Health and Safety Training

- 5.17 Health and Safety E-Learning packages have been established and rolled out as mandatory completion for all staff since the outbreak of the Coronavirus to ensure that as an employer, we continue to meet our obligations for the provision of information, instruction and training.
- 5.18 E-Learning course for Coronavirus, Health and Safety Awareness and Fire Safety Awareness can be undertaken by all staff working remotely from home, to supplement their existing training they have received. Further e-learning courses are being investigated for development in respect to staff returning to work in an office setting, homeworking and mental health.
- 5.19 For staff who may not be PC users, Managers Briefings and Guidelines have been produced for them to be communicated on and individual basis where possible and on H&S Noticeboards.

F) Health Surveillance

5.20 The Group Occupational Health Provider, PAM have temporarily suspended all routine Health Surveillance of staff. Face to face consultations have been suspended however, telephone consultations are being maintained where possible to provide advice and support to staff.

G) Incident Reporting

- 5.21 Incident reporting procedures continue to be implemented and the Group Health and Safety Team are reviewing and responding to incident reports as they arise throughout the Group.
- 5.22 Incidents that are RIDDOR reportable or have the potential for serious injury, employers' liability claims or adverse publicity are being further investigated by the group remotely by way of e-mails and conference calls.
- 5.23 Since January 2020 to June 2020 (Q4 and Q1 respectively) there have been a total of 6 RIDDOR Reports made to the Health and Safety Executive. Two RIDDOR incidents occurred Wheatley 360 and Dunedin Canmore and one incident in Wheatley Solutions and Dumfries & Galloway Housing Partnership. No further intervention was made by the Health and Safety Executive following the submission of these reports.

H) Driver Safety

5.24 Through our accredited third party verifier (Drivercheck) we continue to implement checks of all authorised drivers' licences in Wheatley. Reports issued on a monthly basis include driver's details, licence categories and any restrictions that they may have on their driving licence.

I) Re-Opening of Offices/Workspaces

- 5.25 As we move through Phase 3, from 3rd August we have begun to open some offices and workspaces across our three regions (West, East and South) to provide 'touch down' locations for staff whilst carrying out work in our communities as part of our remobilisation plans. These will provide printing facilities, staff welfare facilities and allow Managers to meet small groups of staff face to face, but will not be opened to customers and other external visitors at this time. Guidelines for Managers have been established to ensure a consistent approach across all locations.
- 5.26 Generic Risk Assessments have been developed for the re-opening of office space and re-mobilisation of services to coincide with the Governments Working Safely Guidelines and ensure Social Distancing and Hygiene precautions can be implemented for Staff.
- 5.27 Testing Guidelines for Managers have been developed to ensure Wheatley Housing Group Staff returning to work can be directed to Testing Services should they or a household member develop symptoms.
- 5.28 Planning is also underway to introduce routine temperature testing of staff for existing premises that have remained open and those should there be a reopening of office accommodation in the near future. Protocols shall be established to provide staff with further confidence and comfort that all measures to prevent the introduction and spread of Coronavirus are being taken. It is anticipated that routine temperatures checks will be undertaken by trained first aiders.

J) Trade Union Liaison

- 5.29 Throughout the pandemic, there has been frequent correspondence and communications with Trade Unions, namely Unison, Unite and GMB on behalf of their members. Arrangements associated with Homeworking, Social Distancing, PPE and Operational Safety Manuals have been the main points of issue raised by Trade Unions. These have been considered and responded to in a timeous manner, in close liaison with Managing Directors and Management teams.
- 5.30 There has been a positive relationship maintained with the Group H&S Team, Management and Trade Unions in working collaboratively to ensure the safety and wellbeing of our Wheatley staff and its customers

6. Key issues and conclusions

- 6.1 Whilst there are already solid foundations in place for the management of health and safety, the current Coronavirus pandemic has resulted in a revised approach to Health & Safety as we lived through lockdown and move through phased remobilisation. This has meant that we have had to adapt to new means of implementing our health and safety framework including greater use of digital means for key parts of the framework including incident reporting, fire safety and health & safety training for staff.
- 6.2 The pandemic has also resulted in new health and safety challenges having to be addressed, such as securing and managing the long term supply of increased PPE across multiple services and staffing groups. Our new PPE tracker, which is now fully deployed, has ensured that we have a minimum 12 weeks resilience built into our supply chain for all services.
- 6.3 Another challenge which we have successfully addressed has been the wholescale shift to homeworking for many staff. Staff have been provided with iPads, Laptops, and access to their own workstations set-up (including office chairs, desks and other kit) in their home, to facilitate safe homeworking. Other support systems have also been put in place to support the mental health of staff during the pandemic including 'e' workshops and mindfulness sessions along with regular welfare checks by senior staff and managers.
- 6.4 We are confident that we continue to uphold and implement so far as is reasonably practicable, our legal obligations for the management of health and safety. New and emerging guidelines for the prevention and spread of Coronavirus will continue to be monitored and acted on immediately as information is released from UK and Scottish Government and in addition to Health Protection Scotland and other recognised bodies. By ensuring the health, safety and welfare of all our staff, we will strive to maintain essential services and a re-mobilisation of services that support our customers in navigating these challenging and unprecedented times.

7. Value for Money

7.1 There are no direct value for money implications arising from this report.

8. Financial Implications

8.1 There are no direct financial implications arising from this report.

9. Legal, Regulatory and Charitable Implications

- 9.1 The ongoing implementation of Management System and Health and Safety will support the overall approach to achieving legal compliance of health and safety legislation.
- 9.2 Health and safety is subject to a wide range of legal requirements and we take into account HSE guidance in the development of all health and safety related documents at this time. Cognisance will be taken of any relaxations or alternative means of compliance due to the impacts of homeworking and social distancing.

10. Partnership Implications

10.1 We actively work in partnership with external stakeholders, in particular via the Community Improvement Partnerships in health and safety related areas and Local Authority Resilience Partnerships where relevant.

11. Implementation and Deployment

11.1 The implementation of the revised arrangements will take immediate effect and we will update Board of any further changes at future meetings.

12. Recommendations

12.1 The Board is invited to note the contents report.

List of Appendices:

Appendix 1 – OSM Updates Appendix 2 – Homeworking Helpful Hints and Tips Appendix 3 – Wellbeing Workshops



Appendix 01

Index: COVID19 (Coronavirus) OSM Updates

No.	Document
001	Housing Void Properties
002	Eatwell Food Hygiene Arrangements
003	Eatwell Deliveries
004	Block Inspections
005	Cleaning Body Fluids
006	DSE
007	Housing Anti-Social Behaviour Interventions
800	Housing Customer Non Engagement
009	Letting Agents' Viewings and Allocations
010	Office equipment delivery
011	Property Visits
012	Sanitising Common Areas MSF
013	Sanitising Fleet Vehicles
014	Sanitising Workstation
015	Traveling to and from sites in vehicles
016	Outbreak Checklist (Care)
017	Putting on and Taking off PPE
018	Daily Actions Checklist (Care)
019	Immediate Infection Prevention and Control Checklist (Care)
020	PPE Comms (Care)
021	Temp PPE clothing (Care)
022	Risk Assessment Infection Control (Care)
023	Risk Assessment PPE (Care)
024	Risk Assessment Staff Shortages (Care)
025	Risk Assessment Supporting Infected PWWF (Care)
026	Situation Assessment (Care)
027	Housing Forced Entry
028	Landscaping and Horticulture
029	Housing Forced Entry Gas Service
030	Housing Rent Arrears
031	Development Handover and Pre Handover Visits
032	Procedure Covid-19 Cleaning Procedures 2020 (Care)
033	Procedure NETS Void Clearances
034	Visitors Protocol (Care)



Helpful tips

for desk-based & vehicle workers

> PAM Group Ltd Holly House, 73-75 Sankey Street, Warrington, WA1 1SL T: 01925 227000 www.pamgroup.co.uk

Prolonged sitting activity can contribute to muscular stiffness along with joint aches and pains. Many adults in the UK spend more than seven hours a day sitting or lying, and this typically increases with age to 10 hours or more.

Here are some simple techniques that you can follow to reduce these issues:

- Take micro-breaks (2-3 minutes) every hour to stretch and alter your position
- Sedentary workers are advised to spend at least 2 hours standing continually through the working day
- Ensure you are adopting good sitting postures
- Perform these head-toe exercises throughout your working day





- Extend one arm out in front with the elbow straight.
- Use the other hand to grasp it at the side of the thumb and bend the wrist downward.
- Turn wrist towards the small finger to increase the stretch.
- Hold for up to 30 seconds and repeat on both arms.

Perform stretch in sitting or standing with knees slightly bent

- Tuck in chin and place hands behind your head, fingers interlaced.
- Push with head backward against hands and hold for up to 30 seconds and repeat.

Perform stretch in sitting or standing with knees slightly bent

- Use one hand to spread apart and straighten the fingers of the other hand and then stretch wrist back gently as far as you can.
- Apply the pressure through the tips of the fingers and be sure to include the thumb. Do not apply pressure to the palm of the hand, aim to hold for up to 30 seconds and repeat on both arms.



Perform stretch while sitting with arms relaxed by your side

- Rotate your arms so your thumbs are pointing backward to open the chest.
- Squeeze the shoulder blades together, keep your chin tucked and hold this position for 30 seconds and repeat.



Perform stretch either sitting or standing

- Bring one arm across your body at chest height.
- Use the opposite arm to lightly push on your elbow to accentuate the stretch., do not rotate your trunk.
- Hold this position for 30 seconds and repeat on both arms.

Sit tall and cross your arms on your chest

- Slowly look up towards the ceiling by raising your elbows and hold this position of 30 seconds.
- Slowly return to the neutral position and repeat.





Sit tall and comfortably in a chair

- Clasp hands behind head and slowly pull head down and chin towards your chest.
- Hold position for up to 30 seconds, feeling a stretch in the neck and upper back and then repeat.

Sit tall and comfortably in a chair

- Hold bottom of the seat with the hand on the side to be stretched to lower the shoulder by pulling down.
- Tilt and turn head to the opposite side.
- Nod head forward until a stretch is felt alongside and back of neck.
- Hold the stretch for up to 30 seconds and apply extra pressure (gently) with the hand to increase the stretch if needed. Repeat stretch on both sides.



- Sit tall whilst focusing on an object at eye level
- Slowly move your head back over your shoulder and tuck your chin in.
 - Guide the movement with your hand on your chin, hold for 10 seconds, return to intial poision and d repeat 5 times.

Upper back, shoulder & arm stretches:







Lower back stretches:



- Sit in a chair with your hands on your hips and rotate the trunk
- Keep the trunk vertical through rotation.
- Hold for up to 30 seconds and repeat on both sides.



Sit up straight and place your palms on your lower back

- With your fingers pointing down to the floor, bring your thumbs almost around the hip bones and keep your torso erect.
- Try to touch your elbows together behind your back whilst keeping your chin level, and upper body relaxed. Hold for 30 seconds and repeat.



Sit up straight in a chair and look directly ahead of you

- Lift one arm up and above your head and slowly bend sideways while reaching down with the opposite hand, until you feel a stretch at the side of your trunk (if height is restricted place hand on opposite shoulder). Do not twist or lean forward.
- Hold the stretch for 30 seconds and repeat on opposite side.

Sit on a chair with your thighs parallel to the ground

- Keep your feet flat on the floor and your back in a neutral position (slightly arched).
 - Maintain a steady abdominal breathing while tilting your hips posteriorly by rounding your lower back and anteriorly by arching your lower back.
- Alternate between these motions, working through all the available range of motion.

Leg & ankle stretches:



Sit on the edge of a sturdy chair with one leg straight in front and the other knee bent

- Stick your hips back, keeping your back straight, as you bend forward to feel a stretch behind your straight leg.
- Hold the position for 30 seconds and repeat on the opposite leg.



Sit on a straight chair with your feet flat on the floor

- Move one foot backward under the chair as much as possible, keeping your heel and toes on the floor.
- Hold up to 30 seconds and repeat on the opposite leg.



Sit straight on a chair, rest your foot on the ground with the ball of your foot then rotate your ankle.

These exercises can be performed whilst in your vehicle, working at your desk or even whilst sitting at home. Complete these throughout your day and start to see the benefits within 3-4 weeks.



Further leaflets are available on common injuries.

Should you require any further assistance on any of the above then please contact our head office on **01925 227000.**



PAM Group Ltd. Holly House, 73-75 Sankey Street, Warrington, WA1 1SL T: 01925 227000 www.pamgroup.co.uk COVID19 SUPPORT

Invitation to our Free Webinars!



In light of the recent challenging circumstances that we have all found ourselves in, PAM Group are continuing to support you and your colleagues.

Everyone has been affected by sudden changes to their working and personal lives.

Our new range of workshops have been designed to help your colleagues deal with the emotional challenges that may to face, such as anxiety, fear, isolation, loneliness, boredom and depression. We are pleased to invite you to experience these workshops for yourself, completely free of charge.

To sign up: click the webinar title to be taken to our Eventbrite sign up page. Just pop in your details and 27/04/2020 AT 4:30PM you'll receive a link to your webinar via email, 48hr **RESILIENCE & ISOLATION** before the webinar starts. 30-MIN Examine the four pillars of resilience and For more information contact understand how to incorporate wellness@pamgroup.co.uk or visit elements of each to stay safe and well www.pamwellbeing.co.uk whilst socially distancing or selfisolating. 28/04/2020 AT 4:30PM WORKING WELL REMOTELY 30-MIN This workshop is designed for any colleagues working at home and 29/04/2020 AT 4:30PM outlines the benefits that remote KEEPING A POSITIVE MINDSET working can bring, and top tips to DURING DIFFICULT TIMES 30-MIN work well including establishing boundaries, working around children Understand how to deal with and staying connected. change productively and cope well during the current climate. 30/04/2020 AT 1PM LOSS & GRIEF: REACTIONS AND RESPONSES <u>45-MIN</u> 01/05/2020 AT 4:30PM This session is helpful for anyone WORKING FROM HOME & BEING that wants to understand loss and the ACTIVE grieving process, the issues surrounding <u>30-MIN</u> this very delicate individual journey with Being active plays a huge part in our day the added issue of COVID-19. to day lives and this can be significantly disrupted when socially distancing or selfisolating, but we'll help you with practical and realistic ways to stay active.



Report

To:Wheatley Housing Group BoardBy:Stephen Devine, Interim Group Director of Repairs and
AssetsApproved by:Martin Armstrong, Group Chief ExecutiveSubject:Building Compliance UpdateDate of Meeting:26 August 2020

1. Purpose

1.1 To update the Board on our building compliance work streams in the current COVID-19 pandemic and on our remobilisation plans.

2. Authorising Context

2.1 Under the Group Authorise/Manage/Monitor Matrix, the Group Board is responsible for the on-going monitoring and scrutiny of our compliance with relevant legislation and regulation. This report provides the Board with an operational update and detail of actions which will be undertaken as soon as practically possible, given the on-going COVID-19 pandemic.

3. Risk Appetite and Assessment

- 3.1 The Group's risk appetite relating to building compliance work streams is minimal " i.e. preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward. The risk tolerance of individual subsidiaries relating to Compliance work streams is "Minimal".
- 3.2 Risks relating to repairs and maintenance are set out in the relevant Group partner risk registers. In addition, for Group RSLs, compliance, such as for gas servicing, is embedded in the Scottish Housing Regulator's reporting requirements.

4. Background

4.1 Our compliance works programmes includes gas servicing, TMVs, water management including legionella prevention and investment works such as smoke and heat detector upgrades and emergency lighting installations within Multi Storey Flats ("MSFs").

- 4.2 Landlords have a legal duty to repair and maintain gas pipework, flues and appliances in a safe condition, to ensure an annual gas safety check on each appliance and flue, and to keep a record of each safety check.
- 4.3 Landlords also have obligations under legislation or approved codes of practice for a variety of building maintenance and inspection activities related to fire fighting equipment (risers/sprinklers), lifting equipment, alarm systems etc.
- 4.4 The on-going national response to COVID-19, and in particular the need to minimise contact with others out with your household and for some customers to 'shield' has impacted business as usual approaches to compliance works. At the start of lockdown we introduced a life and limb repairs service and restricted our compliance works to critical services and planned preventative maintenance that could be undertaken within landlord controlled areas of premises.
- 4.5 The Health and Safety Executive ("HSE") updated guidance to social landlords on gas servicing on 8 April 2020 and included criteria which must be evidenced should a landlord be unable to undertake gas servicing within appropriate timescales. Since lockdown, we have developed and introduced an interim gas servicing process. This process reflects the updated HSE guidance and allows us to complete gas services where access is allowed and it is safe for operatives to enter a customer's home.

Work Stream	Status	Planned Recommencement
TMV maintenance and Installation	Ceased	October '20
Smoke and Heat Detector Upgrades	Ceased	August '20
Emergency Lighting Installations	Ceased	October '20
MSF Window and Door Inspections	Not currently impacted, as profiled to commence in December 2020	December '20
Lift Insurance Inspections	As Normal	
Proactive Lift Maintenance	Changed from Monthly Servicing to Bi-Monthly Servicing	Monthly Servicing to Resume October '20
Mechanical and Electrical Works	Statutory Compliance works proceeding within common areas and landlord controlled areas	Works within customers' homes will recommence in October '20

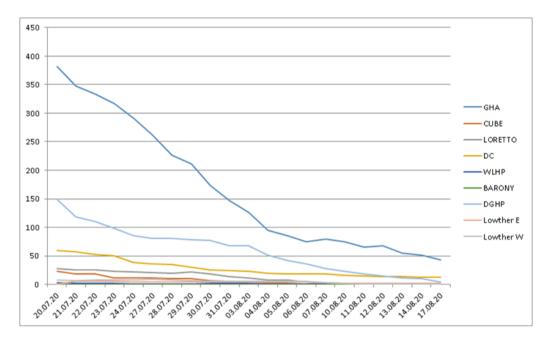
4.6 The status of our other compliance work programmes is shown below.

5. Discussion

Gas Safety

- 5.1 The measures to reduce the spread of COVID-19 in the early phases of lockdown had a significant adverse impact on our gas safety performance. Historically, each RSL in the group and Lowther Homes have had 100% gas safety compliance (i.e. no outstanding CP12s) and our service has been recognised nationally including through City Building Glasgow winning Gas Contractor of the year on two separate occasions. Achieving this compliance requires an annual inspection of every property with gas which equates to on average 144 inspections each day.
- 5.2 Our ability to undertake gas safety inspections between April to June was severely compromised because of the measures that were required to ensure customer and staff safety. This included moving from a more automated appointment based process to one where we explicitly asked permission to enter a customer's home. As might be expected, nervousness as the pandemic spread meant many customers were reluctant to give permission. The number of properties across the Group that had not had their annual inspections peaked on 3 July 2020 at 920 homes. In each case, the customer wish and our attempt to gain access were recorded in line with revised HSE guidance.
- 5.3 In May 2020, in response to customer nervousness and in recognition of the need for more proactive engagement to ensure access for gas servicing, we changed our gas service process. The key change was the introduction of high intensity outbound calling from the customer service centre which was now working virtually using a newly created compliance team made up of staff from across the Group. This ensured we were able to engage with customers 24/7 every day, and therefore facilitate essential contact both in and out of regular office hours
- 5.4 The early focus of this new approach was on CP12 certificates that had expired in April and May, or were due to expire in June. The approach had instant results with City Building Glasgow reporting access rates for gas servicing reaching 89% at first visit compared to around 74% after two appointments, pre-pandemic. This approach has continued with the customer service centre making over 17,000 outbound calls to customers, so far.
- 5.5 In early July, as lockdown restrictions eased, our approach to proactively engaging customers was enhanced further through Housing Visit Teams. Staff from these teams have been visiting customers who were proving challenging to engage with to provide further reassurance in an attempt to facilitate access to their homes. Having these teams has also helped with the forced access process for those customers who, despite repeated attempts, have not engaged and allowed access.
- 5.6 As we moved through the lockdown, we have also reviewed the way we work with partners who lease our homes for their own service users. Our largest partner is Glasgow City Council.

5.7 During lockdown we have worked closely with Glasgow City Council staff responsible for gas servicing and compliance in their leased homes. As a result, the approach has seen more accompanied visits and increased engagement with customers by Glasgow City Council staff ahead of service dates, and therefore better access for City Building Glasgow operatives to undertake the gas service.



Number of expired CP12s

5.8 As of 17 August 2020, the Group had 63 failed CP12s and 99.9% compliance. Of the 920 CP12s that had expired on 3 July, when the number of expired CP12s peaked, all except 14 have now been completed. The 14 still to be completed are mainly as a result of customers who were shielding until recently and are made up of 3 from May, 10 from June and a further 1 up to 3rd July 2020. The remainder of the 63 outstanding CP12s are those that became expired during the rest of July (13) and those to date from August (36). We expect the vast majority of these to be addressed in the next 2 weeks and to be fully compliant, including having our business as usual process working to avoid future expires by 11 September 2020. The table below provides a breakdown of current expired CP12s by partner.

Subsidiary	Number of Expiries – 17.08.2020
Glasgow Housing Association	43
Cube	0
Loretto	0
Dunedin Canmore	13
West Lothian Housing Partnership	0
Barony	0
Dumfries and Galloway Housing Partnership	4
Lowther East	2
Lowther West	1
TOTAL	63

5.9 To ensure continued progress and resilience to any 'second spike' we will continue with proactive customer engagement to at least March 21, and have moved our gas servicing cycle to 9 months (rather than the 10 months currently). This will maximise servicing in the months before winter.

Legionella prevention and water management

- 5.10 Legionella testing is part of our overall water management strategy and is a year round programme. There were some delays in commencement/progress earlier in the year as adjustments were made during the early lockdown, although we anticipate catching this up and all required works being complete this financial year. The focus since lockdown has been on communal tanks rather than individual outlets within customers' homes.
- 5.11 Our testing regime varies on a site by site basis taking into consideration the water system installed, the type of property and the customer demographic. Works can include visual inspections of the tanks, 2 yearly risk assessments, temperature checks of both the water inlet and of resting water within the tank, bacterial testing which checks the water supply for various bacteria including e-coli and legionella and chemical testing for metal and mineral contents to ensure that water meets the relevant water quality standards as set by the Water Supply (Water Quality) (Scotland) Regulations 2001.
- 5.12 The table below provides details of progress against the annual programme.

Subsidiary	Inspections completed so far	Total Inspections/Assessments Required	Percentage completion
Cube	194	456	42%
GHA	430	651	66%
Loretto	29	11	37%
DC	22	22	100%
WLHP	n/a	n/a	
Barony	16	16	100%
DGHP	0	223	0%

5.13 DGHP's testing mainly relates to tenement flats and individual homes, rather than for example, GHA, where the focus is on communal tanks in multi-story flats. As such, work will restart in this area as part of wider compliance remobilisation in October. The volume and nature of this work means it should complete this financial year, as planned for all subsidiaries.

Thermostatic Mixing Valves ("TMV") Servicing

5.14 The table below provides the total number of households within this programme across Group.

Business Area	Qualifying Households
West Coast partners	7,822
East Coast partners	993
DGHP	2,545

- 5.15 Prior to COVID-19, this work was planned to run all year. However, in line with our agreed remobilisation plan, we now anticipate a 9 month delay in starting these works. This delay reflects the need for social distancing, the intrusive nature of these works, the potentially vulnerable customer groups within qualifying households (e.g. those containing under 5s or over 75s and Livingwell sites), and likely reluctance among some customers.
- 5.16 We currently expect to achieve around 25% of our original full programme this year, with the remainder next. To mitigate some of the impact, we have issued personal communication to each household offering advice and assistance as part of our stay safe approach. We have also advised they contact us should they require a repair or a check on their hot water, so we can prioritise any required work.

Smoke and Heat Detectors

- 5.17 This programme was originally planned to run for the full financial year. The invasive nature of the work including the need to be in a customer's home for up to 4 hours, combined with the planned start in August (agreed through our remobilisation plan) mean we are unlikely to meet the Scottish Government's target date for completion of May 2021, with this now expected around year-end. We will monitor and manage progress proactively and look to prioritise resources where appropriate to ensure this is completed as soon as practicably possible.
- 5.18 As part of this we will work with trades team to rationalise address lists for this work and aggregate it with other building compliance work streams so we can reduce the number of visits to a customer's home, minimise any inconvenience and maximise access. We will also use our learning from gas servicing on the value of proactive customer engagement where access is required, to ensure these works are completed as quickly as practical. Letters have been sent to each household offering advice and assistance as part of our stay safe approach, and also asking they contact us should they require a repair or a check on their existing smoke detectors.

Subsidiary	Stock No's	Total	Percentage
Cube	2176	670	49%
GHA	31990	15864	49%
Loretto	1082	459	42%
DC	5213	2581	49%
WLHP	511	274	53%
Barony	271	136	50%
DGHP	10300	5733	56%

5.19 The table below provides an update on completions, before work ceased.

Periodic Electrical Inspections

- 5.20 In May this year, the Scottish Government updated its guidance to social landlords via the Scottish Housing Quality Standards ("SHQS"), requiring that periodic electrical inspections be undertaken in all properties on a cycle of no more than 5 years. This brings the social housing sector in line with guidance issued to the private rented sector in 2015. The Scottish Government has set the target date of March 2022 for Social Landlords to be compliant.
- 5.21 Historically West Coast partners budgeted for periodic inspection on a 10 yearly cycle, reflecting the following risk mitigation considerations:
 - significant large scale investment works that were carried out in GHA and Cube properties focused upon new electrical installations over the last decade
 - availability of electrical safety repairs for customers 24/7/365
 - inspections and electrical repairs/upgrades undertaken at void
 - on-going one off investment works which identify issues with electrical installations
- 5.22 East Coast partner (since 2015) and DGHP (since 2019) have budgeted for periodic inspections on a 5 yearly cycle.
- 5.23 Due to the different strategies being employed across the group there is a varied picture in relation to compliance and the work required to meet the March 2022 deadline:
 - East Coast partners have 1500 due to elapse which were all programmed for the full financial year - 30% will slip into next year due to the time constraints resulting from COVID-19
 - DGHP are targeting 100% compliance by August 2021
 - West Coast partners are currently 34% compliant with roughly 31,000 properties requiring a periodic inspection under the new requirement.
- 5.24 We have been undertaking periodic electrical inspections in customers' homes when we have been installing the new smoke and heat detector systems, to minimise disruption to customers. Periodic inspections will continue to be undertaken at this appointment as part of a compliance "one and done" approach wherever it is practically possible. Where new smoke and heat detector systems are not required, we will undertake the periodic inspection at the same time as other compliance works e.g. TMV servicing or Door/Window inspections, as applicable.
- 5.25 We have developed an ambitious programme, targeting works in 450 customer's homes a week, if we can realise this programme then a completion date of March 2022 is possible.

Emergency Lighting Installations

5.26 Emergency Lighting installations and maintenance are undertaken within common areas of blocks, with no requirement to access customers' homes. As such, this work stream can be recommenced quite quickly through a combination of City Building Glasgow's in house teams and their supply chain.

- 5.27 Processes are already in place for notifying customers and colleagues that this work is going to be taking place, and due to the minimal level of direct customer contact involved in completing these works we do not anticipate significant issues with recommencing the programme.
- 5.28 Blocks completed towards the end of (19/20) are still within the contractual defects period with landlord assurance inspections for this completed work being prioritised when business returns to normal. The installed systems are fully operational, with just minor aesthetic issues outstanding.

Window and Door Inspections/Servicing

- 5.29 Window and door inspections were always planned for December 2020 through to March 2021 because the internal nature of the work means it is suited to the winter months.
- 5.30 Subject to customers allowing access, we do not anticipate, at this time, any issues with these work streams proceeding as originally planned. This will be monitored over the coming months while we await further guidance from Government on the scenarios and timescales for exiting lockdown.

Lift Inspections and Maintenance

- 5.31 Lift inspections by our insurance engineers commenced as normal throughout lockdown and any time related defects that are identified are being actioned by our lift contractors as a priority. Any minor defects or recommendations will be completed as and when business returns to normal
- 5.32 Proactive servicing of our lifts has been reduced from monthly to two monthly visits to reduce workload for our contractors as they run on a reduced resource. Throughout the lockdown period we have not experienced any significant service issue to date as a result. Monthly inspections and maintenance will resume in October in line with our remobilisation plan.
- 5.33 All emergency callouts are being dealt with within timescales and there is continued dialogue with the contractor about any potential issues

Mechanical and Electrical Works

- 5.34 During lockdown our specialist M&E contractor and their supply chain have been working to undertake all statutory compliance works which are accessible within common areas of our blocks or within landlord controlled areas (tank rooms, risers etc.), this work includes water testing, dry riser testing, fire alarm maintenance.
- 5.35 All emergency callouts are being dealt with within timescales and there is continued dialogue with the contractor about any potential issues.
- 5.36 The majority of our M&E equipment is within communal areas of blocks, which has allowed our contractor to catch up quickly on workload that they were unable to undertake due to restrictions in lockdown with minimal inconveniencing for our customers.

Communications

- 5.37 Our experience through the COVID-19 pandemic and beginning to reintroduce services has highlighted the value of proactively engaging customers, particularly where there is nervousness about allowing access to their home.
- 5.38 As we continue to develop our approach to compliance activities in the current operating environment, we will further strengthen communications with customers at each stage to explain:
 - what we are doing and why it's important;
 - how we will ensure the work can be carried out safely;
 - what we need them to do; and
 - how they can get in touch to talk to us.
- 5.39 Key messages in all our communications to customers on compliance will be:
 - The safety of our customers and staff is our top priority and as a result we are still only able to deliver restricted services
 - The good news is... the continued gradual easing of restrictions means we can now carry out some essential work aimed at keeping you and your home safe
 - Please be assured, while this work is carried out, our staff and contractors will strictly follow guidelines on maintaining social distancing and will wear appropriate PPE
 - This work is a really important part of keeping you and your home safe ...we'll be re-introducing other services just as soon as guidelines allow.
- 5.40 These key messages, supplemented where appropriate with detail of the individual project or work being carried out, will be communicated to customers using a range of channels including telephone calls, on-line, web and social media.

6. Key Issues and Conclusions

- 6.1 Where needed and appropriate we have amended our approach to compliance related works in response to government guidance to prevent the spread of COVID-19 and changing customer attitudes. Throughout the lockdown restrictions, our emphasis has been on ensuring our customers, communities and assets remain safe while we work towards the phased introduction of our wider repairs and compliance services, as restrictions ease.
- 6.2 We have changed our approach to gas servicing, where we have statutory obligations, to allow us to meet recent HSE guidance to social landlords. Our new approach resulted in compliance of 99.9% on 17 August 2020. We anticipate full compliance by 11 September including completion of works that will become necessary between now and that date. Our planned programme of other compliance work for TMV and smoke and heat detectors is behind plan because of the difficulties in accessing customer homes and we are now intending to focus activity in Q4 where practical.

- 6.3 Other programmes including window and door inspections and lift Inspections and maintenance are impacted to a lesser extent by the current situation through a combination of requiring limited customer engagement, work having been planned for later in the year and the ability to move on a temporary basis to less frequent checks without significant risk.
- 6.4 While adapting our approach to compliance, and repairs more generally, has its challenges, it has also provided an opportunity to review our delivery model and to accelerate innovation including in addressing no accesses and collaborative working with our delivery partners.

7. Value for Money Implications

7.1 There are no direct value for money implications arising from this report.

8. Impact on financial projections

8.1 The revision to previously planned programmes of work discussed here have been included in updated financial projections.

9. Legal, Regulatory and Charitable Implications

- 9.1 In considering the current legal implications, the Group has regard for the dialogue that is continuing with key parties including the Scottish Government and SHR.
- 9.2 The amendments to the Scottish Housing Quality Standards in relation to Periodic Electrical inspections have required us to increase our electrical inspection programme to ensure the Group meets the target date of March 2022.

10. Implementation and deployment

10.1 Implementation aspects of the various compliance works are discussed throughout this report.

11 Partnership Implications

11.1 The consideration in this report apply to all group partners

12. Equalities Impact

12.1 There are no equalities implications associated with this report.

13. Recommendations

13.1 The Board are asked to note the content of this report and agree the proposed approach to compliance related works.



Report

То:	Wheatley Housing Group Board
By:	Olga Clayton, Group Director of Housing and Care
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Group Performance Framework and Delivery Plan 2020/21
Date of Meeting:	26 August 2020

1 Purpose

1.1 To seek approval of the Performance Framework and Delivery Plan for 2020/21. This incorporates the outcomes of the Strategy refresh agreed at the Group Strategic Development Committee on 24 June 2020.

2 Authorising context

2.1 Under the terms of the Group Authorising Framework, the Group Board is responsible for setting the overall Group Performance Framework and approving the delivery plan for each year. Under the Group Authorise/Manage/Monitor Matrix, the Group Board has an ongoing role monitoring performance of subsidiaries across the Group against the key indicators agreed under the performance framework.

3 **Risk Appetite and assessment**

3.1 Our agreed Group 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 and may only have limited potential for reward".

4 Background

- 4.1 Our Performance Framework is designed to support delivery of our overall strategy and other supporting strategies. It sets out measurements, commitments and targets which will define our success in delivering the strategy.
- 4.2 We are in the process of recasting our new strategy, which will now cover the period 2021-26. Given the impact of Covid 19, 2020/21 is therefore a transitional/exceptional year and we propose an interim set of performance measures and targets. These do recognise a number of the themes of our original draft 2020-25 strategy, while also recognising that normal performance has not been possible due to government restrictions.
- 4.3 Since lockdown we have continued to provide all Boards across the Group with detailed business update reports at all meetings to allow them to understand the impact of the pandemic on core performance areas such as arrears, letting and repairs.

5 2020-21 Measures and Targets

5.1 Prior to lockdown, we had already developed a draft set of measures and targets based on the first year of our 2020-25 strategy. We have subsequently reviewed these to evaluate the likely impact of Covid-19 on what is achievable this year and what is most important in light of some of the changes to the strategy currently under discussion. The full set of proposed measures and targets is included in the Appendices. Key points are set out below:

RSL Measures

- 5.2 **Customer satisfaction**: the Scottish Housing Regulator requires satisfaction surveys to be completed every 3 years. Our last Group wide surveys were completed in late 2019. As there is no statutory requirement to complete full surveys in 2020/21, we do not intend to complete full surveys this year. However, a separate piece of work will be commissioned to get independent feedback from our customers on how we responded to Covid-19 and obtain feedback on service delivery priorities. Our partner Boards have all indicated their support for this approach. This will be reported to the Board in due course.
- 5.3 **Phased targets:** to reflect the challenging environment we have been operating in so far this year, we propose to set phased targets for a small number of performance indicators based on the following phases.

Phase	Timescale	Commentary
Lockdown/ phase 1	April – June	Targets adjusted to reflect the changes in our services – eg restricted repairs service.
Remobilisation – phase 2	July – December	Targets adjusted to reflect the remobilisation of services across the Group.
Business as usual	January – March	Assumed that all services are fully operational – this may need to be revisited in the event of second waves or local lockdowns.

5.4 These phases have been applied to the following areas and proposed targets developed for each phase.

<u>Tenant satisfaction with repairs and maintenance</u>: We anticipate in-month satisfaction to decline initially as more complex repairs usually result in lower satisfaction and there are more of these as we remobilise. "Phase 2" target is 87% and then the business as usual target increases to 93%.

<u>Days to let</u>: As we work through the perpetration and completion of any repairs required to the backlog of vacant properties the time taken to let properties will be longer in July – December ("phase 2"). Thereafter we expect to come back to normal levels. DGHP letting times remain higher than other RSLs due to some pockets of lower demand stock.

RSL	Lockdown/ Phase 1	Remobilisation/ Phase 2	Business as usual
Cube	N/A – no letting	28	16
DC		27	15
DGHP		32	20
GHA		26	14
Loretto		26	14
WLHP		26	14

<u>Medical adaptations</u> (number of calendar days to carry out): There are a number of outstanding adaptation referrals from the beginning of lockdown. These will have a substantial length of time accrued by the time adaptations restart in January. The target assumes referrals restart in October at a level roughly similar to normal levels. If there is a second spike of Covid, a surge of referrals or a significant number of unprocessed referrals sitting in closed offices, this target may need to be reviewed.

RSL	Phases 1 and 2	Business as usual
Cube, GHA and Loretto	N/A (will restart in January)	72
DC	N/A (will restart in January)	72
DGHP	90	54

<u>Number of expired gas safety certificates</u>: We expect there to be no expired gas safety certificates by October

RSL	Lockdown/ Phase 1	Remobilisation/ Phase 2	Business as usual
Cube	23	0	0
DC	20	0	0
DGHP	234	0	0
GHA	1,161	0	0
Loretto	34	0	0
WLHP	5	0	0

5.5 **Gross rent arrears:** have been reviewed to reflect the economic impact Covid-19 has had on our tenants; which has seen a significant increase in the number of people claiming Universal Credit. As a result, revised targets are detailed below:

RSL	2019/20	30 June 2020	2020/21 Proposed Target
Cube	5.24%	5.07%	5.52%
DC	4.08%	4.50%	4.51%
DGHP	4.00%	4.29%	4.40%
GHA	4.81%	5.21%	5.60%
Loretto	5.11%	4.19%	4.80%
WLHP	2.34%	3.06%	3.10%
Group	4.61%	4.96%	4.94%

- 5.6 **Lets to homelessness:** to reflect the importance of this area, it is proposed that the initial target of 33% is increased to a Group wide target of 50%; with an increased target of up to 65% within Glasgow and Edinburgh to reflect the particular pressures on homelessness in the cities.
- 5.7 **Fire Risk Assessments:** will commence from October. The target is for 24 Multi Storey Flats and 6 Living Well properties to be completed. Over the next 2 years, 56 Multi Story Flats and 16 Living Well properties will be assessed to meet our 3 year targets.
- 5.8 **Accidental Dwelling Fires:** our target to reduce Accidental Dwelling Fires ("ADFs") by 10% over the 5-year strategy remains. Due to Covid-19, there is a potential increase in ADFs this year and it is therefore proposed we align the reduction with the 5 year period of the new strategy (i.e. profiled at 2% per annum from 2021-2026).

Property measures

5.9 **Social Housing and Mid-Market New Build:** figures have been reviewed in light of Covid-19. The following table summarised this year's assumed activity:

RSL	Social rent	Mid-market	Total units
Cube	24	0	24
DCH	48	35	83
DGHP	0	0	0
GHA	311	49	360
Loretto	0	0	0
WLHP	8	0	8
Total	391	84	475

- 5.10 **Gas safety:** the target remains at zero, as we have a legal obligation to carry out this service within timescales. However, in line with other providers, we have begun to force access where people refuse entry (providing they are not shielding). It is estimated that we may miss approximately a third of actions due in the remainder of July and August through a combination of the extent of the backlog and those properties still shielding. These numbers cannot be reduced because the indicator measures how many times the deadline has been missed. Phased targets have been set to monitor the position to bring the number of gas safety checks not being completed within time to zero.
- 5.11 **SHQS:** the DGHP Scottish Housing Quality Standard target has been changed from 97% to 92% due to lockdown related delays in investment.

Wheatley Solutions measures

5.12 Appendix 3 contains the full set of measures for Wheatley Solutions. There have been no significant changes to these targets due to Covid-19. To respond to customer's needs, the average wait time at the Customer Service Centre has reduced from 49 to 45 seconds. A new target for customers registering for web self-serve has been set at 7,000.

Commercial measures

5.13 [paragraphs 5.13-5.14 redacted]

Care measures

- 5.15 Care services have continued to be provided as normal during lockdown. There have been no changes to the measures post Covid-19 and they continue to be focused on strengthening the financial position and ensuring a sound platform for growth of services. Boards will continue to receive quarterly information on the surplus/deficit position of all care services and on the proportion of services breaking even.
- 5.16 Quality of the service is measured through Care Inspectorate gradings and requirements together with the level of unplanned move on from the service by customers.
- 5.17 Standard business measures include the absence rate and complaints performance. Staff retention will also be reported to the Group Board and Care Boards this year. This is because staff retention and recruitment is a particular challenge in the care sector.
- 5.18 The full set of measures is included at Appendix 2.

Wheatley Foundation

- 5.19 A range of measures are reported to the Wheatley Foundation Board incorporating the services provided through the Foundation. These include training places, EatWell service and the Home Comforts service. These are included at Appendix 3.
- 5.20 **Number of jobs, training and apprenticeships:** target has been reduced from 750 to 150 for 2020/21.
- 5.21 **Employability programmes:** have been suspended this year and we will recommence in 2021/22.
- 5.22 There has been no changes to the target of 50 **customers supported by Wheatley bursaries** to attend Higher Education / University and 1,400 **vulnerable children** will benefit from targeted Foundation programmes.

6 2020-21 Strategic Projects

- 6.1 Along with the review of the strategy, we have reviewed our planned 2020-21 strategic projects. This review has not delayed our strategic objectives and, as detailed below, has accelerated some areas (e.g. new operating model and estate rationalisation).
- 6.2 The remainder of this year will set the foundations for delivering the 2021-26 strategy. The proposed Board projects are detailed below, the status on these

will be reported to the Group Board. Further projects are reported to the specific Boards affected or to the Executive Team.

Strategic Outcome	Project	Summary of outcome
Developing peaceful & connected neighbourhoods	Work with Police Scotland to develop a Group-wide Anti-Social Behaviour and Crime Prevention and Mitigation Framework	Framework agreed by WHG and Police Scotland
Developing peaceful & connected neighbourhoods	Develop Group Homelessness Framework, including rapid rehousing	Framework approved by Board, incorporating Scottish Government Homelessness and Rough Sleeping Action Group and Raid Rehousing Transition Plan findings
Developing peaceful & connected neighbourhoods	Review of Wheatley Foundation purpose and future focus	Clear purpose and direction set for Foundation activity post 2020
Developing peaceful & connected neighbourhoods	Create a new digitally enabled engagement framework	We will understand what works for customers in this new type of space and co- create an effective forum with them
Supporting economic resilience in our communities	Socio-economic research study linked to cost of a home	To work with Fraser of Allander Institute to develop a model to calculate the cost of running a home - with a focus on how we are helping customers reduce costs

Strategic Theme: Changing Lives & Communities

Strategic Theme: Delivering Exceptional Customer Experience

Strategic Outcome	Project	Summary of outcome(s)
[redacted]	[redacted]	[redacted]
Developing a Customer Led Repairs Service	Establish DGHP in-house repairs service	Scale up the DGHP repairs service that was brought in house in March 2020 and bring gas servicing in house
Developing a Customer Led Repairs Service	Agree the MyRepairs technology strategy	Agree customer facing repairs online vision including app, and the technology roadmap to achieve this

Strategic Theme: Developing our Shared Capacity

Strategic Outcome	Project	Summary of outcome(s)
We Create - driving innovation	Year 1 DGHP integration and transformation.	1. Enhanced contact centre 2. New DGHP strategy 3. New repairs services 4. New housing team 5. Pilot remote wraparound services.
We Work - strengthening the skills & agility of our staff	New staff operating model	Implement new staff working arrangements model and terms and conditions
We Work - strengthening the skills & agility of our staff	Ignite programme 2020	Agree the Ignite programme for 2020/21 and implement agreed programme
We Work - strengthening the skills & agility of our staff	Agree & Implement a Digital Learning Framework/ Approach	Collate the lockdown learning around our approach towards digital learning and formalise through a framework

Strategic Theme: Enabling our Ambitions

Strategic Outcome	Project	Summary of outcome(s)
Raising the funding to support our ambitions / maintaining a strong credit rating and managing financial risks	[redacted]	[redacted]
Raising the funding to support our ambitions / maintaining a strong credit rating and managing financial risks	[redacted]	[redacted]
Evolving digital platforms to support our activities	Agree and introduce digital maturity assessments across key services and projects	Agree Digital Maturity assessment approach Agree relevance and maturity levels to be attained Perform maturity assessment on major project/business service

Strategic Theme: Making the Most of our Homes & Assets

Strategic Outcome	Project	Summary of outcome(s)
Setting the benchmark for sustainability and reducing carbon footprint	Carry out Corporate Estate review in line with proposed new 'blended approach' service model and devise programme of estate rationalisation.	Establish Office of the Future Concept Design. By October 2020, identify Regional Hubs Structure and Develop Implementation Plan/ Establish Group Interim Office Network
Investing in existing homes & environments	Implementation of strategy to meet "no home unimproved" by 2020	To complete the commitment to tenants for improvements to their homes. The final part is for tenanted properties to meet the Energy Efficiency Standard in Social Housing (EESH) i.e. Energy Performance Certificate rating D by 2020
Investing in existing homes & environments	Develop pre-1919 strategic overview	Clear implementation plan for maintaining and investing in pre 1919 stock in Glasgow

Strategic Outcome	Project	Summary of outcome(s)
Increasing the supply of new homes	[redacted]	[redacted]
Increasing the supply of new homes	Establish first TRA in Dumfries.	Secure agreement from D& G Council and S Government to establish a TRA in Lochside, Dumfries by 31 January 2021. Commission and progress Masterplan for Mixed Tenure Approach
Setting the benchmark for sustainability and reducing carbon footprint		Establish a MMR Bid to Scottish National Investment Bank with GCC for up to 400 homes
Shaping Care services for the future	Implement One Care Company culture change programme	Develop one operating Framework for Care across Group including consistent policies, procedures. Finalise work commenced 19/20 to harmonise all practice and approaches across Care
Shaping Care services for the future	Reshape the homelessness commissioning approach through alliancing in Glasgow and influencing approaches nationally	Work with local authorities and other partners to influence the shape of homelessness services for the future in order to help eradicate homelessness in Glasgow and across Scotland
Investing in existing homes & environments	Commercial Properties Review	To propose future options for Commercial Properties

6.3 The following table provides a summary of the projects which had been planned for 2020/21 but have been deferred until 2021 - 26.

Strategic Theme 1 : Delivering Exceptional Customer Experience
Scope and pilot crowdsourcing (You Choose Challenge) - 25% by 2025
Scope Talent Mining For customers
[redacted]
[redacted]
[redacted]

Strategic Theme 2 : Making the Most of Our Homes and Assets

Develop offer for older customers (Hubs & 415)

Strategic Theme 3 : Changing Lives and Communities N/A

Strategic Theme 4 : Developing Our Shared Capacity N/A

Strategic Theme 5 : Enabling Our Ambitions Establish Group growth framework

6.4 Updates on progress with these projects will be reported to the Group Board and relevant partner Boards each quarter. These updates will be based on reports from the business leads responsible for project management in each case.

7 Key issues and conclusions

7.1 This report provides the foundation for ensuring that we deliver our new strategic objectives in a challenging post-Covid19 environment.

8 Value for money implications

8.1 There are no value for money implications arising from this report.

9 Impact on financial projections

9.1 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.

10 Legal, regulatory and charitable implications

- 10.1 Registered Social Landlords are required to provide an Annual Return on the Charter to the Scottish Housing Regulator. The key indicators within this return are included in monthly performance reporting. RSL partner Boards approve the final return and this information is included in the year end performance report to the Group Board.
- 10.2 RSLs are also required to involve tenants in the scrutiny of performance (this is done through our Tenant Scrutiny Panel) and to report to tenants annually.

11 Partnership implications

11.1 Reports on the Delivery Plan can be used to identify areas where partnerships need to be strengthened or amended to help Wheatley achieve its strategic vision.

12 Implementation and deployment

12.1 This 2020-21 Delivery Plan prepares the Group for delivering the ambitious new 2021-26 strategy.

13 Equalities impact

13.1 There is no direct equalities impact arising from the recommendation in this report.

14 Recommendation

14.1 The Board is asked to approve the Performance Framework and Delivery Plan for 2020/21

List of Appendices:

- Appendix 1 RSL
- Appendix 2 Care

Appendix 3 – Solutions, Foundation and Commercial [redacted]

Appendix 4 – New Build

Chi	arter Indicators	Cube 2020/21 Target	DGHP 2020/21 Target	Dunedin Canmore 2020/21 Target	GHA 2020/21 Target	Loretto Housing 2020/21 Target	WLHP 2020/21 Target
1	Percentage annual tenants satisfied with the overall service	Not Applicable					
2	Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	Not Applicable					
3	Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	96%	96%	96%	96%	96%	96%
4	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 - Overall	8	8	8	8	8	8
5	Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	Not Applicable					
6	Percentage stock meeting the Scottish Housing Quality Standard (SHQS).	99.0%	92.0%	99.0%	99.36%	100.0%	100.0%
7	Percentage annual existing tenants satisfied with the quality of their home	Not Applicable					
8	Average time to complete emergency repairs (hours)	3	3	3	3	3	3
9	Average time to complete non-emergency repairs (working days)	5.5 days					
10	Percentage reactive repairs completed right first time	98%	92%	95%	97.50%	97%	95%
11	Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0	0	0	0
12	Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	87% to end of December 93% to end of March Annual target is 90%	87% to end of December 93% to end of March Annual target is 90%	87% to end of December 93% to end of March Annual target is 90%	87% to end of December 93% to end of March Annual target is 90%	87% to end of December 93% to end of March Annual target is 90%	87% to end of December 93% to end of March Annual target is 90%
13	Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	Not Applicable					
14	Percentage of tenancy offers refused during the year	Contextual	Contextual	Contextual	Contextual	Contextual	Contextual
15	Percentage of anti-social behaviour cases reported in the last year which were resolved.	98%	98%	98%	98%	98%	98%
16	Percentage of new tenancies sustained for more than a year - overall	90%	90%	90%	90%	90%	90%
17	Percentage of lettable houses that became vacant	11.00%	9.00%	8.00%	8.50%	8.00%	7.33%
18	Percentage of rent due lost through properties being empty	0.44%	0.75%	0.44%	0.50%	0.44%	0.44%
19	Number of households currently waiting for adaptations to their home.	Contextual	Contextual	Contextual	Contextual	Contextual	Contextual
20	Total cost of adaptations completed in the yearby source of funding (£).	Contextual	Contextual	Contextual	Contextual	Contextual	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days) *	72	90	72	72	72	72
22	Percentage of court actions initiated which resulted in eviction - overall	25%	25%	33%	25%	25%	33%
23	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	Contextual	Contextual	Contextual	Contextual	Contextual	Contextual
24	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let. (ARC indicator only for Local Authorities)	Contextual	Contextual	Contextual	Contextual	Contextual	Contextual
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	Not Applicable					
26	Rent collected as % of total rent due	99.2%	100.0%	99.7%	99.7%	99.2%	99.7%
27 28	Percentage gross rent arrears Average annual management fee per factored property.	5.52% Contextual	4.40% Contextual	4.51% Contextual	5.60% Contextual	4.80% Contexutal	3.10% Contextual
20 29	Percentage of annual owners satisfied with the factoring service	Not Applicable					
30	Average length of time taken to re-let properties (calendar days) *	28	32	27	26	26	26
	Annual Satisfaction Surveys						

Cube Charter Indicators	2019/20 Result	2019/20 Target	2020/21 Target
1 Percentage annual tenants satisfied with the overall service	86%	91%	Not Applicable
2 Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	86%	93%	Not Applicable
Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	100%	Baseline Year	96%
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 - Overall	4.57	Baseline Year	8
 Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes 	80%	90%	Not Applicable
Percentage stock meeting the Scottish Housing QualityStandard (SHQS).	99.07%	98.2%	99.0%
7 Percentage annual existing tenants satisfied with the quality of their home	89%	90%	Not Applicable
8 Average time to complete emergency repairs (hours)	2.95	3	3
9 Average time to complete non-emergency repairs (working days)	5.41	5.5	5.5 days
10 Percentage reactive repairs completed right first time Number of times in the reporting year that you did not meet	96.75%	97.50%	98%
your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0
12 Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	95%	93%	87% to end of December 93% to end of March Annual target is 90%
 Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in. 	80%	Baseline Year	Not Applicable
14 Percentage of tenancy offers refused during the year	46%	25%	Contextual
15 Percentage of anti-social behaviour cases reported in the last year which were resolved.	100%	Baseline Year	98%
Percentage of new tenancies sustained for more than a year - overall	88.02%	92.5%	90%
17 Percentage of lettable houses that became vacant	10.34%	9.00%	11.00%
18 Percentage of rent due lost through properties being empty	0.50%	0.44%	0.44%
19 Number of households currently waiting for adaptations to their home.	0	Contextual	Contextual
20 Total cost of adaptations completed in the yearby source of funding (\mathfrak{E}) .	£110,403	Contextual	Contextual
21 Average time to complete approved applications for medical adaptations (calendar days) *	15.67	25	72 *
22 Percentage of court actions initiated which resulted in eviction - overall	60%	25%	25%
Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	49.97%	Baseline Year	Contextual
Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let.	69.53%	Baseline Year	Contextual
24 (ARC indicator only for Local Authorities)			
25 Percentage of annual tenants who feel that the rent for their property represents good value for money	73%	83%	Not Applicable
26 Rent collected as % of total rent due	98.52%	99.20%	99.2%
27 Percentage gross rent arrears	5.2%	4.6%	5.52%
28 Average annual management fee per factored property.	£184.22	Contextual	Contextual
29 Percentage of annual owners satisfied with the factoring service	41%	65%	Not Applicable
30 Average length of time taken to re-let properties (calendar days) *	17.26	17	28 *
Annual Satisfaction Surveys			

DGHP Charter Indicators	2019/20 Result	2019/20 Target	2020/21 Target
Percentage annual tenants satisfied with the overall service	95%	95%	Not Applicable
2 Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	96%	95%	Not Applicable
Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	100%	Baseline Year	96%
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 - Overall	4.34	Baseline Year	8
 Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes 	95%	95%	Not Applicable
 Percentage stock meeting the Scottish Housing Quality Standard (SHQS) 	80.80%	100%	92.0%
Percentage annual existing tenants satisfied with the quality of their home	93%	95%	Not Applicable
8 Average time to complete emergency repairs (hours)	2.27	2.5	3
Average time to complete non-emergency repairs (working days)	8.44	6.5	5.5 days
10 Percentage reactive repairs completed right first time	83.47%	92%	92%
Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0
Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	92%	95%	87% to end of December 93% to end of March Annual target is 90%
Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	93%	Baseline Year	Not Applicable
14 Percentage of tenancy offers refused during the year	28%	20%	Contextual
Percentage of anti-social behaviour cases reported in the last year which were resolved.	89.81%	Baseline Year	98%
Percentage of new tenancies sustained for more than a year - overall	85.72%	86%	90%
17 Percentage of lettable houses that became vacant	9.84%	9%	9.00%
18 Percentage of rent due lost through properties being empty	0.77%	0.75%	0.75%
Number of households currently waiting for adaptations to their home.	28	Contextual	Contextual
Total cost of adaptations completed in the yearby source of funding (£).	£556,947	Contextual	Contextual
Average time to complete approved applications for medical adaptations (calendar days) *	18.49	31	90 *
Percentage of court actions initiated which resulted in eviction - overall	13.38%	16%	25%
Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	90.70%	Baseline Year	Contextual
Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let.	83.03%	Baseline Year	Contextual
24 (ARC indicator only for Local Authorities)			
Percentage of annual tenants who feel that the rent for their property represents good value for money	90%	84%	Not Applicable
26 Rent collected as % of total rent due	99.47%	100%	100%
27 Percentage gross rent arrears	3.97%	3.6%	4.40%
28 Average annual management fee per factored property.	£120.15	Contextual	Contextual
Percentage of annual owners satisfied with the factoring service	67%	75%	Not Applicable
Average length of time taken to re-let properties (calendar days) *	28.23	20	32 *
Annual Satisfaction Surveys			

Du	nedin Canmore Charter Indicators	2019/20 Result	2019/20 Target	2020/21 Target
1	Percentage annual tenants satisfied with the overall service	96%	91%	Not Applicable
2	Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	95%	93%	Not Applicable
3	Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	98.49%	Baseline Year	96%
4	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 - Overall	4.88	Baseline Year	8
5	Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	94%	90%	Not Applicable
6	Percentage stock meeting the Scottish Housing Quality Standard (SHQS)	99.77%	99.64%	99.0%
7	Percentage annual existing tenants satisfied with the quality of their home	95%	90%	Not Applicable
8	Average time to complete emergency repairs (hours)	1.76	3	3
9	Average time to complete non-emergency repairs (working days)	5.09	5.5	5.5 days
10	Percentage reactive repairs completed right first time	96.82%	95%	95%
11	Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0
12	Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	95%	93%	87% to end of December 93% to end of March Annual target is 90%
13	Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	89%	Baseline Year	Not Applicable
14	Percentage of tenancy offers refused during the year	13%	21%	Contextual
15	Percentage of anti-social behaviour cases reported in the last year which were resolved.	100%	Baseline Year	98%
16	Percentage of new tenancies sustained for more than a year - overall	93.79%	93.0%	90%
17	Percentage of lettable houses that became vacant	7.29%	8%	8.00%
18	Percentage of rent due lost through properties being empty	0.39%	0.44%	0.44%
19	Number of households currently waiting for adaptations to their home.	6	Contextual	Contextual
20	Total cost of adaptations completed in the yearby source of funding (£).	£106,039	Contextual	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days) *	8.26	25	72 *
22	Percentage of court actions initiated which resulted in eviction - overall	35%	25%	33%
23	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	85.71%	Baseline Year	Contextual
	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let.	87.04%	Baseline Year	Contextual
24	(ARC indicator only for Local Authorities)			
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	88%	83%	Not Applicable
26	Rent collected as % of total rent due	99.18%	99.70%	99.70%
27	Percentage gross rent arrears	4.1%	4.3%	4.51%
28	Average annual management fee per factored property.	£181.42	Contextual	Contextual
29	Percentage of annual owners satisfied with the factoring service	87%	Not set	Not Applicable
30	Average length of time taken to re-let properties (calendar days) *	9.68	12	27 *
	Annual Satisfaction Surveys			

GH	A Charter Indicators	2019/20 Result	2019/20 Target	2020/21 Target
1	Percentage annual tenants satisfied with the overall service	88%	90%	Not Applicable
2	Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	88%	93%	Not Applicable
3	Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	97.13%	Baseline Year	96%
4	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 - Overall	5.09	Baseline Year	8
5	Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	80%	87%	Not Applicable
6	Percentage stock meeting the Scottish Housing Quality Standard (SHQS).	99.36%	98.3%	99.4%
7	Percentage annual existing tenants satisfied with the quality of their home	87%	89%	Not Applicable
8	Average time to complete emergency repairs (hours)	2.88	3	3
9	Average time to complete non-emergency repairs (working days)	5.48	5.5	5.5 days
10	Percentage reactive repairs completed right first time	96.31%	97.50%	97.50%
11	Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0
12	Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	94%	94%	87% to end of December 93% to end of March Annual target is 90%
13	Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	82%	Baseline Year	Not Applicable
14	Percentage of tenancy offers refused during the year	32%	21%	Contextual
15	Percentage of anti-social behaviour cases reported in the last year which were resolved.	100%	Baseline Year	98%
16	Percentage of new tenancies sustained for more than a year - overall	90.35%	93%	90%
17	Percentage of lettable houses that became vacant	8.38%	8.50%	8.50%
18	Percentage of rent due lost through properties being empty	0.43%	0.50%	0.50%
19	Number of households currently waiting for adaptations to their home.	93	Contextual	Contextual
20	Total cost of adaptations completed in the yearby source of funding (\mathfrak{L}) .	£1,740,296	Contextual	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days)*	17.60	25	72 *
22	Percentage of court actions initiated which resulted in eviction - overall	29.70%	25%	25%
23	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	49.47%	Baseline Year	Contextual
	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let.	68.54%	Baseline Year	Contextual
24	(ARC indicator only for Local Authorities)			
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	79%	83%	Not Applicable
26	Rent collected as % of total rent due	98.34%	99.70%	99.70%
27	Percentage gross rent arrears	4.8%	3.99%	5.60%
28 29	Average annual management fee per factored property. Percentage of annual owners satisfied with the factoring	£184.53 60%	Contextual 72%	Contextual Not Applicable
30	service Average length of time taken to re-let properties (calendar days) *	15.44	14	26 *
	Annual Satisfaction Surveys			

Lor	etto Housing Charter Indicators	2019/20 Result	2019/20 Target	2020/21 Target
1	Percentage annual tenants satisfied with the overall service	84%	91%	Not Applicable
2	Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	76%	93%	Not Applicable
3	Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	97.18%	Baseline Year	96%
4	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 - Overall	4.22	Baseline Year	8
5	Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	64%	90%	Not Applicable
6	Percentage stock meeting the Scottish Housing Quality Standard (SHQS).	100%	99.75%	100.0%
7	Percentage annual existing tenants satisfied with the quality of their home	89%	90%	Not Applicable
8	Average time to complete emergency repairs (hours)	3.02	3	3
9	Average time to complete non-emergency repairs (working days)	4.90	5.5	5.5 days
10	Percentage reactive repairs completed right first time	96.44%	97%	97%
11	Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	1	0	0
12	Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	93%	93%	87% to end of December 93% to end of March Annual target is 90%
13	Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	75%	Baseline Year	Not Applicable
14	Percentage of tenancy offers refused during the year	25%	21%	Contextual
15	Percentage of anti-social behaviour cases reported in the last year which were resolved.	100%	Baseline Year	98%
16	Percentage of new tenancies sustained for more than a year - overall	90.59%	92.5%	90%
17	Percentage of lettable houses that became vacant	8.30%	8%	8.00%
18	Percentage of rent due lost through properties being empty	0.55%	0.44%	0.44%
19	Number of households currently waiting for adaptations to their home.	4	Contextual	Contextual
20	Total cost of adaptations completed in the yearby source of funding (£).	£122,145	Contextual	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days) *	21.68	25	72 *
22	Percentage of court actions initiated which resulted in eviction - overall	61.54%	25%	25%
23	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	49.50%	Baseline Year	Contextual
	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let.	68.83%	Baseline Year	Contextual
24	(ARC indicator only for Local Authorities)			
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	77%	83%	Not Applicable
26 27	Rent collected as % of total rent due Percentage gross rent arrears	98.55% 5.1%	<u>99.20%</u> 4.6%	99.20% 4.80%
	Average annual management fee per factored property.	£184.51	Contextual	Contexutal
29	Percentage of annual owners satisfied with the factoring	67%	72%	Not Applicable
30	service Average length of time taken to re-let properties (calendar days) *	14.34	14	26 *
	Annual Satisfaction Surveys			

wı	HP Charter Indicators	2019/20 Result	2019/20 Target	2020/21 Target
1	Percentage annual tenants satisfied with the overall service	95%	91%	Not Applicable
2	Percentage annual tenants who feel their landlord is good at keeping them informed about their services and decisions	92%	93%	Not Applicable
3	Percentage complaints responded to in full at Stage 1 and the % complaints responded to in full at Stage 2 - Overall	91.67%	Baseline Year	96%
4	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 - Overall	4.45	Baseline Year	8
5	Percentage annual tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes	93%	90%	Not Applicable
6	Percentage stock meeting the Scottish Housing Quality Standard (SHQS)	100%	100%	100.0%
7	Percentage annual existing tenants satisfied with the quality of their home	92%	90%	Not Applicable
8	Average time to complete emergency repairs (hours)	1.90	3	3
9	Average time to complete non-emergency repairs (working days)	4.92	5.5	5.5 days
10	Percentage reactive repairs completed right first time	96.42%	95%	95%
11	Number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check.	0	0	0
12	Percentage tenants satisfied with repairs or maintenance carried out in last 12 months	94%	93%	87% to end of December 93% to end of March Annual target is 90%
13	Percentage annual tenants satisfied with the landlord's contribution to the management of the neighbourhood they live in.	91%	Baseline Year	Not Applicable
14	Percentage of tenancy offers refused during the year	13%	21%	Contextual
15	Percentage of anti-social behaviour cases reported in the last year which were resolved.	100%	Baseline Year	98%
16	Percentage of new tenancies sustained for more than a year - overall	98.39%	93%	90%
17	Percentage of lettable houses that became vacant	5.59%	7.33%	7.33%
18	Percentage of rent due lost through properties being empty	0.03%	0.44%	0.44%
19	Number of households currently waiting for adaptations to their home.	0	Contextual	Contextual
20	Total cost of adaptations completed in the yearby source of funding (\mathfrak{L}) .	£20,600	Contextual	Contextual
21	Average time to complete approved applications for medical adaptations (calendar days) *	14.33	25	72 *
22	Percentage of court actions initiated which resulted in eviction - overall	33%	25%	33%
23	Percentage of referrals under Section 5, and other referrals for homeless households made by the local authority, that resulted in an offer	100%	Baseline Year	Contextual
	Percentage of offers made to LA Section 5 and other referrals for homeless households that result in a let.	100%	Baseline Year	Contextual
24	(ARC indicator only for Local Authorities)		·	
25	Percentage of annual tenants who feel that the rent for their property represents good value for money	89%	83%	Not Applicable
26	Rent collected as % of total rent due	98.95%	99.70%	99.70%
27	Percentage gross rent arrears	2.3%	2.3%	3.10%
28	Average annual management fee per factored property.	N/A	N/A	Contextual
29	Percentage of annual owners satisfied with the factoring service	N/A	N/A	Not Applicable
30	Average length of time taken to re-let properties (calendar days) *	1.54	6.50	26 *
	Annual Satisfaction Surveys			

Wheatley Care Key Performance Indicators	2020/21 Target
Number of people we work for with unplanned move on	70
% complaints responded to within SPSO timescales by Wheatley Care	96%
% complaints to Care Inspectorate upheld	0%
% care services graded very good (5) or better in care inspections	85%
Number of care inspection requirements received in year	0
% sickness rate	5%
% staff registered with appropriate body within first 6 months of starting post if register open	100%

	2019/20 Performance	2019/20 Target	2020/21 Target
Social Housing Completions			
Cube - New build completions Social Housing	103	63	24
DGHP - New build completions Social Housing	N/A	N/A	0
Dunedin Canmore - New build completions Social Housing	74	152	48
GHA - New build completions Social Housing	45	165	311
GHA - New build completions - Reprovisioning	210	143	N/A
Loretto Housing Housing - New build completions Social Housing	56	28	0
WLHP - New build completions Social Housing	83	85	8
Mid Market completions			
Cube	N/A	N/A	0
DGHP	N/A	N/A	0
Dunedin Canmore	70	131	35
GHA	119	57	49
Loretto Housing	N/A	N/A	0
WLHP	0	42	0



Report

То:	Wheatley Housing Group Board
By:	Olga Clayton, Group Director of Housing and Care
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Group Delivery Plan 2020-21: Quarter 1
Date of Meeting:	26 August 2020

1 Purpose

1.1 This report outlines progress on the Delivery Plan Measures for Quarter 1.

2 Authorising context

- 2.1 Under the terms of the Group Authorising Framework, the Group Board is responsible for setting the overall Group Performance Framework and approving the delivery plan for each year. Under the Group Authorise/Manage/Monitor Matrix, the Group Board has an ongoing role monitoring performance of subsidiaries across the Group against the key indicators agreed under the performance framework.
- 2.2 The Framework is a key mechanism for ensuring sound governance and provides:
 - 1) The basis for a continued drive to performance excellence;
 - A rounded view of strategic, operational and business plan information based on core measures but recognising the diversity of each Subsidiary; and
 - 3) Strengthened Community Governance through enhanced tenant and customer scrutiny.

3 **Risk appetite and assessment**

3.1 Our agreed Group risk appetite in relation to Board governance is "cautious". This level of risk tolerance is defined as "Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward".

4 Background

4.1 As previously reported to the Board, Covid-19 has had a significant effect on business operations across the Group which has impacted on the delivery of the Group strategy. Updates on operational performance, and the risks associated with working in this environment, have been reported through the "Business Update" report previously reported to the Board.

- 4.2 The Group continues to review performance and key operational indicators are reported monthly to the Scottish Housing Regulator ("SHR") to understand the impact of Covid-19. A copy of the July return is detailed in Appendix 1. An update on performance relative to the key measures and other relevant measures is set out in this report.
- 4.3 The Group's 2019/20 SHR Annual Return on the Charter was submitted on 30 July. Further to the draft figures being presented to the Board on 24 June 2020, the final validation procedures resulted in the following changes. The most significant change relates to Loretto Housing's tenancy offers refused. This was due to human error in the original calculation which was subsequently identified in the validation and checking process.

Subsidiary: GHA

Indicator	Draft	Final
10. % Reactive repairs completed right first time	95.93%	96.31%

Subsidiary: Loretto Housing

Indicator	Draft	Final
17. % Lettable homes that became vacant	10.9%	8.3%
14. % Tenancy offers refused	16.39%	24.59%

5 Discussion – Group Wide Quarter 1 performance

- 5.1 An update on performance relative to the key measures and other relevant measures is detailed below. As detailed in the separate agenda item on the "Delivery Plan" a small number of areas have phased targets to recognise the impact of Covid on our operations.
- 5.2. As reported previously we have undertaken a range of services in support of our customers. This has included:
 - advanced infection control and social distancing across all our residential care services;
 - moving care support services to telephone support where possible;
 - delivery of 27,000 Eatwell packages and to customers struggling to get or pay for food; and
 - prioritised calls to ensure the wellbeing of our more vulnerable customers.
- 5.3. The effect of lockdown and phased remobilisation will present some significant challenges through the remainder of the calendar year. These will make some of our performance results look worse than in the past but this will be due to the way in which we have has to deliver the services rather than a deterioration in normal service. For example, average letting times will start to increase in August and September as we let homes which have been empty throughout lockdown.
- 5.4. In order to help differentiate known effects on performance from lockdown from any actual deterioration in performance, we will report in period performance for the affected indicators. This will allow the Board to assess whether results are following the trend that we would anticipate. So for letting we would anticipate that by project normal we will be letting homes within 14 days in period but the year to date figure will continue to be higher as it will have been impacted by long void periods earlier in the year.

5.5. Our ambition is to return to our normal, sector leading, performance standards being reported by 1 April 2021. A summary of the key areas is detailed below:

A	Challance	
Area of	Challenge	Our response
operation Gross rent arears	As a result of Covid-19, our tenants will encounter financial challenges which will see an increase in arrears.	We will track this through our existing arrears and Universal Credit monitoring
Average time to re-let properties	This ARC measure is calculated on a rolling 12 month activity. As services are re-mobilised, and our void backlog is cleared, days to let will increase.	Along with reporting the ARC rolling indicator, we will also report in period activity to demonstrate to the Board that are performance is improving period on period.
Anti Social Behaviour	As a result of lockdown we are experiencing increased levels of anti social behaviour	With the easing of lockdown our teams are now tackling the backlog and we expect to be able to maintain performance in this area
New build completions	As a result of Scottish Government guidance, work on all sites had been stopped.	The revised target completions will be delivered later on in the financial year.
Fire Safety	As a result of lockdown, the Fire Safety Team did not undertake Fire Safety Intervention Visits and Fire Risk Assessments. They will commence from October. During lockdown, one of the Fire Safety Officers has continued to visit high risk/vulnerable customers.	Profiled targets to reflect the re-mobilisation timetable above have been introduced. As a result, there is no performance in this area reported as part of this report.

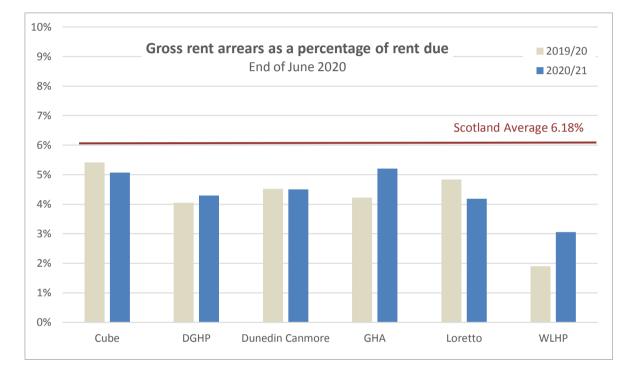
Overview of Quarter 1 performance

The following section provides an update on current key Group wide performance.

Charter Indicator	Group Performance	Group Target
Gross Rent Arrears (%)	4.96%	4.94%
Tenancy Sustainment (%)	90.29%	90%
Average Emergency Repair Times (hours)	2.51	3

Gross Rent Arrears

5.6. We are aiming to maintain gross rent arrears below 4.94% by the end of the year. As would be expected, the economic impact of Covid-19 has been felt on arrears. There has been an unprecedented level of Universal Credit claims – more than 3,000 in one quarter. Many of these have required individual support from housing officers and welfare benefit advisors. Other customers have faced reductions in income which have also required us to provide support and advice so that they can pay their rent and other life essentials. The level of support provided to customers has meant that gross rent arrears for Group RSLs has reduced from 5.08% to 4.96% at the end of June. The following table provides a summary by RSL and shows that all RSLs are lower than the June Scottish average of 6.18% published by the Scottish Housing regulator.



5.7. In terms of GHA activity, there has been an unprecedented 3,219 UC claims. While the vast majority of these cases have been existing UC claimaints with change in circumstances, the caseload has increased from 6,888 (31/3/19) to 8,213. Each new claim adds at least five weeks of lost rent to our ST arrears. Good core (non-UC) performance continues to offset the impact of UC arrears, falling for the last two periods. The following table provides a summary of UC and non UC arears.

	Not of Alloand as a of operational cross bei				
		May/P3	Mar/P13	May/P2	Jun/P3
	Gross Rent Arrears % (Charter)	4.15%	4.81%	5.30%	5.25%
	ST Arrears %	2.82%	3.38%	3.87%	3.82%
GHA	Non-UC Arrears %	2.40%	2.43%	2.71%	2.59%
	UC Arrears %	0.42%	0.95%	1.16%	1.23%
	Gross Rent Arrears % (Charter)	5.41%	5.24%	5.80%	5.07%
	ST Arrears %	3.46%	3.23%	3.75%	3.07%
Cube	Non-UC Arrears %	3.02%	2.44%	2.73%	1.99%
	UC Arrears %	0.44%	0.78%	1.02%	1.08%
	Gross Rent Arrears % (Charter)	4.84%	5.11%	4.08%	4.19%
	ST Arrears %	3.47%	3.86%	2.63%	2.54%
Loretto	Non-UC Arrears %	3.02%	3.24%	1.97%	1.79%
	UC Arrears %	0.44%	0.62%	0.66%	0.75%
	Gross Rent Arrears % (Charter)	4.52%	4.08%	4.59%	4.50%
	ST Arrears %	2.95%	2.75%	3.35%	3.26%
Dunedin Canmore	Non-UC Arrears %	2.59%	2.09%	2.46%	2.33%
	UC Arrears %	0.36%	0.66%	0.90%	0.94%
	Gross Rent Arrears % (Charter)	1.98%	2.34%	3.05%	3.22%
	ST Arrears %	1.68%	1.84%	2.57%	2.42%
Housing Portnership	Non-UC Arrears %	1.24%	1.21%	1.45%	1.07%
	UC Arrears %	0.44%	0.63%	1.12%	1.34%
	Gross Rent Arrears % (Charter)	4.36%	3.24%	4.06%	5.20%
barony	ST Arrears %	3.16%	3.20%	3.04%	4.57%
Salony	Non-UC Arrears %	2.86%	2.74%	2.34%	4.12%
	UC Arrears %	0.30%	0.46%	0.70%	0.45%

RSL ST Arrears as % of Operational Gross Debit

- 5.8. Across the wider sector the impact of Covid-19 on rent arrears is still difficult to predict. Standard & Poor's, for example, have estimated that rent arrears may reach between 8% and 12% for rated organisations across the UK. The first SHR monthly return has indicated arrears levels as high as 14.04% and an average of 6.18% across the wider Scottish sector. It is likely that we will face a further wave of UC claims or other financial difficulties amongst our tenants as the furlough scheme ends.
- 5.9. We are continuing to focus on supporting customers including assistance with UC claims, our Tenancy Support Service and our Talk to Us communication campaign. We are also beginning a focused engagement campaign targeting customers who are on furlough or at increased risk of redundancy to offer support and raise awareness of our wraparound services such as welfare benefits advice.
- 5.10. This is in addition to ongoing Housing Officer engagement with customers. Digital tools such as visual analytics through Power BI, Facetime and conference calls are being used to support our customers and collect income, with staff attending appeals to represent customers virtually, taking payments over the phone and even making videos to encourage customers to get in touch for help and support.
- 5.11. As well as promoting the use of digital payment options such as web self-service, Direct Debit and touchtone, we have developed our ability to send reminders and missed payment alerts by text in bulk and are finalising testing of a new, innovative way to take payments using links sent by text and/or e-mail. We expect this to be rolled out in the coming weeks.
- 5.12. We also continue to lobby for changes to UC which would reduce the negative impact on our most vulnerable customers in our own right, through the Scottish Federation of Housing Associations and the Social Housing Resilience Group and to work with DWP locally to address any issues which arise, using our unique partnership arrangements.

Tenancy Sustainment

5.13. Group performance remains above our 90% target. All RSLs, with the exception of Cube, are currently achieving or surpassing 90% tenancy sustainment rates. Cube tenancy sustainment at 87% is due to the known impact of Wyndford challenges.

Repairs

- 5.14. We continue to deliver a life and limb service and have, to date, delivered a total of 24,343 emergency repairs. Emergency repairs have been delivered on average in just 2.5 hours across the Group.
- 5.15. We are continuing to engage with our customers to seek to undertake gas safety checks. A more detailed update on this is provided in a separate paper. It should be noted however that the ARC indicator measures how many properties failed to receive a gas check within the statutory time through the year so the results for this indicator cannot be improved in the remainder of the year. We are continuing to engage on the sector wide approach to responding to gas safety as part of the Scottish Government Resilience Group.

Average Days to Let

- 5.16. Over the first quarter of the year, letting has been suspended due to Covid-19 restrictions. The Group's focus on letting during lockdown has been to provide temporary leases to Local Authorities to support homeless households. This has reduced our potential void level by approximately a third.
- 5.17. In total we have now provided over 440 homes in total to Local Authorities for homelessness as follows:
 - 354 in Glasgow
 - 73 in Dumfries and Galloway
 - 10 in Edinburgh
 - 5 in West Lothian.

Customer Service Centre

- 5.18. Our performance in the Customer Service Centre, now operating virtually, has continued to be very strong. At quarter end we were responding to 81.67% of calls within 30 seconds against a target of 75%, with an average waiting time of just 35 seconds. An update on in month performance is contained in the separate Business update paper, where we remain above our 75% target.
- 5.19. As call volumes have reduced we have also reduced the level of resource in the CSC. The CSC continues to support our Talk to Us campaign, engaging in outbound welfare and rent calls to vulnerable customers.
- 5.20. A key focus has been ensuring we are continuing to engage our customers beyond just service related issues. Since lockdown, we have undertaken in excess of 100,000 outbound welfare calls via a combination of Housing Officers and the Customer Service Centre.

Group Payments

5.21. Performance continues to improve with performance slightly under the 96% at 95.55%. It should be recognised that this continued improvement was done at a challenging time for the Group.

Total number of jobs, training places apprenticeships

5.22. Due to lockdown, activity in these areas has been suspended. Activity will recommence in these areas and future reports will update on status.

Group Sickness

5.23. Group absence levels are low at 1.69% across the Group. Summary of absence is detailed below.

Group Services		DGHP	DC	GHA	Loretto	WLPHP	Care
1.69%	2.78%	1.69%	0.48%	0.43%	0.18%	9.33%	5.26%

5.24. We had 647 staff furloughed as at the end of June.

Anti-Social Behaviour

- 5.25 We have seen an increase in the levels of antisocial behaviour reported to us since lockdown commenced. Approximately 3,000 cases have been provided with advice and guidance through the first quarter of the year. However, 80% of these relate to low level noise and neighbour disturbance which could be directly related to the current lockdown circumstances.
- 5.26 Whilst we have seen an overall increase in levels of antisocial behaviour the figures across Group remains proportionally low with an average of only 0.5 cases per week per patch being reported. Teams are now able to work through the cases which could not be fully resolved during lockdown and expect to resolve cases within Quarter 2. The return to normal working processes will also allow us to complete full performance analysis for the next Quarter.

6. Subsidiary Specific Update

6.1. In addition to the overarching narrative above, the following provides specific commentary on each Subsidiary's results (set out further in Appendix 1).

<u>GHA</u>

6.2. GHA is meeting target for all areas.

<u>Cube</u>

6.3. Cube is meeting target for 5 of the indicators on the dashboard including complaints timescales, repairs indicators, gross rent arrears, new build and sickness levels.

- 6.4. *Gross rent arrears* at 5.07% against the 5.52% target are down this quarter and compared to 5.41% at the same time last year. This is due to Housing Benefit being paid on a four weekly cycle with two payments in this quarter for Glasgow, meaning that this is normally the best performance point in the year.
- 6.5. The average time to complete emergency repairs is slightly off target of 3 hours at 3.11 hours as a result of more subcontractors being used and a longer time required to sign off work carried out.

Loretto Housing

6.6. Loretto is meeting target for 5 of the indicators in the dashboard.

The *average time to complete emergency repairs* is above target of 3 hours at 3.36 hours as a result of more subcontractors being used and a longer time required to sign off work carried out.

Dunedin Canmore Housing

6.7. Dunedin Canmore is meeting target for all indicators.

<u>WLHP</u>

- 6.8. West Lothian Housing Partnership is meeting target for all but two of the targeted indicators on the dashboard.
- 6.9. Due to Covid-19, no surveys to assess the % tenants satisfied with repairs or maintenance have been carried out this year. This is a 12 month rolling indicator and WLHP has declined due to the rolling average reducing. Surveys will be re-instated part of re-mobilisation.

Barony (remaining properties to be transferred)

- 6.10. This performance relates to the remaining Barony stock to be transferred.
- 6.11. Barony's *gross rent arrears* are currently at 4.98% against the 4.51% target. This relates to the properties to be transferred. It is expected that arrears will reduce going forward.
- 6.12. New tenancies to be sustained for more than a year is slightly off target and will remain a priority once stock transferred.

Dumfries and Galloway Housing Partnership

DGHP is meeting target for all indicators.

Loretto Care

- 6.13. Loretto Care is meeting target for all but one indicator.
- 6.14. 67% of services are *graded very good (5)* or better by the Care Inspectorate against the target of 90%. The Care Inspectorate has not carried out any inspections this year. We received a finalised report in June from an inspection in February 2020 at Falkirk and Grangemouth Flexible Housing Support which achieved a grade of 5. Currently 14 of 21 (67%) graded services are achieving 5 or better.

6.15 [paragraphs 6.15-6.20 redacted]

7. Key issues and conclusions

7.1 This report outlines positive progress in achieving the majority of performance targets. Key areas of focus in Quarter 2 will be in relation to re-mobilising our services while focusing on gross rent arrears, days to let across all RSLs, commercial properties arrears and Care Inspectorate gradings.

8. Value for money implications

8.1. The measures in this report are form the Group's Delivery Plan (to be agreed at this meeting) for 2020-21. These items are intended to focus service improvement on the key priorities within the Strategy. This helps to ensure that financial and other resources are well aligned with our priorities.

9. Impact on financial projections

9.1. 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.

10. Legal, regulatory and charitable implications

10.1. Registered Social Landlords are required to provide an Annual Return on the Charter to the Scottish Housing Regulator. The key indicators within this return are included in monthly performance reporting. RSL Subsidiary Boards approve the final return and this information is included in the year end performance report to the Wheatley Group Board. RSLs are also required to involve tenants in the scrutiny of performance (this is done through our Tenant Scrutiny Panel) and to report to tenants annually.

11. Partnership implications

11.1. Reports on the Delivery Plan can be used to identify areas where partnerships need to be strengthened or amended to help the Group achieve our strategic vision.

12. Implementation and deployment

12.1. This report provides updates on progress with performance.

13. Equalities impact

13.1. There is no direct equalities impact from this report.

14. Recommendations

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

List of Appendices

Appendix 1: July SHR Return

Appendix 2: Measures dashboard (excluding measures not applicable for Quarter 1 – ie days to let and anti social behaviour).

Appendix 1

July SHR Return

			Scottish Housing Regulator
andlord: v	Wheatley Housing Group Lt	td	Definitions
lonth:	July 2020]
lease submit this return	within one week of th	e end of the c	alendar month
lease tell us your staff abser			
otal number of staff (FTE) otal number absent (FTE)	2695 64.6	Comments: Comments:	
Percentage of staff absent	2.4%		
Number of staff placed on urlough (FTE)	600	Comments:	
Gross rent arrears Total rent due	£13,403,486.72 £270,565,678.45	Comments: Comments:	
Gross rent arrears (%)	4.95%		
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Appendix 2: Wheatley Housing Group Board - Delivery Plan 2020/21: Quarter 1 - Strategic Measures

A - A Our Group						
	2019/20	YTD 2020/21				
Measure	2019		2020			
	Value	Value	Target	Status		
Group - Gross Rent Arrears	4.61%	4.96%	4.94%			
Group - Tenancy Sustainment	89.75%	90.29%	90.00%	\bigcirc		
Group - Average time to complete emergency repairs - make safe (hours)	2.71	2.51	3			
Group - % calls answered <30 seconds (Grade of Service)	63.74%	81.67%	75%	\bigcirc		
Group - % avoidable contact	8.48%	7.32%	17%	I		
Group - % of payments made within the reporting period which were paid in 30 days or fewer (from the date the business receives a valid invoice)	92.77%	95.55%	96%			
Group - Total number of jobs, training places or apprenticeships created including Wheatley Pledge	900	0	0	Ø		
Group - Sickness Rate	3.47%	1.69%	3%	\bigcirc		

<mark>A - GHA</mark>

	2019/20		YTD 2020/21	
	2019	2020		
Measure	Value	Value	Target	Status
Average time for full response to all complaints (working days) - overall	4.94	4.47	8	I
Average time taken to complete emergency repairs (hours) – make safe	2.88	2.68	3	I
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4 Weekly)	94.34%	94.51%	94.2%	I
% new tenancies sustained for more than a year - overall	90.35%	90.04%	90%	
Gross rent arrears (all tenants) as a % of rent due	4.81%	5.21%	5.60%	S
New build completions - Reprovisioning	210	0	0	I
New build completions - Social Housing	59	0	0	I
New build completions - Mid-market	119	0	0	I
% Sickness rate	3.03%	0.43%	3%	S

B - Cube

	2019/20		YTD 2020/21	
Masaura	2019		2020	
Measure	Value	Value	Value Target	
Average time for full response to all complaints (working days) - overall	4.55	4.4	8	0
Average time taken to complete emergency repairs (hours) – make safe	2.95	3.11	3	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (monthly)	94.58%	94.08%	90%	I
% new tenancies sustained for more than a year - overall	88.02%	86.89%	92.5%	\bigtriangleup
Gross rent arrears (all tenants) as a % of rent due ((Excludes Homelink)	5.24%	5.07%	5.52%	ø
New build completions - Social Housing	109	0	0	I
% Sickness rate	1.28%	2.78%	3%	

C - Loretto Housing

	2019/20		YTD 2020/21		
	2019	2020			
Measure	Value	Value Target		Status	
Average time for full response to all complaints (working days) - overall	4.22	3	8	I	
Average time taken to complete emergency repairs (hours) – make safe	3.02	3.36	3	•	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (monthly)	93.09%	93.26%	90%	I	
% new tenancies sustained for more than a year - overall	90.59%	91.55%	92.5%		
Gross rent arrears (all tenants) as a % of rent due	5.11%	4.19%	4.8%	I	
New build completions - Social Housing	56	0	0	I	
Sickness Rate	5.53%	0.18%	3%	I	

D - Dunedin Canmore

	2019/20		YTD 2020/21		
Manager	2019	2020			
Measure	Value	Value Target		Status	
Average time for full response to all complaints (working days) - overall	4.56	3.79	8	0	
Average time taken to complete emergency repairs (hours) – make safe	1.76	1.31	3	I	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (monthly)	94.57%	93.53%	90%	S	
% new tenancies sustained for more than a year - overall	93.79%	93.97%	93%		
Gross rent arrears (all tenants) as a % of rent due	4.08%	4.50%	4.51%	S	
New build completions - Social Housing	84	0	0	S	
New build completions - Mid-market	78	0	0		
Sickness Rate	2.85%	0.48%	3%		

E - WLHP

	2019/20		YTD 2020/21		
Masaura	2019	2020			
Measure	Value	Value Target		Status	
Average time for full response to all complaints (working days) - overall	5	4	8	Ø	
Average time taken to complete emergency repairs (hours) – make safe	1.9	1.55	3	Ø	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4-weekly)	94.23%	91.67%	90%		
% new tenancies sustained for more than a year - overall	98.39%	96.97%	93%	I	
Gross rent arrears (all tenants) as a % of rent due	2.34%	3.06%	3.10%		
New build completions - Social Housing	83	0	0	I	
New build completions - Mid-market	0	0	0	I	
% Sickness rate	0.27%	9.33%	3%		

	2019/20		YTD 2020/21		
	2019	2020			
Measure —	Value	Value Target Sta		Status	
Average time for full response to all complaints (working days) - overall	4.05	No complaints	8	Ø	
Average time taken to complete emergency repairs (hours) – make safe	1.93	2.13	3	Ø	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4-weekly)	94%	91.04%	90%		
% new tenancies sustained for more than a year - overall	88.46%	91.18%	93%	\bigtriangleup	
Gross rent arrears (all tenants) as a % of rent due	3.24%	4.98%	4.51%		
Housing - % Sickness rate	0.93%	0%	3%	I	

G - DGHP

	2019/20		YTD 2020/21		
Masaura	2019	2020			
Measure	Value	Value Target Statu			
Average time for full response to all complaints (working days) - overall	4.35	5.07	8	I	
Average time taken to complete emergency repairs (hours) – make safe	2.27	1.68	3	I	
% of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the R&M service (4-weekly)	92.5%	91.4%	90%	I	
% new tenancies sustained for more than a year - overall	85.82%	90.24%	90%	I	
Gross rent arrears (all tenants) as a % of rent due	3.97%	4.28%	4.4%	I	
% Sickness rate	0.27%	1.69%	3%		

T - Care

		YTD 2020/21			
	2020				
Measure –	Value	Target	Status		
Number of people we work for with unplanned move on	5	70	\bigcirc		
% Care services graded very good (5) or better in Care inspections	66.67%	85%	-		
Number of Care inspection requirements received in year	0	0	I		
% complaints to Care Inspectorate upheld	No complaints	0%			
% complaints responded to within SPSO timescales by Wheatley Care	100%	96%	\bigcirc		
% staff registered with appropriate body within first 6 months of starting post if register open	100%	100%	Ø		
% sickness rate	3.99%	5%	S		
Number of accidents and incidents reported to the Care Inspectorate	154	Contextual	N/A		

Y - A - YourPlace

[table redacted]

Z - A - Lowther Homes

[table redacted]

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Z - D - Commercial Properties
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[table redacted]



Report	
То:	Wheatley Housing Group Board
By:	Graham Isdale, Group Director of Corporate Affairs and Wheatley Foundation

Approved by: Martin Armstrong, Group Chief Executive

Subject: Staff survey during lockdown, summer 2020

Date: 26 August 2020

1. Purpose

1.1 To update the Board on the results of a survey held in July to assess staff morale during the first four months of lockdown; seek feedback on how they felt they and how customers had been supported; and to collate views and suggestions on how their experiences in the pandemic might influence and shape future ways of working.

2. Authorising context

2.1 Under the Group Authorise/Manage/Monitor Matrix, the Group Chief Executive and senior management are responsible for managing performance and any specific regulatory requirements.

3. Risk appetite and assessment

3.1 There would have been a risk in not publishing the survey results when a commitment had been given to staff we would do so and in not taking account of the feedback gained in our future planning.

4 Background

- 4.1 The survey was conducted over three weeks on the online platform, Survey Monkey, and was supplemented by telephone interviews and Zoom focus group meetings.
- 4.2 The aim was to collate employee views of their personal experiences of lockdown, our operational and organisational response to the pandemic and to establish staff priorities in the months leading to remobilisation in October. The survey was designed to be qualitative, judging sentiment and the overall emotional reaction to how the Group had looked after the best interests of both them and the people we work for across Scotland. The results were published on the staff intranet, W. E. Connect, earlier this month.

- 4.3 In total, 1071 members of staff completed the online survey online, with12 submitting responses in writing. All responses were anonymous. There were 58 telephone interviews and six focus group meetings. The focus groups were attended by 46 participants representing all sectors, partners and geographic areas in the Group.
- 4.4 The online survey comprised 11 questions across four subjects:
 - people's personal experience of lockdown;
 - how they felt they had been supported, professionally and personally;
 - their perceptions of how customers viewed Wheatley and the services provided during lockdown;
 - and how the lessons learned, experiences shared and investment made might influence and shape future ways of working.

5. Discussion

5.1 All answers were reviewed by the Communications Team and summarised under the following key themes (with further detail included at Appendix 1):

Home working

5.2 The benefits, issues and challenges of this were raised and discussed extensively in the answers to many questions. Many respondents reported adapting quickly and enjoying the flexibility of working at home, spending more time with family and not having to commute. Issues raised included not having adequate or suitable physical space, internal environment and equipment, increased workloads and difficulty separating work from home. Those with children found it particularly challenging juggling home and work. Most people favoured retaining home working going forward as part of a blended, flexible way of working.

<u>Safety</u>

5.3 Not surprisingly, this was a key consideration, particularly for frontline workers and those with vulnerable family members. The vast majority of staff were positive about the the safety measures and guidance provided and the Personal Protective Equipment ("PPE") secured, made available and utilised. Maintaining safe working practices was raised repeatedly as a key priority and requirement in all future ways of working.

Customer services and support

- 5.4 It is clear staff are proud of what the Group has done and continues to do in going the extra mile for the people it works for. Question 8 in the online survey enabled staff to outline and discuss the various customer issues they have had to deal with during lockdown.
- 5.5 The home working model was seen to have had a number of benefits in terms of our engagement with customers. Our housing officers, call centre staff and care workers in particular reached out to more customers, some of whom they may have had limited contact with before. As well as phone calls, engagement extended to new methods such as video calls. This helped raise awareness of the range of services our partner organisations offer, and our proactive approach was welcomed by tenants and people we work for.

Embracing digital

5.6 There is a strong sense of people having embraced digital and the online platforms made available. Although there were some I.T. and systems issues in the early days of lockdown, overall, people felt they were ready for the next stage of Wheatley's digital journey. A large number of respondents expressed appreciation of the support received from I.T. colleagues.

Staff well-being

5.7 Whilst many reported they had coped well and had even enjoyed elements of their time in lockdown, others talked about loneliness, isolation and their mental health being affected. This emerges in responses across several questions. Being able to return to some form of face-to-face contact and interaction was rated as being very important to many staff.

Work-life balance

5.8 This was another recurring theme, with many - particularly those working from home - valuing the flexibility and scope it gave them to achieve a better balance. Some respondents talked about how their work and home lives had merged and workloads increased. Supporting staff to delineate work and home life will be an important part of embedding an element of home working in the longer term across parts of the Group.

Support for staff

5.9 The overwhelming view was very positive, with staff appreciating the efforts made to maintain good communications throughout the pandemic, referring to new features on W.E. Connect and initiatives, such as the Daily Uplift good-news report and Family Hub. Others highlighted the excellent support received from the I.T. and Employee Relations teams and the personal support received from their managers and other colleagues. Not unexpectedly, a minority felt more support could have been offered, but over 85% of respondents felt they had been well supported.

Reward and recognition

5.10 A significant number of staff highlighted the importance of recognising and rewarding colleagues for their outstanding efforts during the pandemic.

Furlough

5.11 Although most staff understood why the Group had participated in the UK Government scheme, some expressed disappointment at being selected. Others believed it had led to more pressure being placed on those still working. Some reported they were enjoying the opportunity to be at home and being able, for example, to look after small children.

Focus group feedback

- 5.12 The Zoom focus groups with staff across the business held at the end of July explored further and in person the key themes identified online and in telephone interviews, including:
 - home working and a future blended work model;
 - supporting our customers, and what we've learned;
 - leading and managing in challenging times;
 - and staff support and recognition.
- 5.13 Co-ordinated and run by Communications and Employee Relations staff, these generated lively, honest discussions that underlined how engaged and motivated staff have continued to be during lockdown. A summary report of the feedback is attached at Appendix 2.

6. Key issues and conclusions

- 6.1 The survey of staff has highlighted how important the culture and values of Wheatley have been in enabling the organisation to work effectively during lockdown. Our people have felt well supported, both in terms of managerial/leadership guidance and practical working matters such as IT equipment. Our culture of empowering staff to be leaders at all levels meant that the vast majority adapted well to the enforced change, with mutual support and use of new technologies enthusiastically embraced.
- 6.2 An overarching summary plus short summaries of the themes per question were published on W.E. Connect on Friday, 31 July 2020. Analysis of the views expressed and recommendations put forward by the focus groups has also been posted on the intranet.
- 6.3 The Executive Team and Leadership Group have taken on board the survey feedback as they continue to plan remobilisation and design and implement a new, blended way of working and service model. An example of this "you said, we did" approach is the financial awards and additional holidays announced last month, rewarding and recognising staff who have continued working throughout the pandemic.
- 6.4 The comprehensive qualitative July survey will be followed up later this year by a series of quantitative pulse surveys, emphasising again to staff the importance of their opinions and feedback .

7. Value for money implications

7.1 There are no value for money implications.

8. Impact on financial projections

8.1 There are no financial implications arising from this report.

9. Legal, regulatory and charitable implications

9.1 There are no specific legal, regulatory or charitable implications.

10. Partnership implications

10.1 There are no partnership impliations arising from this report.

11. Implementation and deployment

11.1 Feedback has been shared with Executive Team and Managing Directors to use as they plan and implement future services, working models and office environments.

12. Equalities impact

12.1 All staff were able and encouraged to participate through online and or hard copy access to the survey.

13. Recommendations

13.1 The Board is asked to note the report.

Appendix 1 – Staff survey feedback Appendix 2 – Staff focus group feedback





Staff Survey Our experience through lockdown

Summer 2020

Making homes and lives better



1. Introduction

The staff survey was conducted through the online platform Survey Monkey and through telephone interviews in June 2020 and ran for three weeks.

The survey aimed to gather staff views on their experiences in lockdown, Wheatley's response to the pandemic and what our priorities should be going forward into the 'new normal'.

Focus groups are being held throughout July to further explore key themes and the results of these will be published in early August.

A total of 1071 members of staff completed the survey online with a further 12 staff handwriting their responses and 58 phone interviews carried out. All responses were anonymous.

The survey consisted of 11 questions designed to gain feedback around four areas which can be summarised as follows:

- >people's personal experience of lockdown;
- how people felt they were supported professionally and personally;
- thoughts on customers' perceptions of our support and services during lockdown; and
- looking to the future: what might be retained as a new way of working.

2. Analysis

All answers to each of the 11 questions were reviewed by the Communications Team and key themes identified for each question. You can read the key themes in each question in section 4.

Views are many and varied, reflecting the different personal circumstances people found themselves in during lockdown and the breadth of job roles at Wheatley. Nevertheless it was possible in each question to identify key themes based on the most common responses.

3. Most common emerging themes

Looking at all the responses to the questions, both in the survey and the interviews, a number of key themes emerge. These are:

1. Homeworking

The benefits and issues with homeworking are discussed extensively in almost every question by staff. Many report adapting and adjusting quickly and enjoying the flexibility of working at home, having no commute and spending more time with family. Issues reported include not having the right physical space, environment or equipment, increased workloads and difficulty separating work from home. Those with children have found it particularly challenging and their issues with juggling home and work are discussed repeatedly across the questions. There is a sense that for many people retaining some element of homeworking in future would suit them.

2. Safety

Safety is a key consideration for many, particularly those working on the frontline or who have vulnerable family members. Staff discuss positively the safety measures put in place by Wheatley, including PPE. Continuing to protect the safety of staff and customers emerges as a key priority for Wheatley staff for the future.

3. Support and services for customers

There is a strong sense across the questions of staff feeling pleased and proud of the services and support they have been able to deliver to customers and people we work for during lockdown. In Question 8 staff also discussed some of the customer issues they've had to deal with.

4. Embracing digital

There is a strong sense throughout the responses of people having embraced new digital platforms and of being ready for the next stage of our digital journey. Although people experienced some issues with IT and systems, particularly in the early days, staff are very appreciative of the support received from our IT colleagues.

5. Staff well-being

While some people do report coping well and enjoying elements of their experience in lockdown, others talk about loneliness, isolation and their mental health being affected. Again this emerges as a theme in response to several of the questions. Getting back to some face-to-face contact and interaction is important for many respondents.

6. Work/life balance

Work/life balance is a recurring theme, again with differing views expressed. Many staff, particularly those working from home, report having more flexibility and time, leading to a better work/life balance. Some staff feel their work and home lives have merged, their workloads increased and as a result their work/life balance has been impacted.



7. Support for staff

Responses on support available to staff are overwhelmingly positive with staff appreciating W.E. Connect, including the Daily Uplift and Family Hub, and the support from IT and HR. Some respondents report excellent support from their manager and colleagues, while others felt they needed more.

8. Reward and recognition

A significant number of staff discuss the importance of recognising and rewarding colleagues for their efforts during the pandemic.

9. The furlough scheme

The furlough scheme recurs as an issue with mixed feelings expressed. Many staff understand why Wheatley participated in it but some report disappointment at being selected and others frustration at the increased pressure on teams where staff were furloughed. Some staff report enjoying the opportunity to be at home during lockdown, for example to look after small children, without the challenge of work.

4. Themes by question

Here is a review of the key themes emerging for each question.

Q1 – Describe generally your work/life since lockdown began?

There was a wide range of responses to this question with personal circumstances, job role, family commitments, general outlook and other life factors influencing how people responded.

The most frequently occurring words used to answer this question were:

- **difficult**
- stressful
- challenging
- different
- > exhausting/tiring/draining.

A small number of respondents said they had enjoyed the experience.

Key themes

There were **10 key themes** emerging from the responses to this question.

1. Lockdown has been a mix of ups and downs Many people described their experience as being up and down, good days and bad days or a rollercoaster. Responses appeared to be influenced by what was going on in people's personal lives as much as their working lives.

2. Work and life have been hard to separate

A very common theme among those working from home was a feeling of difficulty in separating work from life. This was particularly prevalent in the first weeks of lockdown although for some it continued.

3. Juggling work with family, particularly children, has been a huge challenge

The challenge of juggling work with children, either from home or on the frontline, was one of the most reoccurring themes.

4. Initially hard but people adjusted/adapted as time went on

Many respondents talked about lockdown as challenging or difficult in the beginning but go on to say they gradually adapted.

5. Feelings of coping and enjoying work and life

Some people however described their experience of lockdown as positive. A range of reasons were given for this including enjoying working from home and the flexibility it gives, the ability to help customers, and the opportunity to do new tasks and learn new skills.

6. Isolation and missing colleagues and interaction For many the over-riding feeling at the time of the survey was of isolation and missing the interaction of colleagues and the workplace.

7. Long days and increased workloads

Staff from different parts of the business described extra work pressures, increased workloads and longer days.

8. Unsuitability of physical space for work

Some respondents expressed difficulties with the physical aspects of working from home such as lack of space or unsuitable desk/chair or having to operate in a social-distancing environment.

9. Impact on people's mental well-being

While most respondents described the period of lockdown as difficult, challenging or stressful, a small number also talked about it having an impact on their mental health.



10. Furlough – mixed reactions

People on furlough described a wide mix of experiences from feeling guilty and worried to enjoying having the time to spend with family.

Q2 – What has worked well for you during lockdown?

This question asked people to reflect on what had worked well during lockdown. Most respondents were able to cite at least one positive from their experiences, with many highlighting several things which they felt had gone well.

By far the most popular answers were around having more time at home to spend with family or on hobbies such as exercising and gardening. This was particularly so for staff working from home and also for some on furlough. The lack of commute and the flexibility provided by homeworking featured heavily in people's responses.

A significant number reported how effectively IT systems and IT support had worked for them and many talked about embracing new digital platforms such as Skype and Zoom.

Many frontline colleagues felt supporting customers and people we work for had gone well while a number mentioned PPE and other safety measures as having been effective.

There was appreciation among many staff for the support they had received from colleagues, managers and the organisation throughout the difficulties of lockdown. Communications within their team and from the Group was mentioned as part of this support.

A very small minority of respondents said nothing, or not much, had gone well for them throughout lockdown.

Here is a summary of the keys themes in this question.

1. More time to do things at home/with family One of the most recurring themes was staff reporting more time to spend at home and/or with their families. For some this meant being better able to carry out their caring duties and for others it meant more quality time with their children, such as having dinner together as a family. Exercising, doing jobs around the house and gardening also got frequent mentions with some saying they were getting more fresh air and were eating healthier in lockdown.

2. IT and digital platforms

Another significant theme was colleagues' positive experiences with IT systems, the support received from IT, and embracing, quickly and effectively new digital platforms such as Zoom, Skype, Teams and WhatsApp to communicate with colleagues and customers.

3. Lack of commute

Colleagues who are homeworking repeatedly highlighted the lack of a commute as a major positive. The further they normally commute, the more they find this a benefit with some reporting a big difference to the quality of their life and their productivity levels.

4. Flexibility

Although a number of people report heavy workloads and long days in other questions, for many working from home also brings a flexibility which they like. The sense of having more control over when they work, particularly for those with young families, comes through strongly in response to what has gone well.

5. PPE and safety measures

In responses from frontline staff working in our communities and in our care services, the PPE provision and other safety measures are highlighted as having worked well for them.

6. Supporting customers and people we work for

The time, the level of support and the opportunity to deliver great services to customers and people we work for is a recurring theme among frontline staff who call this out as something that, in very challenging circumstances, has worked well.

7. Support from managers, colleagues and organisation

Staff from all areas mention the support from managers, colleagues and from the organisation as something that has worked well during lockdown. Their comments covered informal support from within their teams as well as from their line manager and the wider support provided by the organisation.

8. Being on furlough

While in Question 1 we saw evidence of a very mixed reaction to being on furlough, in this question many respondents spoke positively about their experience



on furlough, again highlighting having more time with their families or to spend on things they enjoy.

Q3. What has not worked as well for you or your team during lockdown?

This question invited people to talk about what had not worked well. Understandably respondents talked about the most difficult issues and challenges they faced over the period. Interestingly, a significant proportion of staff – around 20% – reported no issues at all, saying they, their team and the organisation responded very well to such an unprecedented situation.

Here are the most common themes.

1. Working from home

Working from home posed significant challenges for a lot of staff, particularly over childcare.

Looking after children and home schooling was difficult, while some staff also had to care for elderly family members.

Not having a proper workstation at home, sometimes causing back and neck problems, as well as lack of space and privacy was an issue. Some staff had to use – or buy – their own equipment, such as a chair, while others faced increased broadband costs, particularly if another family member is using their Wifi, as well as increased fuel bills at home.

Working from home left many staff feeling isolated, and missing the support of their colleagues.

2. Work-life balance

Closely connected to issues around working from home were issues around work/life balance. A significant proportion of staff reported being unable to switch off, facing increasing workload and feeling constantly at work.

One staff member summed it up: "It's all work and hardly any balance."

This, along with child care issues, led to feelings of anxiety, stress and guilt.

3. Increased workload

Also closely related to issues around work/life balance, many staff reported an increased workload, and a lack of recognition of the extra pressures they are under. They reported feeling constantly at work, always asked to do more, with colleagues on furlough meaning extra duties for those still working.

4. Lack of communication / support from managers

While staff acknowledged the difficult circumstances everyone was facing, there was concern expressed by some over the level of communication, contact and direction from managers.

Some staff reported a lack of contact or regular meetings, which left them feeling isolated, disconnected and undervalued.

It should be noted that in other questions, eg question 4, many staff report being very pleased with the support they received from their managers.

5. Isolation / missing colleagues

One of the biggest issues staff faced was missing the office environment and the support from colleagues.

While meetings and conversations via Zoom or Skype helped, it wasn't the same as being able to bounce ideas off each other and resolve difficult issues together.

This led to a sense of disconnect and not feeling part of a team.

6. IT issues

A significant proportion of staff were very happy with the IT systems they had, as well as support from the IT team.

However, some reported IT issues, with systems crashing, iPads not ideal to carry out their roles, a lack of a proper phone, not having two screens at their workstation, as well as too many platforms and systems which are not compatible.

7. Lack of face to face contact with customers Some staff working from home reported missing the lack of face to face contact with customers, both on a personal and an operational level.

Staff are dedicated to their customers and miss being able to support them and provide the service they normally would. Some said that difficult conversations about rent, for example, were more easily resolved face-to-face.



Relevant staff felt the approach to dealing with antisocial behaviour, contacting the complainer but not the perpetrator, didn't work well.

Q4. What has surprised/pleased/disappointed you the most?

There were a lot of very positive comments to this question, in particular around how well most people felt they had adapted to working from home.

Generally speaking, the most common theme overall was around the fact that staff were surprised, and pleased, at how well they had coped and adapted to working from home during lockdown and how much they enjoyed the new work/life balance.

A significant number also reported being pleased with the support from colleagues and managers and how well everyone was 'pulling together' during difficult times.

There were a lot of comments about how team morale was high and many staff actually felt closer and more connected to their teams and colleagues, even though they were at home. Main disappointments highlighted by respondents were around different work patterns and time off and some expressed disappointment around the furlough scheme.

Here is a summary of the key themes.

1. Surprised - how well people have coped with lockdown and enjoyed the new work/life balance The most common theme was staff reporting how surprised (and pleased) they were at how well they had coped with working from home. A significant number said they were also surprised at how they, and their colleagues, had adapted to it – and how quickly.

For many working from home has given them a much better work/life balance and, in turn, they feel less stressed.

A high number said they have enjoyed the flexibility it gives them (particularly around the hours, and working outwith a strict 9-5 regime) and stated how much happier they've felt as a result.

There were a handful of comments around how stressful the situation had been, especially those with young children and other family working at home, however this had perhaps not come as a surprise so was not reflected strongly.

2. Surprised at how much can be achieved and delivered from home

Another strong theme coming through was how surprised staff were at how much they were achieving (and delivering) from home and how productive they were without office distractions.

A high number reported feeling more comfortable in their own surroundings and being able to be more flexible. Many staff said they were proud of what they'd achieved and delivered.

3. Surprised at the digital technology, transition to home working and pleased with IT Support

Another significant theme was surprise at the positive experience of using new technology such as Zoom, Skype and Teams calls to keep in touch and carry out the job.

There were a significant amount of comments praising the support of the IT teams and how fast everyone had received help, especially at the start of lockdown. Everyone seems to have really enjoyed using the new methods of communication, even those that were hesitant at the start.

4. Pleased at the support of colleagues and managers and how everyone has 'pulled together' There were a significant number of staff who commented that the support they had received from their managers, and colleagues had been brilliant. A large majority of staff also said they felt relationships with work colleagues had been strengthened through the new methods of communication and they were having more regular, meaningful conversations.

There were many staff who said they'd received a lot of support and understanding from managers and commented that morale was high.

5. Pleased (and surprised) at how much we've been able to do to help customers during this time and their positive response

A large number of staff reported that they were pleased about services they were able to deliver to customers, and how positive the response had been to this.

There was a real sense of pride coming through from these comments about how pleased staff were



that they could still help people, from home, during such difficult times. Staff said they felt it was very rewarding being able to help people like this.

6. Pleased about how Wheatley have looked out for staff (mental wellbeing etc)

A large number of staff commented about the way in which Wheatley was supporting them, looking out for them and the particular focus on mental health. Many liked the introduction of the Wheatley Family Hub, however, there were also comments from some that they just didn't have the time to take part, but the idea was great.

7. Pleased about less time spent in traffic/ commute

Colleagues who have been working from home repeatedly highlight the lack of a commute as a major positive. There were a lot of comments around the difference to the work/life balance as a result and indeed their productivity levels.

Many also said they felt their working days felt shorter without that long commute at either end of the day, making them feel much happier.

8. Pleased with communication generally, but disappointment around lack of communication from line managers

A significant number of staff commented that they are pleased with the communication updates, the level of information they are receiving generally through the intranet and also from MDs and Martin.

However, there were also a number of comments on the lack of communication, and in some cases contact, from line managers.

9. Disappointed around varying working patterns/ time off

A number of staff expressed disappointment around what they say is different working patterns and time off being given to some teams and not others. Also some comments around how working conditions for different people varied because of their different conditions at home.

10. Disappointed – furlough and annual leave – mixed reactions

A significant number of staff who are working/homeworking commented on the issue of furlough, with a lot of mixed feelings. Some felt there was a lack of recognition for those who have continued to work, A large number of comments also focus on the issue of annual leave – for those on furlough they are accruing leave and are keeping public holidays while those working are having to use their leave for a day off here and there.

There were some comments, from those on furlough, around the lack of communication while they've been off.

Q5 - What has been your biggest personal challenge or issue?

Answers to this question were fairly evenly split between work and personal issues, and on many occasions responses included both.

Work issues tended to be around the amount of work and the pressures to deliver, amount of information to process and the stress that can cause.

Personal issues tended to be around coping with lockdown, concerns for their family, family commitments and even dealing with the death of family and friends.

Here is a summary of the key themes.

1. Balancing your time and work/home life Far and away the most common challenge is the balancing of a work/ home life especially for those with children. A number of answers expressed guilt at not being there for family members.

Working and living in the same space and managing time to achieve work/life balance was also a challenge. Many of those who work from home said they had taken fewer breaks and were also tempted to go back online later in the evening.

On the whole, management have been praised for their flexibility and support, especially for those who are working and having to home school children.

2. Working from home

Working from home was a common theme, mainly about adapting to this different way of working and the challenges of finding a suitable space in the home and getting used to a new routine.

3. Loneliness and Isolation

A fairly common theme is not being able to physically interact with others with the feelings of



loneliness and isolation becoming a challenge. This theme was expressed by colleagues across the business.

4. Mental Health and wellbeing

A significant theme was feelings of stress, low mood and anxiety during lockdown. Comments mention stress and pressure of extra workload and the effects of the whole coronavirus situation. Staff who are furloughed also say that this is a challenge.

5. Communicating with colleagues and customers

A significant number of respondents found their biggest challenge was not having face to face interaction with colleagues and customers. Not being in the office and missing the 'buzz and chatter' of being with colleagues was also a challenge.

On a personal basis a large majority have found it challenging not being able to see family too.

6. Safety of self, family and others

For those who needed to be at work and out and about, their safety and fears of passing the virus on to others was a concern among the respondents.

7. Furlough

There are a number of comments which mention furlough and the concern and worry over the future. There was a smattering of comments that some had enjoyed the time off. Others have faced challenges with colleagues not being around due to furlough.

8. Travelling to work on public transport

For those who were travelling into work this theme was common. Their answers described the anxiety of being on public transport and a fear of catching the virus.

9. Technology

The use of technology and having the right equipment in the early days was a challenge for many, as was the ability to use the equipment and the new digital platforms.

System issues were a common frustration early on but seem to have settled, according to many of the respondents.

Throughout IT colleagues are praised as being extremely helpful.

Q6 – What would have improved your ability to cope better, personally and professionally?

This question asked people to reflect on what, in hindsight, might have helped them cope better.

A significant number of respondents, almost 25%, said there was nothing they could think of, and many of those commented that they didn't think Wheatley could have done any more than it has done under the circumstances.

By far the most popular answers were around their work set up – including IT and equipment, work space at home, or the workplace, as well as the support and communication with their manager and the rest of the team.

Here is a summary of the keys themes.

1. Working from home set up, equipment and workspace

One of the most recurring themes was staff reporting issues with the space they have to work in at home, or the equipment (or lack of), that they have.

Comments centred around working from whatever space was available at home, often kitchen or dining tables, sometimes bedrooms. It also highlighted that when working from home for an extended period of time, a suitable chair and desk space are desirable.

2. Contact with team and manager

This was also a common theme. This seems to vary widely between teams, with some respondents reporting excellent support from their manager and colleagues, while others felt they needed more. Some teams have embraced the technology with regular Zoom or Skype meetings and WhatsApp groups and where this has been the case, this seems to have had a positive effect.

3. Mental health and wellbeing

A number of staff highlighted the impact on mental health and wellbeing. This includes a feeling of isolation generally, and especially when dealing with a difficult issue, when you would normally share that with a colleague.

It's clear that staff are missing regular contact with colleagues, particularly face to face.

4. Working hours, workload and flexibility

A significant number of staff reported finding the lines blurred between home life and working. They



have found it difficult to switch off and separate the two. Flexibility during the working day/week (or lack of) and working hours was also highlighted a lot.

Those with school age children reported finding it difficult to balance work with home schooling.

A number of staff also raised the issue of workload and the pressure and volume of work.

There were also some specific issues raised around shifts and shift patterns.

5. Being on furlough

There were some responses from furloughed staff who felt they would have liked more information about furlough, more regular contact and plans for returning to work.

Q7 – How would you describe the support made available to you?

The responses to this question were overwhelmingly positive. More than 85% of the responses were positive about the support that was available.

The majority of those who said the support available was good mentioned things like their line managers being there for them when they needed them. They praised the content on W.E. Connect, including the Daily Uplift and Family Hub. IT and HR had been extremely helpful.

A large section of respondents said they knew what support was out there, but they did not need it. Some respondents mentioned they would have liked to benefit from the activities on the Family Hub or the mindfulness course but did not have time. There was praise for the stories and blogs on W.E. Connect.

Here is a summary of the keys themes in this question.

1. Support from line managers

One of the biggest recurring themes was the brilliant support staff felt from their managers. A large number of answers mentioned managers being there to listen and that they were understanding of the situation and flexible in their approach. A majority of respondents, said the support from their line manager was the most important support they received. There were a small number of comments which said their line manager could have offered more one-to-one support.

2. Personal Protective Equipment

Lots of answers mentioned the support received through the procurement of personal protective equipment. Respondents said it was readily available, and any requests for missing items had been fulfilled very early on. Many colleagues said that the availability of PPE made them feel their safety was a priority and they, therefore, felt valued by Wheatley Group.

3. Support from colleagues

A significant number of respondents said the support they received from their fellow colleagues was the most important form of support available. Respondents said they could lean on one another, and that the situation had caused them to become stronger as a team.

4. W.E. Connect and internal communications

Respondents were overwhelmingly positive about internal communications, noting that W.E. Connect had helped them feel connected and up-to-date, and the blogs and stories were praised. Many commented that the support available to them was easy to find. A large number of responses specifically praised Martin's weekly email messages.

Some said they would have liked more time to be able to do the activities or read the blogs on W.E. Connect. Frontline staff also pointed out that for them, it was almost impossible to take part in activities during normal working hours. There were some respondents who mentioned the content on the Family Hub was too focused on children. For a few people the constant positive stories on W.E. Connect was a struggle when they themselves were facing a tough time.

5. Not enough time to access support

Many of those who praised the support they were offered commented they did not have the time to use it. Many cited the need to meet their deadlines, pressure from managers and a lack of headspace outwith work as barriers.

6. IT – software and hardware

There was wide praise for the support colleagues received from IT and the support they received with general desk equipment. A large proportion of answers mentioned the IT's quick responses and efficiency in dealing with problems, and many praised them for setting up the home working system so quickly. There were a small number of



respondents who faced difficulty getting their IT issues sorted out, but these were in the minority.

7. Furloughed staff

Most of those who identified themselves as being furloughed did say they felt supported by Wheatley with regular calls and emails and reassurance. There were a minority who felt they could have received more support while furloughed.

8. Workload/Caring responsibilities

A number of respondents commented their caring responsibilities were not taken into account enough when assessing deadlines and workloads. However, there were respondents who said they had been able to strike a balance. Quite a few respondents struggled with the workload, given the difficult personal circumstances colleagues were in during lockdown.

9. Use of new technology

Many respondents, both those working from home and on the frontline, positively mentioned the use of technology to support them. This could be through a WhatsApp group where teams discuss specific cases and share advice, a weekly Zoom catch-up or even a social event like a quiz. The responses were overwhelmingly positive; technology has improved their ability to cope and offered support where needed.

10. Senior management

The majority of responses mentioning senior management complimented the visibility of senior management (especially through Martin's messages) and also the fact they felt they could go to senior management with issues. There were also some responses mentioning a lack of support for their teams from senior management.

11. HR support

A number of responses mentioned the support they had received from the HR team. Quite a few people had also taken the mindfulness course or accessed Confidential Care and found these both to be really helpful support tools.

Q8 What do you think customers have felt about our services and support during lockdown?

According to respondents, EatWell and the Emergency Response Fund were particularly well received among customers. Words that recurred include 'overwhelmed', 'grateful', 'positive', 'lifeline', 'amazed' and 'blown away'.

Customers have been especially touched by welfare calls, simply having someone to talk to and knowing they were there, made an enormous difference to their wellbeing – and to how they view the organisation.

Within the overwhelmingly positive responses, a minority of respondents mentioned other customer perceptions and concerns. These included:

- frustration at reduced services, especially repairs and NETs;
- > unhappiness at paying for services they aren't receiving;
- >anti-social behaviour;
- lack of clarity on criteria for accessing services in some communications; and
- > mental health of people in care services.

Here is a summary of these key themes.

1. Overwhelmingly positive about our response Overwhelmingly, staff said they felt customers and people we work for were happy with the service they received and that we had made a real difference through emergency food, welfare checks, care and support services and the response fund.

2. Improved relationships, better engagement

A very positive outcome is that several staff report improved relationships with customers, on a personal and professional basis.

Customers are very appreciative of welfare calls and that personal connection has built trust with staff. Customers are also more aware of services available to them, and are seeing their landlord in a much more positive way. Staff anticipate this will lead to better engagement in the future.

3. Customer concerns and issues

While staff report the vast majority of customers have been very understanding about the necessary reduction in services, some are unhappy. At the time of the survey there was an impatience emerging for services to resume, particularly the repairs, grasscutting and close-cleaning.

A minority of staff reported some unhappiness from customers at having to pay for services they were not receiving.

Care staff reported feeling concerned about the



impact of lockdown on the mental health and wellbeing of the people they work for. Some customers were finding restrictions difficult, were missing the regular face-to-face support, and were feeling the effects of increased isolation.

Q9. As lockdown restrictions ease, what more can Wheatley do to assist you?

Overall, the most significant themes coming through focused around staff saying they were very happy with the support they had received to-date.

A large majority said they wanted the support and good communication to continue with clear, concise and regular updates. A large number said they couldn't think of anymore that Wheatley could do as they had done so much.

A significant number of people talked about how they wanted to be supported to continue to work from home where possible, with a flexible approach to this. Some talked about working from home fulltime and some a blended mix of both. There were comments from several around wanting to get back to normality.

Another theme was around PPE and it being available, alongside information on how the new offices would work in terms of safety measures.

The topic of furlough also featured including bringing staff back as things got busier and support to help people integrate back in.

Here is a summary of the key themes.

1. Communication and support

One of the most common themes was the fact that staff felt very supported and they wanted this to continue. A high number said there had been excellent communication throughout and they hoped that would also continue, with clear and concise information on things like PPE, working practices as well as the future plans for the Group and the business plan.

2. Working from home where possible, with a flexible approach

Another strong theme coming through was that staff wanted to be supported to work from home more, even on a blended approach. Many reported they'd like flexibility around this, especially where they had children, or the job didn't require them to be in the office all of the time.

3. PPE and safety measures

A high number of staff reported they wanted to make sure that PPE was available for returning to more normal work patterns, especially for those going into homes.

Many people talked about the office layouts, and how this would work, and some were against hot desking and sharing equipment.

Some people highlighted not rushing back to offices. They felt guidelines and rules should be clear around distancing and other measures.

4. Review of IT, equipment and desk space

There were a large number of comments around equipment and how if home-working was going to continue a full review of IT, hardware and desk equipment should be considered.

5. Furlough – supporting people to come back A high number of staff commented about the issue of furlough and how they hoped consideration would be given to bringing some back to help ease pressures of annual leave or when services get busier again.

Also a lot of staff felt that people who had been off for a long time would need support to integrate them back into working.

6. Concerns around use of public transport

The final theme coming through this question was around the issue of public transport. Many people expressed concerns about this and how it would affect their work patterns, for example, with reduced bus and train timetables.

Staff said they hoped this would be taken into consideration when they had to return and also asked that plans for re-starting in the offices could be shared so people could plan.

Q10 – What have you and your team learned – and what might be taken forward into the new normal?

A very large number of respondents in this question highlighted working from home as their biggest learning experience with many suggesting this could be something we take forward in future in some way.

Others pointed to our ability to adapt quickly to our new circumstances as the central learning and how we had been able to use technology effectively,



while many frontline staff called out the new ways we had found to support customers and people we work for.

Other responses on what we should take forward included a focus on safety, team work and recognition and support for our staff.

Here are the key themes for this question.

1. Working from home

Working from home was a key theme in response to what had been learned and what should be taken forward. Most people who highlighted working from home said we had learned it could be done, and done effectively and that it brought benefits such as better work/life balance, time saved on commute and increased productivity. However many called for consideration to be given to a more blended or flexible approach as we move forward. Reasons given for this include isolation, missing the interaction of office working and the difficulties of always working around the rest of the household.

2. Our ability to adapt and respond quickly

A very common theme among all groups of staff was how we had discovered the extent to which we could, in our teams and as an organisation, adapt well to changing circumstances and respond quickly and flexibly. This sense of adapting and responding quickly was something many respondents felt we should hold on to as we move forward.

3. Staying safe with standards and procedures in place

Those who continued to work on the frontline of our care, housing support and environmental services highlighted how they learned about the vital importance of safety including measures such as hand hygiene, social distancing and PPE. Many outlined the need to continue with this as a focus.

4. Team work, collaboration, communication and sharing

Many respondents talked about how they had learned they were part of a great team. Sometimes they were referring to their own local team and sometimes to the wider organisation as a team. They talked about pulling or rallying together and highlighted factors such as good communication, sharing best practice and helping each other through. There was a clear sense in these answers that staff wanted to see the strong team work developed through the pandemic continue.

5. Our role in supporting customers and people we work for

Some staff chose to describe their work with customers as the thing they've learned about most. This includes being able to deliver services in different ways, offering new services or reaching out to customers we wouldn't normally have much contact with. In some cases it also involves learning from the impact on people of our reduced services. Many of these answers include calls to retain what they've learned in our new work practices.

6. Embracing digital and continuing the journey

Our ability to use IT to our advantage and to work with new digital platforms features in many answers, both in response to what we learned and what we should take forward.

7. Recognition and support for staff

Supporting, protecting and recognising staff is important for a number of respondents. Some answers ask for support and recognition to continue post-pandemic while others are asking for more recognition for the efforts and hard work of staff.

8. Issues staff feel dissatisfied with

A minority of respondents answer the question by highlighting individual issues they are not happy with and asking for these to be addressed going forward. These answers cover issues including uniforms, the furlough scheme, understaffing, leadership visibility and a sense of teams working in silos.

Q11 – What should be our priorities?

There were some clear themes emerging in the responses to this question on what our priorities should be.

The clearest priority, with a large number of staff mentioning it in their response in some way, was the safety, welfare and wellbeing, both physical and mental, of staff and customers.

Other priorities supported by significant numbers of respondents were:

- >valuing and recognising staff;
- > supporting customers and people we work for;
- >getting core services back up and running;
- >offering flexible working options;
- continuing our digital journey;
- >re-introducing face-to-face contact; and
- >listening, engaging and learning.



Here is a summary of each theme.

1. Health, safety and wellbeing of staff and customers

This was by far and away the most common answer among staff from across Wheatley. The answers alluded to both the physical safety of people as we return to a new normal and their mental well-being. In many cases the response was short and to the point with staff saying simply 'The safety/welfare of staff and customers/people we work for' or 'staff well-being'. In other answers people elaborated on the kinds of safety measures they thought should be a priority. Many staff who cited other priorities in their answer mentioned health and safety or employees' mental health as also being a top priority.

2. Value, recognise and support staff

A call to recognise and reward staff comes through as a priority. In these answers some respondents acknowledge there is appreciation for staff but ask for consideration to be given to further rewarding groups of staff who have worked through the pandemic. Most answers call for general recognition, reward or appreciation but some also suggest reward and recognition through additional annual leave or a pay rise.

3. Support for customers and people we work for

An equally high number of respondents said the priority should be customers and people we work for, and providing them with the services and support they need. Again many people expressed this with a single word: 'Customers', 'Tenants', 'PWWF'. Many made the point that our customers deserved and needed our support.

4. Re-introduction of core services

Many respondents, keen to see things return to normal, chose here to talk about the reintroduction of our core frontline services as being the top priority. Answers mentioned repairs, letting, anti-social behaviour services and environmental services.

5. Offering flexible working options

As we've seen in other questions home working has been a big talking point for respondents who have outlined a range of benefits and challenges. In this question about what our priority should be, a number of staff highlight the need to retain options to work flexibly, particularly from home. Reasons given for this include supporting people with their work/life balance, helping parents with childcare and other family commitments, and facilitating more efficient and productive work practices.

6. Continue our focus on digital

For many, one of the priorities was maintaining and growing our digital focus, both for staff and for customers. In part this was linked to facilitating home, remote and flexible working but some of the comments were also focused on customer experience and engagement. Here are some of the views around making our digital journey a priority.

7. Bring back more face-to face contact

A smaller number of staff from different parts of the business call out bringing back face-to-face contact, as a priority. This in part reflects the sense, seen in other questions, that people are finding the isolation and lack of human interaction difficult. For some respondents, however, this is a priority because they believe it is only through face-to-face contact that they'll be able to deliver the right, tailored service and support to tenants and people we work for.

8. Listen, learn and respond

A smaller but nonetheless significant number of respondents answered by asking that Wheatley listens, learns and responds by putting new approaches and practices in place.





Staff Survey Working through a pandemic

Summer 2020 Making homes and lives better

Staff Focus Groups

August 2020

Introduction

Six focus groups took place throughout July following the online staff survey and interviews which gathered staff views on people's experiences in lockdown and Wheatley's response to the crisis.

The focus groups were aimed at exploring further some of the key themes which emerged during the survey and at capturing views from staff on what learning should be incorporated into how we work in future.

The focus group discussions were carried out on Zoom and were hosted by Director of Communications and Marketing Yvonne Flynn and supported by colleagues from HR and the Communications Team.

A total of 46 participants representing all sectors, subsidiaries and geographic areas in the Group took part.

The themes explored were:

- homeworking and a future blended model;
- supporting customers what we've learned;
- rewarding and recognisng staff; and
- leading and managing in a flexible working model.

People who took part including the supporting staff, contributed enthusiastically and seemed to enjoy the experience of getting together with different colleagues to share experiences and views.

Summary of feedback

- Participants were overwhelmingly positive around Wheatley's response to the coronavirus crisis across all the themes explored.
- Echoing the findings of the survey, participants were enthusiastic about the idea of retaining some flexible and remote working and supported a future blended working model.

• The key challenges to resolve for the future included supporting staff with their physical work space and equipment, retaining the right level of flexibility and structure for those with caring responsibilities and helping people to minimise isolation and protect their wellbeing.

• There was acceptance that the office of the future would be very different and serve different purposes including a place to go to meet and collaborate, and a functional space for printing, storing and accessing files and other tasks.

• Customers were very positive about our services and saw us as more human

• The biggest shift was from face-to-face interaction to engaging with customers by phone and digital channels

• Staff wanted to retain, or explore further, the use of phone and digital channel support as they saw it brought benefits but also stressed the importance of keeping some face-to-face interaction for some situations.

• Teams believed they had worked together well, for example housing and NETs, built stronger relationships and wanted to retain the benefits of improved teamwork.

• While some staff called for greater reward and recognition in the staff survey, when explored in the focus group, participants were hugely appreciative of the existing reward and recognition at Wheatley and described the benefits as 'brilliant' and 'second to none'.

• The importance of a thank you from senior leaders was emphasised with one NETs colleague recounting how he was buzzing for a week after receiving a 'well done' call from Wheatley's Neighbourhood Services Manager.

• Ideas for recognising teams' efforts during lockdown included: a big party, an awards ceremony or events where people could get together to share experiences.

• For leaders one of the big challenges had been balancing spending more time supporting staff while delivering on demanding and heavy workloads and working remotely.

• There was a need to redefine the principals of leadership at Wheatley with opportunities to learn and develop skills for leading in the new normal and to share experiences with other leaders.

• Leaders were apprehensive around managing people returning from furlough and supporting them to integrate back into work and the team.

A summary for each theme is attached below.

1. Homeworking and a future blended model

Two focus groups took place around this theme, with a total of 15 participants from across Group. The aim was to gather experiences and feedback for how elements of homeworking could be carried forward into our new working model and what the key considerations should be.

The following summarises the discussion on this theme.

General response to homeworking and challenges

Most people found working from home a positive experience and said that it had worked well on the whole. This echoed the general sentiment expressed through the survey and the interviews. People said virtual working through tools like Microsoft teams, zoom and digital working in general meant they could work as normal and maintain contact with colleagues.

Some staff like the fact that there are fewer distractions when working from home, and reported being able to concentrate better on pieces of work. Those with children found they had constant interruptions from their dependants. However, there was also an acknowledgement that this is likely to improve once the schools go back.

Lack of daily commute was highlighted as a positive as it allowed staff to use this time to deal with work priorities instead.

Housing officers spoke about the iPad rollout and how this had helped them be less paper-based and allowed some element of remote working before lockdown. They also mentioned arrears performance had improved as those with a wider patch area spent less time travelling and had more time to dedicate to customer calls. They said communication by phone is fine, but that you can't beat face-to-face interaction with customers.

Some people, again confirming the feedback from the survey, faced particular challenges in their home working circumstances. Those highlighted were:

- having a quiet, appropriate place to work within the family home;
- balancing childcare while there is no one else to look after children; and
- feeling cut off from their team and colleagues.

Future working model

A blended 'best of both worlds' model was popular, with a balance to be struck between the flexibility of working from home and retaining the benefits of office working.

There was some discussion that staff should be given the choice to decide whether they want to work from their home or an office, but also an acknowledgement that availability of office space will be determined by government guidance.

A blended model would need to be built around the needs of the organisation and will also depend on the job role and the individual.

People felt a 50/50 split between time at home and the office would be a good balance.

Support for those with caring responsibilities

The group discussed what the organisation needed to consider when it came to supporting staff with caring responsibilities.

People shared some of the difficulties they faced, but also acknowledged many of these problems were caused by lockdown and lack of childcare, rather than homeworking. When schools and nurseries reopen working from home would become easier.

One participant was concerned about working at home with very young children, and the practicalities of being able to focus on work and customers and meet his family's needs.

Other people talked about difficulties of working from home with the family there – for example, having to ask children to be quiet or go away when they are working in a family space like a kitchen.

Flexibility around location and hours

Flexibility was seen as a key consideration in the two groups, both around location and hours worked.

People were appreciative of the support and flexibility Wheatley had already shown, which had allowed them to manage things better. Some members of the focus group had younger children and expressed enthusiasm for homeworking to allow them to manage school and nursery pick-ups and drop-offs better.

There was also some interest in a flexible approach to working hours for staff with caring responsibilities. During lockdown, some participants had agreed non-standard hours with their team, such as working in the morning, taking a break in the afternoon to look after children, and logging in again in the evening. They found this flexibility very helpful.

There was also a suggestion customers might prefer to be able to speak to someone at the end of the working day.

Need for structure and boundaries

People also said they needed structure along with flexibility, and needed to know what hours and where they will be working so they can manage responsibilities such as caring for children or older family members. An ad-hoc, last-minute approach would not suit them.

Others felt flexible working was difficult for the business. People need to be contacted by colleagues and customers during the day, and te organisation needs to be able to respond to emergency situations. Even day-to-day projects could get held up if people are working at different times.

Some concerns were expressed about the divisiveness of flexible working. Prioritising the needs of working parents over those without children could be seen as unfair and generate resentment because all staff need a work/life balance.

In summary, the organisation would need to consider:

- the needs of people with pre-school children;
- balancing the needs of the business with a more flexible working pattern while ensuring other members of the team are not plugging gaps;
- the requirement of some people to have the same working pattern every week because out of school care and nursery hours are usually fixed; and

• The impact on family life – such as the loss of a family space – of more home working

Physical work environment

Concerns were expressed about the lack of suitable workspace at home. Some younger staff still living with their parents had to work on their bed, some were working in family spaces like kitchens, while others were without a suitable space for a desk, computer or office chair.

While many staff 'made it work' during lockdown, it would not be ideal if working from home is to be a long term/permanent arrangement.

Issues highlighted included:

- a lack of devices to work on some have only an iPad and patchy wifi
- the financial implications, especially for lower-paid colleagues, of buying a desk and chair, and the cost of heating, lighting, wifi and electricity, especially in winter
- the need for training in Microsoft Teams and similar platforms

Mental well-being and isolation

Mental wellbeing, isolation and the loss of separation between work and home life were also seen as important considerations for the future. Some participants felt pressure to be 'always available' and were tempted to keep working late, checking and responding to emails when they weren't working. Concerns were also expressed about people who live alone and derive much social wellbeing from coming to work, being in town and being able to see friends at lunchtime.

The point was made that working from home doesn't suit everyone and 'is not what people signed up for'.

The importance of retaining face-to-face contact with colleagues, and one-to-one time with managers, was seen as important in supporting mental wellbeing.

Staying connected and supported

The use of technology was seen as key in staying connected during lockdown.

Some people felt they got enough interaction through Whatsapp, zoom and phone calls. The need to share best practice on using these platforms was highlighted.

Others regarded these platforms as useful but no substitute for the social side, along with support and advice from colleagues, of being in the office.

There was also a suggestion that people working remotely could lose that sense of feeling 'part of Wheatley'.

Networking events would become more important to keep that sense of being connected and of sharing the organisation's culture.

Positives to come out of this have been an increase in joint working by some subsidiaries where their geographical patches sometimes cross, for example Loretto Housing and Cube.

Learning and development, and culture

The group felt working in an office was important for learning and development, particularly for younger staff. Watching and learning from colleagues, as well as support and advice over difficult issues, could be lost without an office environment.

Working from home reduces the opportunities for collaboration and sharing ideas and it was seen as important that our new working model addresses this.

People felt Wheatley had a strong culture, a set of shared values and vision, which has been strengthened by the way people pulled together during lockdown. There was discussion around how new staff would integrate into this culture if they were in the office less.

The future of the office

People discussed what the purpose of an office would be, if a more blended approach was adopted.

Human interaction was seen as a very important part of it, and space for collaboration and networking would need to be incorporated.

Housing officers said they still need to go to an office for paper files, printing letters and so on.

Practical considerations highlighted included the need for social distancing, meaning a reduced capacity in the short term.

Consideration is also needed for those who need specific work equipment identified through a DSE assessment, as they would have less flexibility around where they could work and which desk they could use.

People were enthusiastic about the idea of an office space being more than a place to log on to a computer and work, but as somewhere where people could go to do specific things, meet people, share ideas and work collaboratively.

Participants didn't want to lose the option of coming to the office because it was important to be with people, meet colleagues and build relationships – as well as being a place where necessary equipment is.

One person visualised an office as more of a hub, where people can get together and share ideas, a really good meeting space for customers and staff, and not just a bank of desks.

2. Supporting customers, learning and the future

Two focus groups took place around the theme of Supporting Customers. There were 16 participants from across the Group including representatives from care, NETs, CSC, repairs and GHA, Dunedin Canmore and DGHP.

The aim of the discussion was to gather views on what staff had learned about delivering services in different ways during lockdown and what aspects of the learning could be carried forward.

What did customers think about our services?

Staff reported that the overwhelming majority of customers were blown away by the support we were giving them.

There was also a strong feeling that the support being given to customers by staff has really 'humanised housing'.

Staff reflected on being stopped in the street when they started getting out and about again – people no longer seeing staff as debt collectors, and only at the door because of ASB.

The environmental teams commented that customers were more appreciative of them, coming out to talk to them recently when they're cutting grass and engaging with them more when they've been delivering food parcels and ERF requests.

What was different about interactions?

Representatives from Care and Housing both agreed their interaction with customers changed drastically because of lockdown, going from face-to-face contact to telephone support.

The Housing Officers mentioned the use of new technology with customers such as FaceTime and Whatsapp. This was seen as a big positive and a good way to reach customers during lockdown.

Generally, the group felt there was a lot more positive engagement from customers over the phone – and also through digital methods of contact. Some staff felt they engaged with tenants they usually wouldn't have through welfare calls carried out during lockdown and this allowed them to speak to more customers than average.

There was a general feeling that this increased engagement was perhaps because there was less pressure and less anxiety for some customers (particularly those who are more vulnerable/challenging) than when they're sitting face-to-face having difficult conversations

However staff said there was still a real need to retain flexibility to have face-to-face contact where required. People agreed there were times where you need to see someone to understand and read their body language and gauge their emotional reactions.

Although telephone support has been a good alternative to face-to-face support, a care member of staff mentioned that some of the conversations with those they were supporting had been particularly challenging as lockdown progressed. It was also noted that it was hard to separate work and life because staff were having serious and emotional conversations in their own homes.

NETs staff said one of the things that was different for them was there was an increase in going to the shops for customers, and picking up prescriptions due to the numbers of

people self-isolating or shielding. They also delivered food parcels to them and called on vulnerable tenants to check they were OK.

It was also recognised that the housing team relied heavily on the NETs to make face-toface visits, maintaining contact with customers who weren't engaging. The good working relationships between NETs and housing officers was highlighted as a major success of lockdown.

What have you learned that you would keep going forward?

Regular welfare checks would be something care staff would like to see continue. They would also like new mediums such as Zoom explored. Many of the vulnerable people we work for are feeling anxious about coming back to 'normal' life. Some will continue to shield. It was stressed that these people could end up feeling more marginalised if they aren't reached by new methods of communication going forward.

As housing staff start home visits again, the fact that some customers rely on lip-reading to communicate was highlighted. Mitigations would need to be in place for these customers (visors instead of masks, for example).

For the NETs, they felt their systems and processes were strong before lockdown, and that's why they were able to scale these up successfully. They'd like to continue to keep up the contact with customers as these interactions and ad hoc tasks are important to the people we support. Helping customers had felt really good and staff would love to hang on to that in some way.

For housing staff in DGHP, they have struggled with large patch sizes throughout lockdown. They would like to move to having 200 homes per housing officer so they can continue to give a more personal and dedicated service.

For repairs, there is nothing they would take forward. They have struggled during lockdown and are looking forward to services re-starting again.

It was felt that working from home was both good and bad. If you had small children, it was very stressful, but it also offered many the chance to focus on a task and be more productive. Staff would like to see home working continue, and allowances made for those with children if schools do not go back full time.

Staff said better work/life balance meant they felt more in control which in turn brought a real benefit and value to the customers due to having more time to spend with them.

Many on the group said they felt less stressed, more relaxed, more in control, able to make more decisions – all through working from home. An example - some said at times they might be logging in early and doing emails, and then again later at night, however they didn't mind that as in between through the day, if they had to hang their washing out they could take the time to do that – the work/life balance was much better

DGHP staff said it had been a challenge but the 'think yes' approach had been embraced and everyone is feeling much more empowered in their jobs and can make their own decisions, creating less stress. They wanted to keep that sense of empowerment while also getting the restructure completed.

As internal customers, how did you feel you were supported by IT, Comms, HR, CSC during lockdown?

Generally staff felt completely supported, even lone workers who knew someone was on the end of the phone at all times

The consensus was that there has always been a sense of togetherness; everyone pulled together as one during lockdown. The NETs perhaps felt this the most.

IT staff said it was a learning curve to support internal customers working from home to start with – particularly getting everyone up and running all at once and on different devices (Macs, ipads etc). But there was all-round praise for IT's support during lockdown. They were quick to sort everything at the beginning and have offered great support throughout. The fact we can all access our desktops like we're in the office was highlighted.

There was also positive feedback on HR. With comments about them, 'being just a phone call away,' and 'fantastic as usual'. The group commented that communications has been really good and the 'daily uplift' has been great – it's good to share the experience of the teams and see what others are doing

The housing staff highlighted the joined-up working between NRT and The Hub. With both offering to do weekend and evening calls to relieve housing officers.

For care, the launch of Wheatley Care during lockdown presented its own challenge - creating a new company, and a joined-up culture in the midst of the pandemic. While a challenge, it was seen as a success.

The fact that COVID numbers are so low in Care was suggested as a sign that staff had worked well together to keep everyone safe.

What should the ET think about when they plan how to support customers?

There was a consensus in the group that the ET should continue doing what they're doing. They felt the support had been good and we should keep on the path we're on.

The Emergency Response Fund was singled out as something that should be factored into future plans. A Housing Officer had been able to buy a vulnerable customer a brand new washing machine when they had no money to do so, and they felt the fund was a brilliant asset.

Throughout the discussions there was feedback that the flexible working and the use of different ways of engaging with customers should be retained as well as the sense of working together.

3. Reward and Recognition

There were eight participants from across the Group including representatives from the NETs and DGHP and staff on furlough in this focus group.

Support during lockdown

There was a strong sense that everyone had pulled together during lockdown, forming good working partnerships and supporting each other.

Peer to peer support was highlighted as being very important – and regular team meetings and catch ups have been key for this. Comments included that some people by their nature / personality are more resilient and others perhaps needed more support.

Staff said their managers had been a great support, with those who needed to, being able to work flexibly to help meet their caring responsibilities for children or elderly relatives. This echoed the majority view in the survey and phone interviews.

Our NETs colleagues also reported excellent support, with their safety being taken care of through the supply of PPE, regular briefings with managers, as well as managers regularly checking in to make sure they were ok.

Current reward and recognition at Wheatley

Staff were asked to describe what they thought of Wheatley's staff benefits. "Excellent", "fantastic", "second to none", "brilliant", "love it", "amazing" and "even the little things like an eye test are great" were just a flavour of the feedback on the package available.

Staff commented that we can sometimes take it for granted and, since lockdown, they have a renewed appreciation for how well we are looked after when they compare it with friends and the organisations they work for. One person commented that friends are having to take wage cuts so we feel very lucky to have the package that we do.

Recognition for work done in lockdown

Those on furlough commended those who are 'holding the fort' and one person said they felt a little guilty about being on furlough.

Ideas for recognition included a big party, and awards ceremony or even a prize draw, but many ideas centred around getting people together again to share their experiences.

A common theme was that a simple thank you or personal recognition goes a long way – people remember that. One of the NETs said he received a call from Steven Gray to say thanks for all he was doing. He said he hugely appreciated that call and was buzzing for a week afterwards.

HR reported that staff who were self-isolating really appreciated their welfare calls, particularly in the early weeks. They appreciated the personal contact from their employer during a difficult time.

One attendee commented that one size doesn't fit all, and with so many staff across the organisation what works as recognition for one group doesn't work for everyone.

Other comments / issues

Staff spoke about the Family Hub and the wide range of things available. Staff felt it's a really good initiative and that there is something for everyone, from sports, cooking, baking and book club to family hour and 'space to speak' sessions for housing officers.

One furloughed member of staff did comment that despite feeling very in touch with the organisation and getting regular contact from their manager, they still felt a bit in the dark about when they might get back to work, and is very much looking forward to getting back to it.

4. Leadership and managing people

The focus group on leadership in lockdown brought together seven managers from across the Group including from housing, care, the CSC and business support. The aim was to look at experiences of leaders in lockdown and discuss the key considerations for the organisation as we move into the new normal.

Leaders' experiences

As part of the introductions participants talked about their experiences, with the main themes being:

- The use of technology and the support from IT has been fantastic
- Better connections and relationships with teams are stronger than ever
- We were able to adapt quickly and still delivered a quality service
- More time had to be spent supporting staff

• Challenges included striking a balance between supporting staff (including those on furlough) through difficult times and getting the job done.

What was different about managing and leading in lockdown?

The use of technology, (WhatsApp groups, and Zoom) to manage teams, rather than face-to-face, was discussed as being one of the major shifts. Having regular touchdowns with staff helped keep teams together and motivated. Leaders reported using these platforms for work and for social interactions too.

Most found that interpreting body language over video chat was hard and therefore it was challenging working out how people really were. Looking at body language was important to help you see if there was something not right with somebody.

Majority found you had to spend more time than you would normally managing people on the phone and having one-to-one conversations.

The CSC felt this was particularly important for staff morale.

For those with new staff or for new managers in a new post, it was harder than it would have been normally to build relationships.

Managing relationships remotely

Some found that scheduling regular catch ups (on zoom) was effective and allowed for better diary/time management.

Some found it very challenging managing deadlines and workloads, ensuring work and services were a high standard, while having to spend more time managing and supporting people using new and different channels.

There was discussion around how hard it was to have difficult conversations on the phone/on a screen. It was felt that these conversations would be best face to face and allow this to happen needs to be looked at as we go forward.

The wellbeing of staff and leaders (including dealing with mental and physical wellbeing in a remote working setting and isolation) has been and will continue to be important as we work remotely.

There was a consensus that managers and staff would all need to learn new skills and rules of engagement as we continue to work remotely and flexibly.

Some people had come to expect welfare calls and we now need to establish what our organisation's expectations are of how we interact, engage and deliver services in our new normal.

We should establish Wheatley leadership principles for a virtual workforce, defining/ redefining these for consistency. The majority of leaders talked about how hard it has been to keep in touch with staff on furlough, that it was time consuming and often there wasn't anything to update them on.

Ensuring consistency of leadership and support for staff

Leaders talked about finding the balance between the demands of the job and of supporting people in new ways.

It was agreed we had been very good as leaders at responding in crisis mode but we now needed to move out of crisis mode and into Priority Management in our new way of working.

Trust was mentioned as a major factor for leading in future – trust in your teams, and to be trusted as leaders and this was seen as key as we move forward.

We should have forums for sharing best practice and experience among leaders at Wheatley.

There was also discussion about learning and development opportunities to support leaders to manage people in our new service model. Many thought the development of both staff and leaders to be able to think and work flexibly, to build trust and self-reliance and to problem solve was important.

The furlough challenge

Most leaders were concerned about supporting and managing furloughed staff both now and when they return to work as well as their wider team.

Furlough staff will have mixed feelings (disappointment about missing out, anxiety, feeling out of the loop etc) about coming back to work and there is concern about a divide in the workforce when they return.

Leaders were encouraged to get involved in helping to create the 'welcome back' sessions which were being developed.

Managers' role will be to help them re-integrate with a welcome back relevant to their teams while remaining mindful of staff who have worked through.



Report

То:	Wheatley Housing Group Board
By:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Coronavirus Job Retention Scheme update
Date of Meeting:	26 August 2020

1. Purpose

1.1 To provide an update to the Board on our use of the UK Government's Coronavirus Job Retention Scheme ("CJRS"), also known as "furloughing".

2. Authorising context

2.1 Under the Group Standing Orders and relevant schemes of delegation the Group CEO is responsible for operational staffing matters. Given the high-profile nature of the CJRS, the Board has however been kept informed on a regular basis about our use of the scheme to preserve jobs across the Group.

3. Risk appetite and assessment

- 3.1 The Group's risk appetite in relation to regulatory compliance, including with UK Government/Her Majesty's Revenue and Customers ("HMRC") rules, is "averse".
- 3.2 There is a risk that, if the rules of the CJRS are not properly applied, there could be clawback of payments by HMRC as well as penalties. The measures taken to mitigate this risk are explained below. We consider these to be robust and that the risk of such clawback is therefore low.

4. Background

- 4.1 The CJRS was introduced in March 2020 as a key part of the UK Government's response to Covid-19. The scheme's use is commonplace across the economy, with more than 70% of businesses reported to have used the scheme. HM Treasury stated at the end of June that £25.5 billion in wage subsidy had been paid by HMRC on the UK Government's behalf, covering more than 9.3 million employees.
- 4.2 Since the funds are paid by HMRC, they are treated as business income for the recipient and taxed at corporation tax rates. However, since the majority of our partner organisations are charities, and the funds are applied for charitable purposes to support staff doing charitable work the income will be exempt from taxation.

- 4.3 The exceptions are Lowther/YourPlace, which are non-charitable. Any funds wrongly claimed would be reclaimed in full through a 100% tax rate on the income in the annual tax return, which all of our entities already lodge as a matter of course.
- 4.4 From 1 July, the CJRS scheme changed to allow "flexible furloughing", where staff can return part time, and the employer can claim subsidy for any time period the employee does not work. The rate of subsidy is reducing from its initial 80% of salary (up to a cap of £2500 per month per employee), with less subsidy each month until the end of October when the scheme closes. In the final month of October, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee is on furlough. Employers will pay employers' National Insurance Contributions and pension contributions and top up employees' wages to ensure they receive at least 80% of their wages up to a cap of £2,500, for time they are furloughed.
- 4.5 As at 31 July, we had 600 staff on furlough, representing over 20% of our workforce. Support claimed to this point was just short of £4 million. A detailed breakdown of furloughed staff is included in Appendix 1. We have continued to pay all of our furloughed staff 100% of their salaries, and will continue to take this approach right to the end of the scheme. In this context, compliance with the CJRS rules is critically important.

5. Discussion

Covid-19 and its negative impact on our business

- 5.1 The scheme's original purpose was stated by the UK Government as being to support employers who cannot maintain their workforce because their operations have been affected by Covid-19. Our operations have been very significantly affected, with many services in enforced shut-down for several months. Scottish Government guidance prohibited building and other deemed non-essential work, meaning many of our repairs, new build housing, environmental maintenance and supporting group services staff had no work to do. Even now, we are not able to operate anywhere near full capacity, meaning many staff remain unable to carry out their usual roles due to ongoing restrictions.
- 5.2 At the same time, our rental income is being and will continue to be significantly impacted by the crisis. The Strategic Development Committee and several of our partner Boards considered a presentation from the Fraser of Allander Institute at their last meetings, which highlighted the disproportionate impact of Covid on our tenants and communities. This has meant that many of our tenants have been unable to pay their rent. Near the beginning of the crisis, the Scottish Government also prohibited evictions for rent arrears for six months, which is a further factor in increasing our level of arrears.
- 5.3 The Fraser of Allander Institute advised of the near-certain "permanent economic scarring" of a significant increase in unemployment across our tenant base, leading to increased rent arrears. Around 30% of our tenants 18,000 people are not current reliant on benefits to pay their rent, and these people are particularly exposed to job losses, especially in hospitality and retail sectors.

- 5.4 For these reasons, the Board considered a revised set of financial projections at its last meeting that included an increased provision for rent arrears of 3.8% of our annual rental income; equivalent to £11 million of lost revenue. While this provision was made in the context of uncertainty about the future, independent expert predictions for the sector continue to assume very significant negative impacts on rental income, for example:
 - Standard & Poor's, our credit rating agency, assume that rent arrears across the UK housing association sector will rise to between 8% and 12% by 31 March 2021. They adopted the lower of these assumptions for their forecasting of our performance, but this would still represent nearly a doubling of our 31 March 2020 arrears, similar to our business plan assumption.
 - Housemark, the expert sector research and benchmarking organisation, published a report in July stating that rent arrears for social landlords in Scotland are forecasted to peak in December 2020 at 42% higher than March with the end of the furlough scheme representing a "significant arrears risk" for landlords. Our rent arrears at the end of March were 4.61%, so a 42% increase would be a 1.94% increase, less than our business planning assumption but still an increase of nearly £5 million.
- 5.5 At the last meeting, the Board agreed that the anticipated rent increase for 1 April 2021 of 3.5% for most of our RSL tenants would also need to be reduced, arising from the impact of the crisis. The assumed increase was cut to 1.9%, meaning a recurring loss of around £3.5m per year to our business plan. We have, on the separate agenda item, gone further, reducing this to between 1% and 1.7% for the majority of our tenants.
- 5.6 We have also experienced unforeseen cost increases in a number of areas. Food packages and wider help from our Foundation Emergency Response Fund have cost around £1m to the end of June, with these costs likely to continue past Christmas. Costs of Personal Protective Equipment have been £0.4m higher than budget to the end of June and will also be an ongoing new cost pressure.
- 5.7 As a non-profit making Group focusing on social rented housing, we do not make large margins relative to many other housing groups; for example, some English peers who have large housing for sale programmes. Our latest forecast for the year, presented to the Board separately on this agenda, shows a projected surplus of £11m from a turnover of £375m (2.9%), but this surplus also includes an assumed £34m of grant income which relates to new build and is not part of our recurring revenue generation base.
- 5.8 CJRS income support is therefore crucial in minimising the impact of the Covid-19 crisis on our financial bottom line, especially in areas where staff have been and are still unable to carry out their normal roles. While there is no scope for subjective judgement by HMRC about whether an employer "needed" support from the CJRS (it is a strictly rules-based scheme), given our financial context it is entirely reasonable and appropriate for our employing entities to have applied the scheme. It has helped preserve jobs and mitigate losses this year. Without support from the scheme, the planned headcount reductions this year would have had to be even higher in order to keep us operating at our minimum financial operating levels (defined as our financial golden rules).

Compliance with the HMRC rules

- 5.9 The rules for the CJRS were relatively straightforward in the initial period up to the end of June. Staff had to be furloughed for a minimum period of three weeks in order to be eligible, and while on furlough they were permitted to do no work. Training and learning activities were permitted. The accuracy of the claims process itself was the other main aspect; ensuring the correct staff numbers were correctly entered into the HMRC system for the exact periods they did not work.
- 5.10 Since the beginning of July, the scheme has become more complex, with the possibility of staff returning to work part-time introducing more risk of error in terms of recording dates of work. There are now monthly changes to the allowable amounts that can be claimed, covering National Insurance, Pensions and the percentage grant rate.
- 5.11 A "Treasury Direction" published by the UK Government on 26 June set out details of the post-1 July arrangements. Law firm Burges Salmon stated, in reviewing this latest guidance¹:

The current government guidance does not expressly set out that the purpose of the scheme is to avoid redundancies (and nor does the Direction) and the employee guidance clearly states that employers can still make employees redundant while they are on furlough or afterwards.

- 5.12 Our solicitors, Burness Paull, have reviewed our overall approach and noted no points of concern. They also reinforced that furloughing staff does not preclude redundancies being made. They also confirmed that, in respect of the Job Retention Bonus of £1000 which may be claimed for any furloughed staff who are kept on the payroll to 31 January, there is no legal impediment to our claiming of this based on our proposed approach.
- 5.13 In light of the separate paper on the agenda in respect of service reorganisation, it is important to be clear that CJRS support is not and will not be used to fund redundancy payments for any employees on furlough. We will continue to manage compliance risk and ensure adherence to the revised guidance through the following measures:
 - independent legal advice where required on our application of the scheme (eg from Burness Paull as noted above).
 - even though the legal view noted above states that it is permitted in respect of furloughed staff, our no compulsory redundancy policy means we would not in any case "make" employees redundant. Any redundancies are voluntary based on the personal circumstances of the individual employee (often age - we also offer early retirement in some cases), and funded through internal savings over a three-year period – not UK Government grant support.
 - no employee of any Wheatley entity on furlough will leave their employer through any form of redundancy or retirement prior to 31 October, and for those for whom we claim the £1000 job retention bonus, before the end of January 2021

¹ <u>https://www.burges-salmon.com/news-and-insight/legal-updates/covid-19/the-coronavirus-job-retention-scheme-an-essential-guide-for-employers/</u>

 rigorous internal processes managed by our Group Employee Relations to team to ensure all record-keeping and claims data is strictly controlled and monitored in line with the guidance. No staff may be put on or brought off furlough without a strict process being followed including Executive Team authorisation and proper issuance of an agreement letter to the staff member in question.

6. Key issues and conclusions

6.1 The CJRS has been a valuable form of support from the UK Government, helping us preserve jobs in areas of our business where normal activity has not been, and continues not to be, possible due to Covid-19.

7. Value for money implications

7.1 Not directly applicable insofar as this report is not about how we spend money on services; rather the CJRS is a wage subsidy support scheme that has allowed us to retain furloughed staff on the payroll.

8. Legal, regulatory and charitable implications

8.1 Compliance with the scheme rules is addressed above.

9. Impact on financial projections

9.1 As set out in section 5 – the grant is only available in the current financial year 2020/21 and is reflected in the forecast income and expenditure account for the year.

10. Equalities impact

10.1 No implications noted.

11. Other resource implications

11.1 There are no other resource implications associated with this report.

12. Recommendations

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

Appendix 1 – Analysis of furloughed staff since the scheme began

		Period 1 Furlough Weeks (from start of	Period 2 Furlough Weeks (re- furloughing having returned for a	Period 3 Furlough Weeks (re-furloughing
Division	Personal Details Job Title	scheme continuous furlough)	period, eg trades being rotated)	having returned twice previously)
Cube	Housing Assistant	10 weeks	being rotated)	previously
Cube	Housing Assistant	10 weeks		
Cube	Housing Officer	10 weeks		
Cube	Modern Apprentice	19 weeks		
DGHP	Apprentice - yr 1	20 weeks		
DGHP	Apprentice - yr 1	20 weeks		
DGHP	Apprentice Carpenter/joiner - yr 2	20 weeks		
DGHP	Apprentice Carpenter/joiner - yr 3	18 weeks		
DGHP	Apprentice Electrician - yr 1	20 weeks		
DGHP	Apprentice Electrician - yr 2	20 weeks		
DGHP	Apprentice Electrician - Yr 4	3 weeks		
DGHP	Apprentice Plasterer - yr 1	20 weeks		
DGHP	Apprentice Plasterer - yr 4	19 weeks		
DGHP	Architectural Technician	19 weeks		
DGHP	Asset Management Officer	17 weeks		
DGHP	Asset Management Officer	17 weeks		
DGHP	Asset Management Officer	17 weeks		
DGHP	Clerk of works (Investment)	19 weeks		
DGHP	Clerk of works (Investment)	8 weeks		
DGHP	Commercial Administrator 37.5	18 weeks		
DGHP	Commercial Administrator 37.5	6 weeks		
DGHP	Community Participation Manager	16 weeks		
DGHP	Community Participation Officer	19 weeks		
DGHP	Company Secretary & DP Officer	6 weeks		
DGHP	Customer Advisor	11 weeks		
DGHP	Customer Advisor	11 weeks 11 weeks		
DGHP DGHP	Customer Advisor Customer Advisor	11 weeks		
DGHP	Customer Advisor	9 weeks		
DGHP	HQ Receptionist/Administrative Assista			
DGHP	Information Governance Officer	16 weeks		
DGHP	Joiner 37	13 weeks		
DGHP	Joiner 39	18 weeks		
DGHP	Joiner 39	18 weeks		
DGHP	Joiner 39	3 weeks		
DGHP	Labourer 37	20 weeks		
DGHP	Labourer 37	14 weeks		
DGHP	Labourer 37	20 weeks		
DGHP	Labourer 37	20 weeks		
DGHP	Labourer 37	20 weeks		
DGHP	Labourer 39	18 weeks		
DGHP	Legal Assistant	15 weeks	1 week	
DGHP	Multi Skilled Engineer 37	20 weeks		
DGHP	Multi Skilled Engineer 37	3 weeks		
DGHP	Multi Skilled Engineer 37	3 weeks		
DGHP	Multi Skilled Engineer 37	3 weeks		
DGHP	Multi Skilled Engineer 37	3 weeks	4 weeks	
DGHP	Multi Skilled Engineer 37	13 weeks		
DGHP	Multi Skilled Engineer 39	6 weeks	7 weeks	
DGHP	Multi Skilled Engineer 39	6 weeks		
DGHP	Multi Skilled Engineer 39	18 weeks		
DGHP	Multi Skilled Engineer 39	18 weeks		
DGHP	Multi Skilled Engineer 39	3 weeks		
DGHP	Multi Skilled Engineer 39	11 weeks		
DGHP	Multi Skilled Engineer 39	3 weeks		
DGHP	Multi Skilled Engineer 39	18 weeks		
DGHP	Multi Skilled Engineer 39	6 weeks		
DGHP	Multi Skilled Engineer 39	18 weeks		
DGHP	Multi Skilled Engineer 39	13 weeks		
DGHP	Multi Skilled Engineer 39	9 weeks		
DGHP	Multi Skilled Engineer 39	7 weeks		
DGHP	Multi Skilled Engineer 39	3 weeks	0 wooks	4 wooks
DGHP	Plasterer 37	6 weeks	9 weeks	4 weeks

DGHP	Plasterer 37	15 weeks		
DGHP	Plasterer 39	3 weeks		
DGHP	Project Administrator 35	18 weeks		
DGHP	Quantity Surveyor Technician	17 weeks		
DGHP	Repairs Administrator	5 weeks		
DGHP	Risk Management Coordinator	9 weeks		
DGHP	Roofer 37	20 weeks		
DGHP	Scheduler 35	3 weeks		
DGHP	Scheduler 35	4 weeks		
DGHP	Scheduler 37.5	3 weeks		
DGHP	Service Engineer - Multi-Skilled 39	14 weeks	3 weeks	
DGHP	Service Engineer - Multi-Skilled 39	12 weeks	3 weeks	
DGHP	Service Engineer - Multi-Skilled 39	9 weeks		
DGHP	Service Engineer - Multi-Skilled 39	18 weeks		
DGHP	Service Engineer - Multi-Skilled 39	3 weeks		
DGHP		6 weeks		
	Service Engineer - Multi-Skilled 39			
DGHP	Technical Inspector	16 weeks		
DGHP	Technical Inspector	16 weeks		
DGHP	Technical Inspector Cyclical	16 weeks		
DGHP	Working Foreman 39	3 weeks		
DGHP	Working Foreman 39	3 weeks	5 weeks	
DGHP	Working Foreman 39	3 weeks		
Dunedin Canmore	Admin Assistant	19 weeks		
Dunedin Canmore	Admin Assistant	19 weeks		
Dunedin Canmore	Admin Assistant	19 weeks		
Dunedin Canmore	Admin Assistant	19 weeks		
Dunedin Canmore	Builder	3 weeks	5 weeks	
Dunedin Canmore	Concierge	19 weeks		
Dunedin Canmore	Electrician	17 weeks		
Dunedin Canmore	Electrician	4 weeks	7 weeks	
Dunedin Canmore	Electrician	6 weeks	2 weeks	
			2 weeks	
Dunedin Canmore	Electrician	13 weeks		
Dunedin Canmore	Electrician	19 weeks		
Dunedin Canmore	Electrician	4 weeks	5 weeks	
Dunedin Canmore	Housing Officer	19 weeks		
Dunedin Canmore	Housing Officer	8 weeks		
Dunedin Canmore	Investment Officer	19 weeks		
Dunedin Canmore	Investment Officer	17 weeks		
Dunedin Canmore	Investment Officer	19 weeks		
Dunedin Canmore	Investment Officer	17 weeks		
Dunedin Canmore	Investment Officer	17 weeks		
Dunedin Canmore	Modern Apprentice	19 weeks		
Dunedin Canmore	Modern Apprentice	19 weeks		
Dunedin Canmore	Multi-skilled Operative	13 weeks		
Dunedin Canmore	Multi-skilled Operative	19 weeks		
Dunedin Canmore	Multi-skilled Operative	19 weeks	Currelie	
Dunedin Canmore	Multi-skilled Operative	4 weeks	6 weeks	
Dunedin Canmore	Multi-skilled Operative	3 weeks		
Dunedin Canmore	Multi-skilled Operative	4 weeks	5 weeks	
Dunedin Canmore	Multi-skilled Operative	7 weeks		
Dunedin Canmore	Multi-skilled Operative	3 weeks		_
Dunedin Canmore	Multi-skilled Operative	4 weeks	2 weeks	
Dunedin Canmore	Painter / Decorator	19 weeks		
Dunedin Canmore	Painter / Decorator	19 weeks		
Dunedin Canmore	Personal Assistant	19 weeks		
Dunedin Canmore	Planner	6 weeks	5 weeks	5 weeks
Dunedin Canmore	Planner	3 weeks	11 weeks	
Dunedin Canmore	Planner	14 weeks		
Dunedin Canmore	Plumber / Gas Engineer	3 weeks		
Dunedin Canmore	Plumber / Gas Engineer	13 weeks		
Dunedin Canmore	Plumber / Gas Engineer	3 weeks	2 weeks	
Dunedin Canmore	Plumber / Gas Engineer	6 weeks	10 weeks	
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Dunedin Canmore	Plumber / Gas Engineer	10 weeks	E	
Dunedin Canmore	Plumber / Gas Engineer	6 weeks	5 weeks	
Dunedin Canmore	Plumber / Gas Engineer	6 weeks	6 weeks	
		13 weeks		
Dunedin Canmore	Rapid Response Operative			
Dunedin Canmore	Rapid Response Operative	11 weeks		
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Dunedin Canmore	Repairs Technician	0 weeks	3 weeks	
Dunedin Canmore	Repairs Technician	3 weeks		
Dunedin Canmore	Roofer	4 weeks	3 weeks	2 weeks
Dunedin Canmore	Roofing Builder Operative	4 weeks	3 weeks	2 weeks
Dunedin Canmore	Roofing Builder Operative	3 weeks	5 weeks	
Dunedin Canmore	Scheme Cleaner	18 weeks		
Dunedin Canmore	Scheme Cleaner	19 weeks		
Dunedin Canmore	Stock Assistant	19 weeks		
Dunedin Canmore	Stock Assistant	19 weeks		
Dunedin Canmore	Stores and Repairs Audit Assistant	17 weeks		
Dunedin Canmore	Team Leader	17 weeks	2	
Dunedin Canmore Dunedin Canmore	Team Leader Team Leader	3 weeks	2 weeks	
		3 weeks	3 weeks	
Dunedin Canmore Dunedin Canmore	Team Leader Team Leader	19 weeks 19 weeks		
Dunedin Canmore	Team Leader	3 weeks	2 weeks	
Dunedin Canmore	Team Leader	8 weeks	Z WEEKS	
Dunedin Canmore	Team Leader	4 weeks	5 weeks	
Dunedin Canmore	Team Leader (Trades for YP)	4 weeks	5 WEEKS	
Dunedin Canmore	· · · · ·	19 weeks		
Dunedin Canmore	Trade Apprentice - Electrician Trade Modern Apprentice	19 weeks		
Dunedin Canmore	Veterans Support Co-ordinator	19 weeks		
Glasgow Housing Association	Admin Assistant	13 weeks		
Glasgow Housing Association	Admin Assistant	19 weeks		
Glasgow Housing Association	Admin Assistant	18 weeks		
Glasgow Housing Association	Admin Assistant	19 weeks		
Glasgow Housing Association	Admin Assistant	6 weeks	5 weeks	
Glasgow Housing Association	Admin Assistant	19 weeks	5 Weeks	
Glasgow Housing Association	Administrator	19 weeks		
Glasgow Housing Association	Administrator	19 weeks		
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Glasgow Housing Association	Administrator	6295 weeks		
Glasgow Housing Association	Administrator	19 weeks		
Glasgow Housing Association	Business Support Officer	15 weeks		
Glasgow Housing Association	Business Support Officer	10 weeks		
Glasgow Housing Association	Business Support Officer	19 weeks		
Glasgow Housing Association	Business Support Officer	8 weeks		
Glasgow Housing Association	Community Engagement Officer	19 weeks		
Glasgow Housing Association	Community Engagement Officer	19 weeks		
Glasgow Housing Association	Community Engagement Officer	19 weeks		
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Glasgow Housing Association	Community Engagement Officer	10 weeks		
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Glasgow Housing Association	Community Engagement Officer	19 weeks		
Glasgow Housing Association	Housing Officer	10 weeks		
Glasgow Housing Association	Housing Officer	16 weeks		
Glasgow Housing Association	Housing Officer	15 weeks		
Glasgow Housing Association	Housing Officer	10 weeks		
Glasgow Housing Association	Housing Officer	3 weeks		
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Glasgow Housing Association	Housing Officer	15 weeks		
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Glasgow Housing Association	Housing Officer	15 weeks		
Glasgow Housing Association	Housing Officer	8 weeks		
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Glasgow Housing Association	Housing Officer	19 weeks		
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Glasgow Housing Association	Innovation and Improvement Manager	10 weeks		
Glasgow Housing Association	Modern Apprentice	19 weeks		
Glasgow Housing Association	Modern Apprentice	19 weeks		
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Glasgow Housing Association	Modern Apprentice	11 weeks		
Glasgow Housing Association	Modern Apprentice	19 weeks		
Glasgow Housing Association	Modern Apprentice	19 weeks		
Glasgow Housing Association	Personal Assistant	19 weeks		
Glasgow Housing Association	Rent Verification and Transactions Assis	19 weeks		
Loretto Housing	Modern Apprentice	19 weeks		
West Lothian Housing Partnership	Admin Officer	19 weeks		
Wheatley 360	Admin Officer	10 weeks		
Wheatley 360	Admin Officer	19 weeks		
Wheatley 360	Arborist	6 weeks		
Wheatley 360	Arborist	18 weeks		
Wheatley 360	Arborist	3 weeks		
Wheatley 360	Arborist	19 weeks		
Wheatley 360	Arborist	6 weeks	4 weeks	
Wheatley 360	Arborist	6 weeks	4 weeks	
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Wheatley 360	Changing Lives Trainee	20 weeks		
Wheatley 360	Changing Lives Trainee	6 weeks		
Wheatley 360	Changing Lives Trainee	19 weeks		
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Wheatley 360	Changing Lives Trainee	20 weeks		
Wheatley 360	Changing Lives Trainee	19 weeks		
Wheatley 360	Changing Lives Trainee	19 weeks		
Wheatley 360	Debt Recovery Officer	5 weeks		
Wheatley 360	Environmental Apprentice	19 weeks		
Wheatley 360	Environmental Apprentice	3 weeks	9 weeks	
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Wheatley 360	Environmental Operative	16 weeks		
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Wheatley 360	Environmental Operative	3 weeks		
Wheatley 360	Environmental Operative	3 weeks	9 weeks	
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Wheatley 360	Environmental Operative	5 weeks		
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Wheatley 360	Environmental Operative	19 weeks		
Wheatley 360	Environmental Operative	3 weeks		
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Wheatley 360	Environmental Operative	19 weeks		
Wheatley 360	Environmental Operative	3 weeks		
Wheatley 360	Environmental Operative	16 weeks		
Wheatley 360	Environmental Operative	3 weeks		
Wheatley 360	Environmental Operative	4 weeks		
Wheatley 360	Environmental Operative	19 weeks		
Wheatley 360 Wheatley 360	Environmental Operative Environmental Operative	19 weeks 16 weeks		
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	Environmental Operative Environmental Operative	10 weeks		
Wheatley 360		18 weeks		
Wheatley 360	Environmental Operative			
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Wheatley 360 Wheatley 360	Environmental Operative	19 weeks		
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Wheatley 360	Housing Graduate	19 weeks		
Wheatley 360	Housing Options for Older People Office	19 weeks		
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Wheatley Care	Admin Support Worker	10 weeks		
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Wheatley Solutions	Asset Intelligence Analyst	19 weeks		
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Wheatley Solutions	Asset Strategy Planner	19 weeks		
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Wheatley Solutions	Community and Business Initiatives Ma	11 weeks		
Wheatley Solutions	Community Benefits Officer	19 weeks		
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Wheatley Solutions	Compliance and Energy Officer	19 weeks		
Wheatley Solutions	Compliance Officer	19 weeks		
Wheatley Solutions	Compliance Officer	19 weeks		
Wheatley Solutions	Customer Insight Manager	19 weeks		
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Wheatley Solutions	Designer	19 weeks		
Wheatley Solutions	Development Assistant	19 weeks		
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Wheatley Solutions	Digital Experience Lead	10 weeks		
Wheatley Solutions	Events Officer	19 weeks		
Wheatley Solutions	Executive Assistant	19 weeks		
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Wheatley Solutions	Facilities Assistant	19 weeks		
Wheatley Solutions	Foundation Officer	19 weeks		
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Wheatley Solutions	HR Project Officer	9 weeks	1 week	
Wheatley Solutions	Information Governance Officer	19 weeks		
Wheatley Solutions	Investment Project Officer	19 weeks		
Wheatley Solutions	Investment Project Officer	10 weeks		
Wheatley Solutions	IT Desktop Infrastructure Engineer	19 weeks		
Wheatley Solutions	IT Test Analyst	19 weeks		
Wheatley Solutions	IT Test Analyst	6 weeks		
Wheatley Solutions	Letting Agent	13 weeks		
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Wheatley Solutions	Litigation Solicitor	19 weeks		
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Wheatley Solutions	Programme Officer	7 weeks		
Wheatley Solutions	Project Manager	6 weeks		
Wheatley Solutions	Project Officer	18 weeks		
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Wheatley Solutions	Research and Policy Officer	19 weeks		
Wheatley Solutions	Research and Policy Officer	19 weeks		
Wheatley Solutions	Residential and Commercial Letting Ma	10 weeks		
Wheatley Solutions	Resourcing Officer	9 weeks		
Wheatley Solutions	Resourcing Officer	10 weeks		
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Wheatley Solutions	Secretariat Co-ordinator	19 weeks		
Wheatley Solutions	Senior Assurance Co-ordinator	23 weeks		
Wheatley Solutions	Senior Assurance Co-ordinator	23 weeks		
Wheatley Solutions	Senior Clerk of Works	19 weeks		
Wheatley Solutions	Senior Financial Planning Analyst	4 weeks	2 weeks	
Wheatley Solutions	Senior Treasury Analyst	6 weeks		
Wheatley Solutions	Service Relationship Analyst	19 weeks		
Wheatley Solutions	Service Team Lead	10 weeks		
Wheatley Solutions	Solicitor	10 weeks		
Wheatley Solutions	Solicitor (Property)	19 weeks		
Wheatley Solutions	Support Co-ordinator	19 weeks		
Wheatley Solutions	Support Officer	19 weeks		
Wheatley Solutions	Support Officer	4 weeks		
Wheatley Solutions	Support Officer	9 weeks		
Wheatley Solutions	Sustainability Manager	6 weeks	3 weeks	
Wheatley Solutions	Team Leader	11 weeks		
Wheatley Solutions	Transaction Officer	10 weeks		
Wheatley Solutions	Transaction Officer	10 weeks		
Wheatley Solutions	Transaction Officer	10 weeks		
Wheatley Solutions	Treasury Charging Officer	19 weeks		
Wheatley Solutions	Wheatley Pledge Officer	19 weeks		
Wheatley Solutions	Wheatley Works Support Officer	19 weeks		
Wheatley Solutions	Wheatley Works Support Officer	19 weeks		



Report

То:	Wheatley Housing Group Board
By:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	2021 RSL Rent Setting and Updated Financial Projections
Date of Meeting:	26 August 2020

1. Purpose

- 1.1 This report:
 - Seeks agreement from the Board on the parameters for the 2020/21 Registered Social Landlord (RSL) rent and service charge increase and sets out how we intend to consult tenants; and
 - Provides updated financial projections for our RSLs.

2. Authorising context

2.1 Under the Group Authorising Framework, the Group Board is responsible for the Group rent setting framework. Subsidiary Boards approve their own rent increases within this framework.

3. Risk appetite and assessment

- 3.1 The Group's risk appetite in relation to business planning assumptions such as rent increases is open. This is defined as "willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward".
- 3.2 In relation to the statutory requirement in consulting and engaging tenants on any rent increase, our risk appetite is averse, that is "avoidance of risk and uncertainty is a key organisational objective".
- 3.3 The decision on rent increases involves striking a balance between the need to continue our path out of underlying deficit into surplus (as set out in our business plan), continuing to deliver services our customers tell us they want, and keeping rents affordable. Setting rents lower than the assumption in the business plan could in the absence of mitigating cost savings risk the financial viability of the Group. However, we are also required under statute to take into account the views of customers before making final decisions on rent levels.

4. Background

- 4.1 As part of considering the rent increases to be applied from April 2020, the Board previously agreed that we would develop an approach to considering local rent affordability, which may result in different approaches in different parts of the Group.
- 4.2 At the last Board meeting, it was noted that the working business planning assumption for our RSLs had been reduced from 3.5% in April 2021 to 1.9%, other than DGHP and ex-Barony properties where the tenant ballot pledge had been 2%. Lowther Homes also continues to assume 2%.
- 4.3 The long term assumption in all RSL business plans has also been reduced from 3.5% to 2.9% (ie no higher than the Bank of England's target CPI+1%), with Lowther continuing to assume 2%.
- 4.4 Inflation has been low in recent months as a result of the depressive economic impact of Covid-19 although it has been rising over the last two months as the economy has re-opened. July CPI was 1%, with RPI (no longer an official government statistic but still used by some landlords in considering rent increases) at 1.6%.
- 4.5 Most commentators expect inflation to remain low for the remainder of the year. The presentations given by the Fraser of Allander Institute to the recent round of Boards emphasised their expectations of a slow economic recovery with no rapid increase in inflation.
- 4.6 Set against this, our RSL Borrowing Group (all our RSLs except DGHP) still needs to increase its financial surplus in order to maintain minimum headroom levels on its interest cover covenant. The projections shown at the last meeting highlighted a forecast underlying surplus of £7m next financial year (2021/22) with operating surplus of £68m covering interest costs of £61m by 1.12x. While this is positive given the deficit position pre-2020, we need to build further headroom in line with our financial Golden Rules and in order to continue to meet loan covenants.

5. Discussion

- 5.1 The rent increase assumptions in our financial projections are subject to annual review. The annual review takes into account the key principles set out in our Group rent setting framework:
 - Affordability;
 - Comparability;
 - Consultation with tenants and service users; and
 - Financial viability;

Affordability

5.2 Our average rents for 2019/20 are shown in table 1 below. Dunedin Canmore rents are the highest in most categories, reflecting the legacy differences in rent structure in existence when it joined the Group. Cube also has higher average rents than GHA and Loretto Housing, which operate in many of the same areas. This reflects the impact of a period of very high rent increases by Cube just before it joined the Group (9.5%, 6.3% and 6% between 2007 and 2010).

Table 1: Group RSL	average rents - March	2020 ARC return
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RSL	1 Apt		2 Apt		3 Apt		4 Apt		5 Apt	
KJL	Ave Rent	Units								
Dunedin Canmore	£78.75	23	£84.87	2466	£98.73	1615	£111.87	586	£115.66	91
Cube	£70.17	231	£82.47	1197	£97.58	1589	£105.66	361	£120.01	13
WLHP	-	-	£83.97	185	£89.82	399	£97.89	137	£105.57	7
Loretto	-	-	£75.68	589	£87.81	451	£94.47	118	£114.19	18
GHA	£65.04	2118	£79.21	6653	£86.63	19593	£101.67	7884	£110.57	1190
Dumfries & Galloway	-	-	£75.49	2824	£82.32	4396	£88.65	2679	£ 96.54	296
Grand Total	£65.68	2372	£80.71	11090	£88.27	23647	£102.34	9086	£111.03	1319

- 5.3 We do not have detailed data on our tenants' incomes, however there are a number of factors which we can take into account when considering affordability.
- 5.4 We engage directly with tenants each year through our independently conducted tenant satisfaction surveys. In the most recent survey in 2019, the percentage of tenants that felt that our rents represent good value for money had increased in the majority of our partner RSLs as shown in table 2 below.

% of tenants who feel the rent for their property represents good value for money										
	GHA	Cube	Loretto	DCH	WLHP	Barony	DGHP			
2019/20	79%	73%	77%	88%	89%	84%	90%			
2018/19	76%	64%	81%	85%	84%	84%	83%			

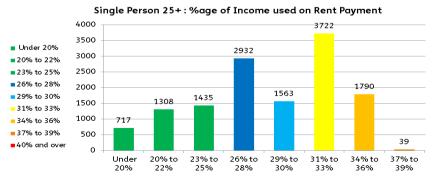
Table 2: tenant survey scores on the value for money of rent

- 5.5 There are local factors influencing the survey results across individual RSLs, and different experiences of service quality and investment in customers' homes influence these scores. Rent levels are likely to play a part, and we have used the Scottish Federation of Housing Associations (SFHA) Rent Affordability Tool to assess how affordable our rents are. We compared the results for 2019/20 with the previous year, and across every part of the Group our rents became slightly more affordable (around 0.5% of income lower). This is because incomes rose in the region of 3.5%-4.5% at the lower end of the income scale, with increases in the minimum and living wage levels, as well as larger pay increases across the public sector in general than in previous years. These average pay increases were higher than our rent increase, making rents more affordable in general.
- 5.6 The UK minimum wage grew again by 6.2% in April 2020, as well as continued public sector pay rises, such as the 3.3% general uplift for care workers and the final 3% of the COSLA deal for local government workers. Scottish Government tax policy over the same period has also favoured the lower-paid and increased their real incomes¹. This is set against our rent increase in April of 3.4% for most of our RSLs, with the exception of 2% in DGHP/Barony.
- 5.7 While the impact of Covid-19 on wage rates and future tax policy is yet to be fully understood, for customers who move onto benefits, one of the main issues is whether their Universal Credit will cover the rent. The benefits cap is £20,000 a year for a couple or single parent with children, and £13,400 for a single person.

¹ <u>https://www.gov.scot/publications/scottish-income-tax-2020-2021/</u>

- 5.8 If rents increase, the extra cost will be fully covered by an increase in Universal Credit until the overall amount of benefits going to the individual or household hits the cap. For example, a 2-bed rent of £400 per month, or £4800 per year, leaves a significant of headroom for other benefits and our customers tend not to hit the cap.
- 5.9 An in-depth affordability analysis of our social rents is set out in Appendix 1, using the SFHA's Tool. While the results are subject to the inherent limitations of the assumptions used in this Tool, and are necessarily generalisations based on an assumption that no individual earns more than the UK government minimum wage, it provides a useful assessment of our position in each RSL and each part of the country.
- 5.10 Our analysis highlights that the vast majority (96%) of our rents consume less than one-third of average net estimated household income, which is often taken as an indicator of rent being affordable. Shelter (2015) cited in the recent Scottish Government literature review of rent affordability have quoted a figure of 35% of net household income² as an affordability threshold. A UK Affordable Housing Commission report from 2019 noted that if rent is higher than 40% of net income³, then serious affordability issues may arise.
- 5.11 As expected, our initial analysis showed that, consistent with previous years, bedsit (including supported communal living / hostel accommodation) and one bedroom properties where these are occupied by single people in Loretto, Dunedin Canmore and Barony appear have higher rent to income ratios. For many supported tenancies, this is because service charges are in place to fund the housing support costs. These are paid for in almost all cases by housing benefit.
- 5.12 Excluding supported-type accommodation, the 4% (c1800 homes) that are estimated to be at rent-to-income levels of above one-third are still almost all bedsits and one-bedroom properties. Of these properties, around 1300 are GHA, 260 are Dunedin Canmore and 240 are Cube. We have no general needs (non-supported) properties in the Group in the above-40% category. The chart below assumes that bedsits and one-bed properties are occupied by single people on the minimum wage to test affordability assumptions. As noted above, if the tenant is not working, our rents are at levels that will be fully covered by housing benefit or Universal Credit.

Chart 1: Rent to net minimum wage income percentages – assuming single person occupancy (bedsits and one-bedroom properties)



² <u>https://www.gov.scot/publications/rent-affordability-affordable-housing-sector-literature-review/pages/4/</u>

3

https://static1.squarespace.com/static/5b9675fc1137a618f278542d/t/5cf55923f41ae70001170311/15595830179 20/Defining+and+measuring+housing+affordability.pdf

- 5.13 The properties in the categories above 33% in the west of Scotland are almost all Multi-Storey Flats in the west/central/south areas of Glasgow. This is a legacy of the deemed "amenity value" of these locations relative to the east and north of the city when rent structures for the GHA properties were originally set by Glasgow City Council. A number of Cube properties in the west of the city have similarly higher rents.
- 5.14 In the east, rent levels tend to be higher in general, but smaller Dunedin Canmore flats (one-beds) built in the last 10-15 years and a number of Dunedin Canmore properties in West Lothian fall into the above one-third of income categories.
- 5.15 To put these figures in context, rent levels across these categories are typically in the range of £95-£105 per week. These rents compare to average private sector one-bedroom rents in 2019 of £585 per month in Greater Glasgow and £752 in the Lothian region⁴. The median rent for sharing a property where a bedroom is part of the rent in Glasgow was £400 per month, £325 in West Lothian and £375 in Glasgow.

Comparability

5.16 Comparing our Group's average rents with other national providers, based on the most recent figures published by the Scottish Housing Regulator, shows that we are generally below these, especially for "3 apartment" (2-bedroom) properties, which are the most prevalent in our stock. Note that the latest SHR data is for 2018/19, as publication of the 2019/20 ARC returns, submitted last month, has been delayed due to Covid.

RSL Group	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent
Castle Rock Edinvar Housing Association Ltd	£69.19	£80.37	£92.16	£103.47	£109.14
Link Group Ltd	£65.39	£77.46	£88.43	£96.86	£105.63
Sanctuary Scotland Housing Association Ltd	£60.39	£76.48	£87.98	£96.53	£102.75
Hillcrest Homes (Scotland) Limited	£34.47	£73.10	£86.43	£94.28	£102.68
Wheatley Group Average	£61.90	£75.58	£82.64	£95.80	£103.95
Median Rent	£61.90	£76.48	£87.98	£96.53	£103.95
Average Rent	£58.27	£76.60	£87.53	£97.39	£104.83

Table 3 – comparison with national RSL providers

+/- Variance against Average

· · · · · · · · · · · · · · · · · · ·					
Castle Rock Edinvar Housing Association Ltd	19%	5%	5%	6%	4%
Link Group Ltd	12%	1%	1%	-1%	1%
Sanctuary Scotland Housing Association Ltd	4%	0%	1%	-1%	-2%
Hillcrest Homes (Scotland) Limited	-41%	-4%	-1%	-3%	-2%
Wheatley Group Average	6%	-1%	-6%	-2%	-1%

Glasgow position

5.17 Table 4 below shows the most recent available comparison of RSL rents in Glasgow City from the Scottish Housing Regulator's Annual Return on the Charter ("ARC") published data.

⁴ <u>https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/11/private-sector-rent-statistics-2010-2019/documents/private-sector-rent-statistics-scotland-2010-2019/private-sector-rent-statistics-scotland-2010-2019/govscot%3Adocument/private-sector-rent-statistics-scotland-2010-2019.pdf?forceDownload=true</u>

Table 4: Glasgow RSL average rents + service charges at March 2019(Source ARC 2018-19)

Glasgow City

Glusgow City					
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent
Whiteinch and Scotstoun Housing Association Ltd	£81.12	£88.00	£95.02	£105.93	£118.08
Cube Housing Association	£65.18	£77.71	£93.71	£101.72	£118.68
Home in Scotland Ltd	£61.65	£76.88	£90.49	£96.64	£102.02
Southside Housing Association Ltd	£64.92	£81.99	£90.45	£100.53	£106.94
Glasgow West Housing Association Ltd	£64.81	£80.45	£88.50	£99.37	£106.93
Govanhill Housing Association Ltd	£70.85	£82.53	£88.15	£101.79	£122.01
Sanctuary Scotland Housing Association Ltd	£60.39	£76.48	£87.98	£96.53	£102.75
Loretto Housing Association		£74.11	£87.26	£91.77	£108.96
Glen Oaks Housing Association Ltd		£80.43	£84.73	£92.14	£114.24
North View Housing Association Ltd		£68.24	£84.68	£94.22	£105.20
Thenue Housing Association Ltd	£65.34	£77.76	£84.03	£96.04	£101.87
North Glasgow Housing Association Ltd	£68.75	£76.71	£83.73	£93.30	£103.69
Partick Housing Association Ltd	£58.54	£74.48	£83.36	£97.07	£104.67
Cadder Housing Association Ltd		£75.55	£82.86	£95.28	£106.84
Thistle Housing Association Ltd		£59.85	£82.67	£91.42	£114.18
Parkhead Housing Association Ltd	£53.64	£66.33	£81.74	£90.29	£112.00
Queens Cross Housing Association Ltd	£68.57	£77.73	£81.45	£90.35	£102.66
New Gorbals Housing Association Ltd	£56.72	£71.00	£81.23	£92.61	£105.43
Yorkhill Housing Association Ltd	£61.66	£71.95	£81.17	£91.82	£89.42
Glasgow Housing Association	£60.90	£74.16	£81.10	£95.19	£103.51
Kendoon Housing Association Ltd		£69.93	£80.22	£89.12	£102.25
Drumchapel Housing Co-operative Ltd		£78.72	£79.42	£93.19	£101.90
Maryhill Housing Association Ltd	£65.13	£75.38	£78.55	£82.79	£91.44
Charing Cross Housing Association Ltd	£65.38	£71.49	£78.06	£86.17	£96.84
Cathcart & District Housing Association Ltd	£59.20	£62.89	£77.29	£87.98	£90.32
Hawthorn Housing Co-operative Ltd		£75.73	£77.18	£84.83	£93.83
Elderpark Housing Association Ltd	£65.50	£69.46	£77.01	£92.87	£110.75
Govan Housing Association Ltd	£69.89	£67.81	£76.05	£86.85	£103.99
Ardenglen Housing Association Ltd	£47.83	£68.80	£75.90	£84.51	£96.21
ochfield Park Housing Association Ltd		£67.90	£75.15	£84.86	£92.44
Rosehill Housing Co-operative Limited		£66.47	£75.13	£74.37	£79.45
Cassiltoun Housing Association Ltd		£71.31	£74.68	£85.15	£97.60
_inthouse Housing Association Ltd	£52.49	£63.01	£74.52	£81.60	£100.12
Blochairn Housing Association Ltd		£60.76	£74.41	£82.97	£108.92
Pineview Housing Association Ltd		£64.23	£74.23	£83.65	£92.02
Shettleston Housing Association Ltd	£32.03	£66.52	£74.20	£84.32	£106.32
Craigdale Housing Association Ltd		£68.14	£72.62	£82.17	£85.61
Cernach Housing Association Ltd	£43.39	£61.65	£71.77	£92.80	£90.20
Follcross Housing Association Ltd		£63.78	£71.74	£86.99	£97.35
Wellhouse Housing Association Ltd		£66.04	£71.68	£80.93	£91.48
Copperworks Housing Association Ltd		£58.15	£71.10	£77.30	£80.30
Calvay Housing Association Ltd	£51.22	£66.94	£71.05	£77.93	£94.06
Kingsridge Cleddans Housing Association Ltd		£64.09	£70.33	£78.22	£86.39
Blairtummock Housing Association Ltd	£42.10	£62.75	£69.58	£80.08	£90.66
Molendinar Park Housing Association		£59.53	£69.38	£95.21	£108.13
Yoker Housing Association Ltd		£61.75	£68.93	£76.80	£90.63
Easthall Park Housing Cooperative Ltd	£40.52	£64.84	£67.30	£81.76	£89.22
Provanhall Housing Association Ltd		£60.45	£66.36	£80.15	£90.03
	1				
Reidvale Housing Association		£61.04	£65.20	£72.32	£78.77
Reidvale Housing Association Milnbank Housing Association Ltd	£48.92	£61.04 £55.76	£65.20 £64.27	£72.32 £74.76	£78.77 £79.39

5.18 GHA's average rents compare well with others in Glasgow, particularly given its wider service offering and the prevalence of multi-story flats ("MSFs") with associated expense for 24/7 on-site presence (around ¼ of GHA stock). Loretto figures are skewed by the levels of service charges for specialist supported accommodation. When compared with other specialist RSL providers that focus on older people/supported housing such as Bield and Trust, particularly for one bedroom properties, Loretto compares favourably. Cube's rents are, however, higher than other comparators.

5.19 The legacy structural issue with its higher rents is the reason why we are proposing a longer term differential rent strategy for Cube in its own right, [redacted]

Edinburgh, the Lothians and Fife

5.20 Dunedin Canmore's rents reflect the higher rent profile of the Edinburgh market, and are around the average for social landlords in the city – but notably around £11 per week lower than the Council.

Table 5: Dunedin Canmore rents + service charges compared to other large Edinburgh Social Landlords (March 19 – Source ARC 2018-19)

City of Edinburgh								
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent			
City of Edinburgh Council	£66.98	£94.57	£103.14	£121.30	£120.39			
Port of Leith Housing Association Ltd	£71.70	£88.63	£99.92	£111.51	£120.57			
Manor Estates Housing Association Ltd		£104.65	£93.11	£94.99	£116.76			
Dunedin Canmore Housing Limited	£64.18	£79.21	£92.26	£104.57	£108.29			
Castle Rock Edinvar Housing Association Ltd	£69.19	£80.37	£92.16	£103.47	£109.14			
Home in Scotland Ltd	£61.65	£76.88	£90.49	£96.64	£102.02			
Link Group Ltd	£65.39	£77.46	£88.43	£96.86	£105.63			
Hillcrest Homes (Scotland) Limited	£34.47	£73.10	£86.43	£94.28	£102.68			
Prospect Community Housing		£77.84	£84.96	£97.75	£112.22			
Muirhouse Housing Association Ltd		£71.13	£83.80	£94.43	£107.75			
West Granton Housing Co-operative Ltd		£69.63	£79.87	£90.27	£109.96			
Median Rent	£65.39	£77.84	£90.49	£96.86	£109.14			
Average Rent	£61.94	£81.22	£90.42	£100.55	£110.49			
Dunedin Canmore +/- Variance against Average	4%	-2%	2%	4%	-2%			

5.21 In Dunedin Canmore's other main areas, its rents are higher than most other landlords, as shown in the tables below.

Table 6: Dunedin Canmore and WLHP rents in West Lothian

West Lothian					
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent
Castle Rock Edinvar Housing Association Ltd	£69.19	£80.37	£92.16	£103.47	£109.14
Dunedin Canmore Housing Association	£87.24	£80.56	£92.01	£105.30	
West Lothian Housing Partnership		£78.61	£84.05	£91.64	£98.84
Almond Housing Association Ltd	£54.53	£71.80	£80.45	£89.13	£101.17
Weslo Housing Management	£58.82	£71.26	£76.96	£83.93	£96.98
West Lothian Council	£62.44	£67.26	£71.26	£75.68	£80.90
Median Rent	£62.44	£75.21	£82.25	£90.39	£98.84
Average Rent	£66.44	£74.98	£82.82	£91.53	£97.41
Dunedin Canmore +/- Variance against Average	4%	7%	11%	13%	۱
WLHP +/- Variance against Average	1	5%	1%	0%	1%

5.22 A similar picture emerges when Dunedin Canmore's rents are compared with other landlords operating in the other Lothian areas and Fife (tables 7 to 9 below).

Table 7: Dunedin Canmore rents in East Lothian

East Lothian					
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent
Dunedin Canmore		£81.92	£94.77	£108.65	
East Lothian Housing Association Ltd		£82.85	£93.31	£102.72	£114.25
Castle Rock Edinvar Housing Association Ltd	£69.19	£80.37	£92.16	£103.47	£109.14
Homes for Life Housing Partnership		£76.77	£87.44	£93.24	
East Lothian Council	£56.82	£65.94	£64.43	£67.44	£68.72
Median Rent		£80.37	£92.16	£102.72	£109.14
Average Rent		£77.57	£86.42	£95.10	£97.37
Dunedin Canmore +/- Variance against Average	1	6%	10%	14%	

Table 8: Dunedin Canmore rents in Fife

Fife					
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent
Dunedin Canmore		£79.65	£90.77	£109.26	
Home in Scotland	£61.65	£76.88	£90.49	£96.64	£102.02
Fife Housing Association Ltd	£56.59	£70.59	£83.35	£95.55	£108.35
Ore Valley Housing Association Ltd		£69.77	£81.52	£89.10	£96.29
Kingdom Housing Association Ltd	£61.68	£72.70	£79.78	£91.79	£95.37
Glen Housing Association Ltd		£65.61	£78.34	£85.42	£93.99
Fife Council	£67.14	£69.89	£73.28	£75.68	£79.78
Median Rent	£61.67	£70.59	£81.52	£91.79	£95.83
Average Rent	£61.77	£72.16	£82.50	£91.92	£95.97
Dunedin Canmore +/- Variance against Average	\	10%	10%	19%	۱

Table 9: Dunedin Canmore rents in Midlothian

Midlothian							
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent		
Dunedin Canmore		£81.20	£93.74	£101.43			
Castle Rock Edinvar Housing Association Ltd	£69.19	£80.37	£92.16	£103.47	£109.14		
Melville Housing Association Ltd		£73.96	£81.23	£85.19	£93.95		
Midlothian Council	£72.25	£65.83	£71.94	£79.64	£84.29		
Median Rent	۱	£77.17	£86.70	£93.31	£93.95		
Average Rent		£75.71	£85.15	£92.61	£95.33		
DC +/- Variance against Average		7%	10%	10%			

5.23 Based on the position above, it is proposed to apply a lower increase to Dunedin Canmore rents outside the City of Edinburgh. We have assumed rent increases are limited to 1% for the next three years.

Dumfries & Galloway position

5.24 DGHP rents are compared with the other local operators below. They are significantly below the averages for other RSLs operating in the region, particularly for 3 Apartment (2 bedroom) homes. The comparator figures are based on the whole stock base for those landlords, as rents analysed by local authority are not made public.

Table 10: DGHP rents in Dumfries & Galloway

Dumfries & Galloway							
Landlord Name	1 Apt Average weekly rent	2 Apt Average weekly rent	3 Apt Average weekly rent	4 Apt Average weekly rent	5+ Apt Average weekly rent		
Home in Scotland Ltd	£61.65	£76.88	£90.49	£96.64	£102.02		
Cunninghame Housing Association Ltd	£71.01	£80.78	£88.44	£93.18	£99.16		
Loreburn Housing Association Ltd	£68.19	£80.84	£87.08	£94.15	£103.74		
Irvine Housing Association Ltd	£67.55	£78.54	£86.40	£91.65	£96.78		
Dumfries and Galloway Housing Partnership		£70.78	£77.35	£83.18	£90.69		
		1	1		1		
Median Rent	£67.87	£78.54	£87.08	£93.18	£99.16		
Average Rent	£67.10	£77.56	£85.95	£91.76	£98.48		
DGHP +/- Variance against Average		-1%	-10%	-9%	١		

5.25 We will not know the increases proposed by other RSLs until later in the year, so we cannot compare relative increases at this stage. However, a number of organisations still operate on the basis of linking rent increases to published inflation indices such as RPI and CPI, usually taken around November.

Consultation process

- 5.26 This year's consultation will be necessarily more restricted as we work under government restrictions on gatherings. We will not be able to conduct the inperson focus groups that we have held in recent years. Zoom and other on-line platforms are limited in how effectively they allow large groups of tenants to constructively input, for example in group discussions.
- 5.27 Our RSL partner Boards agreed a proposal this month to carry out a customer survey to understand how they viewed our response to Covid and what matters to tenants in the coming months as we live with ongoing movement and gathering restrictions. This will include the value for money of rent.
- 5.28 Taking on Board the feedback from these surveys, we will develop consultation brochures for customers which will be expected to include the following themes:
 - Explaining how we have reduced the assumed rent increases in our RSL business plans (with specific messaging for different customer groups in different RSLs depending on the increase proposed)
 - Outlining the ongoing costs we face in relation to Covid-19, such as rent arrears and PPE to keep customers and staff safe
 - Describing the cost inflation we are experiencing in our repairs service, which repeatedly scores as the number one priority service for customers, as well as the costs of legislation in relation to fire safety;
 - Setting out how we are being efficient and saving money, illustrating this with recent data and our future savings plans;
 - Discussing the direct link between rent levels and investment in homes; and
 - What specific enhancements and improvements they would want to see if they were increasing the rent to fund them.
- 5.29 The formal consultation will run from November through to January. It will be made clear to tenants that decisions on how additional income would be spent in the event of a majority being in favour of a higher increase would be taken by Boards, with tenant input being key.

6. Key issues and conclusions

- 6.1 Our proposed approach to rent increases for the coming year is designed to recognise the differentials between our partner RSL positions, as well as the results of the in-depth review of affordability of our rents. We have also taken account of the continuing low inflation environment and pressure on household incomes by reducing our previously assumed 1.9% rent increase further. It is proposed that our base rent increases in April 2021 are as follows:
 - a. GHA, Cube, Loretto, West Lothian Housing Partnership 1.7%
 - b. Dunedin Canmore rents outwith Edinburgh, excluding ex-Barony stock 1% (and assumed to be 1% for the two following years)
 - c. Dunedin Canmore rents which, based on the SFHA's Affordability Tool, have rents which exceed one-third of net minimum wage income for a single person aged over 25 (around 260 properties, mostly in the City of Edinburgh) – 1% (and assumed to be 1% for the two following years)
 - d. Ex-Barony stock 2% in line with ballot approach
- 6.2 For Cube and GHA rents, a strategy will be discussed at the September Board as part of the wider review of our operations in Glasgow. For business planning purposes, we have assumed that all Cube rents will be limited to 1% a year increases for three years from 1 April 2022 onwards. We have further assumed that GHA rents which exceed one-third of net minimum wage income (around 1300 properties) will have rent increases limited to 1% a year over the same three-year period. Given the larger scale of rent restrictions involved in Glasgow, and the larger impact on our RSL Borrowing Group's income, this is likely to be contingent on efficiencies delivered from restructuring of Cube's operations.
- 6.3 Service charges would be increased in line with rent, except where different pricing adjustments are required based on specific service cost changes. Any such differential service charge increases would be subject to specific consultation with tenants.
- 6.4 The impact on average weekly rents across our RSLs of the proposed range of increases is between £1.30 and £2.10 per week. As with recent years, the consultation process for all RSLs would include options for higher increases at increments of 0.5% and 1%, with the extra funds raised being ring fenced for local investment priorities. The RSL subsidiaries have been considering their own strategies and five-year investment plans at their strategy sessions. Any increase above the base level assumed would augment these.
- 6.5 RSL partner Boards would consider their own increases at their next meetings, and then the feedback from the consultation process at their February meetings. If a majority of tenants are prepared to pay the higher rent increase in exchange for increased local investment, then the RSL boards may consider that an increase higher than the base level should be implemented. The final proposals from each RSL, within the proposed parameters, would be presented to the Group Board in February 2021 for final approval.

7. Value for money implications

- 7.1 Tenants provide their views on the value for money of the rent they pay annually as part of the customer survey. This is reported as part of the Annual Return on the Charter for each of our RSLs. These scores have improved based on the last survey. The proposals in this paper aim to ensure our rents remain affordable while we deliver services customers have told us are important to them.
- 7.2 Our offering as a landlord is also increasingly about the total cost of a household, not just rent. Our MySavings portal, for example, offers customers discounts on food and other weekly purchases well in excess of the proposed rent increase. Our work to improve the energy efficiency of homes and support customers with training and employment also forms part of our wider value for money offer.

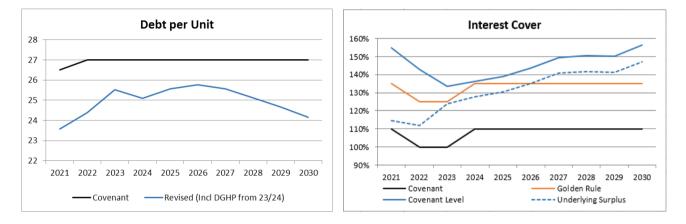
8. Legal, regulatory and charitable implications

8.1 Consultation with tenants on any increases in rent or service charges is a requirement of the Housing (Scotland) Act 2001. The approach set out in this paper will meet our requirement to consult under the Act.

9. Impact on financial projections

- 9.1 The Board has received two updates to the business plan so far this year, in February and June. There are three constituent elements of the Group where rent increases need to be considered in the context of financial plans; the RSL Borrowing Group, DGHP and Lowther. All three are funded through separate arrangements with different loan covenants.
- 9.2 In the **<u>RSL Borrowing Group</u>**, we have updated the June figures for the following assumptions:
 - (i) Efficiency savings from the new operating model these reflect the separate paper on the agenda, with staff savings of £4m a year delivered at an up-front cost of £10m this year. In addition, savings of £1.5m next year and £1m the following year have been assumed. These will be contingent to some extent on efficiency savings from the restructuring of Cube's operations, which will be discussed in more detail in the September Board meeting.
 - (ii) Transition to new operating model additional ICT & office investment of £6m to refurbish office hubs and improve customer-facing digital services – but annual savings rising to £1.4m a year by 2025 resulting from closure of offices and fewer paper-based manual processes. As noted in the separate agenda item, these plans are under development and will be brought back to the Board for more detailed consideration in November. This reflects a high-level planning assumption at this stage.
 - (iii) Demolition assumptions we have included provision for 600 properties to be demolished over 2023/24 and 2024/25 at a cost of £8.6m assumed to be capitalised as an integral part of the replacement new build developments. The specific plans will be subject to a full Board discussion at the September meeting.

- (iv) **Rents** the June assumption of 1.9% has been reduced further to the position set out in section 6 of this report.
- (v) [redacted]
- (vi) **Updates for latest actual income and expenditure** the previous forecasts have been updated to reflect the latest in-year position and forecast for the remainder of the current year, as well as the final audited outturn from 2019/20 in our statutory accounts following completion of the external audit.
- (vii) DGHP joining Borrowing Group we assume, in line with our long term strategy, that DGHP would accede to the RSL Borrowing Group once it has completed its catch-up programme of major investment. We assume this would be from the start of the 2023/24 financial year.
- 9.3 The resulting impact on the two key loan covenants for the Borrowing Group is shown below:



- 9.4 The charts show that minimum headroom is maintained in line with our Golden Rules of 25% to the interest cover covenant and £50m to the debt per unit limit. The dashed line on the interest cover chart shows the position were all capitalised spend on fixed asset additions (other than off-the-shelf acquisitions of homes) to be included. This is the key measure of underlying break-even, and shows we continue to improve over the life of the new strategy.
- 9.5 The figures highlight that we would not be able to meet our interest cover Golden Rule were it not for the [redacted] cost saving now assumed. This is therefore crucial to our ability to deliver the lower rent increases and other priority investment areas.
- 9.6 This updated plan assumes no new external borrowing facilities would need to be put in place until 2023, when we would require to raise in the region of £200m. Clearly this will be heavily influenced by the speed of delivery of our new build programme and will be kept under review.
- 9.7 In **DGHP**, the June projections have been updated to reflect:
 - (i) Latest in-year position and forecast for the remainder of the year;

- (ii) The final audited results for 2019/20
- (iii) An updated profile for the investment programme, based on an earlier start of capital works on existing stock, in particular external works, as shown in table 12:

 Table 12: Revised DGHP investment programme in existing homes

	20.21	21.22	22.23	23.24	24.25	Total
Proposed	11,317	22,805	16,588	13,690	13,058	77,459
June version	7,420	23,065	20,835	13,320	12,323	76,963
Variance	3,897	-259	-4,247	370	736	496

DGHP has a regulatory imperative of achieving the Scottish Housing Quality Standard and the Energy Efficiency Standard in Social Housing, which this planned acceleration of spend will support.

9.8 [paragraphs 9.8-9.9 redacted]

10. Equalities impact

10.1 No implications noted.

11. Other resource implications

11.1 There are no other resource implications associated with this report.

12. Recommendations

- 12.1 The Board is asked to:
 - 1) Agree base rent and service charge increases for 2021/22 as set out in paragraph 6.1; and
 - 2) Approve the approach to rent consultation set out in this report, including seeking tenant views on whether there are investment priorities not currently included in our plans for which they would be prepared to pay a higher level of increase.

List of Appendices

Appendix 1 – Affordability assessment using SFHA rent affordability tool

Appendix 1

Group Rents Overview Affordability Assessment August 2020

Background

In June 2019, the Scottish Government published "Rent Affordability in the Affordable Housing Sector⁵", a literature and evidence review into the current state of affairs in Scotland.

The document cites rent affordability as increasingly an issue in housing, which is at the centre of several Scottish Government strategies, such as the Tackling Child Poverty Delivery Plan and Housing Beyond 2021.

This research highlights that there are many different measures and approaches to assessing rent affordability. These range from average rent-to-income ratios, to more complex estimation techniques that aim to target minimum disposable income levels for different household groupings after allowing for housing costs. The Scottish Federation of Housing Associations ("SFHA") developed an affordability tool in conjunction with Housemark to recognise this, which calculates a number of indicators of affordability for a given rent. We have used the rent-to-income percentage calculated by this tool in our board reports in recent years as part of our affordability assessment.

Using the SFHA Tool, we have established a base income position for a range of customers groups assuming pay rates at the UK government's national minimum wage. The percentage of income required by each of these customer groups to pay rent is then assessed to determine affordability.

47,514 properties included in the analysis. The remaining 2,879 properties are a combination of temporary furnished accommodation, Asylum, Living Well, Over 55 & Amenity, Support Providers or Supported Accommodation – these units are excluded as these are client group specific and potentially subject to variable rents or enhanced service charges, usually covered by housing benefit, to reflect housing support provision.

Customer Groups & Income

Income levels are based on full time work (unless otherwise stated below) using the national minimum wage for 2019/20, which was £8.21 per hour, less tax. Note that the UK government minimum wage has risen for 2020 to £8.72, so the SFHA Tool will be understating the affordability of our rents.

Customer Group	Age Gr	ouping	Income		
	21 - 24	25+	21 - 24	25+	
Single Person	✓	✓	£ 263.39	£ 275.77	
Single Parent 1 Child	✓	~	£ 342.41	£ 358.50	
Single Parent 2 Children	✓	✓	£ 421.42	£ 441.23	
Couple Full time work x2	✓	~	£ 526.78	£ 551.54	
Couple 1 Full time work & 1 Part time work	✓	✓	£ 395.08	£ 413.65	
Couple 1 Full time work & 1 Part time work 2 children	~	✓	£ 553.12	£ 579.12	
Couple 1 Full time work & 1 Part time work 3 children	✓	~	£ 632.14	£ 661.85	

House Size by Customer Group

For the purposes of the analysis customer groups have been suited to house sizes. No assumptions on either under or over occupation have been included in the analysis.

	House Size				
Income : Household Type	1 apt (bedsit)	2 apt	3 apt	4 apt	5 apt
Single Person	~	~			
Single Parent 1 Child		~	~		
Single Parent 2 Children			~	~	
Couple Full time work x2		~			
Couple 1 F/T & 1 P/T		~			
Couple 1 F/T & 1 P/T 2 children			~	~	
Couple 1 F/T & 1 P/T 3 children				~	~

Affordable Rent

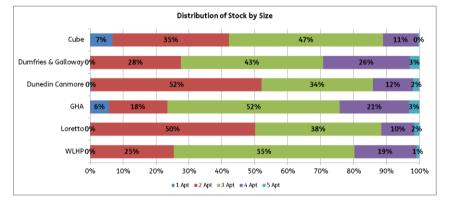
Our rents for 2019/20 (in order to be consistent with the wage assumptions built into the SFHA Tool) have been assessed against income levels across each of these customer groups to establish affordability.

2019/20 Average Rents and Units by Subsidiary

RSL	1 Ap	t	2 A p	ot	3 A p	ot	4 A p	t	5 Ap	t
KJL	Ave Rent	Units								
Dunedin Canmore	£78.75	23	£84.87	2466	£98.73	1615	£111.87	586	£115.66	91
Cube	£70.17	231	£82.47	1197	£97.58	1589	£105.66	361	£120.01	13
WLHP	-	-	£83.97	185	£89.82	399	£97.89	137	£105.57	7
Loretto	-	-	£75.68	589	£87.81	451	£94.47	118	£114.19	18
GHA	£65.04	2118	£79.21	6653	£86.63	19593	£101.67	7884	£110.57	1190
Dumfries & Galloway	-	-	£75.49	2824	£82.32	4396	£88.65	2679	£ 96.54	296
Grand Total	£65.68	2372	£80.71	11090	£88.27	23647	£102.34	9086	£111.03	1319

50% - 3 apartment

- 23% 2 apartment
- 19% 4 apartment
- 5% 1 apartment
- 3% 5 apartment



Affordability Assessment

A range of indicators have been applied to our rents for each RSL associated with the customer group income based on national living wage.

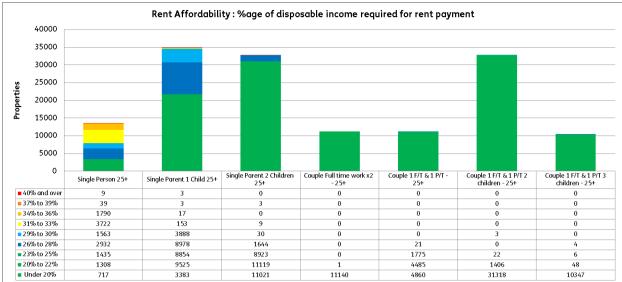
There is no nationally agreed maximum affordability ratio for rent, but most research on the subject aligns with the findings of the UK Affordable Housing Commission (2019), which cites rent to income ratios of below one-third of income as traditional indicators of rent being affordable, with "serious affordability difficulties" being experienced at a ratio of over 40%⁶.

Shelter suggests that any household that spends more than 35% of its net household income on rent (and service charges) may experience a disproportionate impact from housing costs. For the purposes of our analysis, the indicative threshold at which rent starts to become less affordable has been assumed at one third (33%) of disposable income.

6

 $[\]frac{https://static1.squarespace.com/static/5b9675fc1137a618f278542d/t/5cf55923f41ae70001170311/15595830179}{20/Defining+and+measuring+housing+affordability.pdf}$

The overall position indicates some rent charges for single people and single parents exceed this level. Rent charges for couples with and without children are typically below 25% of disposable income, based on the assumptions in the SFHA Tool.



Note: in the table above and the first chart below, the 9 properties showing in the 40%+ category for a single person on minimum wage are supported accommodation with service charges (mostly "Homelink" properties owned by Cube). This is a specific type of supported accommodation in shared houses, where service charges are funded by housing benefit. These are therefore excluded from our proposals in relation to affordability limits given their particular characteristics.

Affordability by Customer Group

Single People 25 and over

 87% of 1 and 2 apartment rents are under 33% of assumed income

Single Person 25 and over with 1 child

40% is supported so

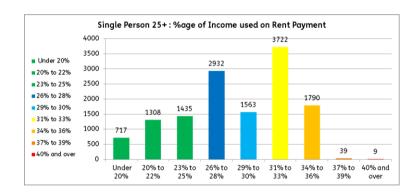
proposals)

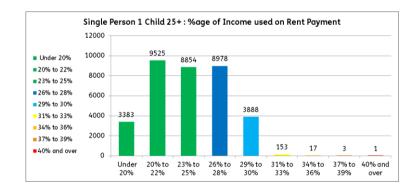
99.93% of 3 apartment rents

are under 33% of assumed

income (the 1 property over

excluded from the rent limit





For a single person 25 and over with 2 children, 99.99% of 3 apartment rents are shown as being under 33% of assumed income by the SFHA Tool's calculations. For couples with or without children, all rents are below 30% of disposable income and 99.92% are below 25%, based on the assumptions made in the SFHA Tool about minimum wage income levels.

Group Rent Charges : Affordability Assessment

Single Person : 25 and Over

Properties by house size and RSL

		Hou	se Size	
Subsidiary Company	%age of Income on Rent	1 Apt	2 Apt	Total
Cube	34% to 36%	2	231	233
	37% to 39%	-	1	1
	40% and over	8	1	9
Cube Total		10	233	243
Dunedin Canmore	34% to 36%	4	219	223
	37% to 39%	-	34	34
Dunedin Canmore Total		4	253	257
GHA	34% to 36%	-	1332	1332
	37% to 39%	-	4	4
GHA Total		-	1336	1336
Loretto	34% to 36%	-	1	1
Loretto Total		-	1	1
WLHP	34% to 36%	-	1	1
WLHP Total		-	1	1
Total		14	1824	1838

Properties by house size and Archetype

		Hous	e Size	
Archetype	%age of Income on Rent	1 Apt	2 Apt	Grand Total
APFS	34% to 36%	4	-	4
	37% to 39%	-	4	4
APFS Total		4	4	8
DECK ACCESS	34% to 36%	-	44	44
	37% to 39%	-	7	7
DECK ACCESS Total		-	51	51
HOUSES	34% to 36%	2	120	122
	37% to 39%	-	23	23
	40% and over	8	-	8
HOUSES Total		10	143	153
MSFS	34% to 36%	-	1485	1485
	40% and over	-	1	1
MSFS Total		-	1486	1486
POST 1946 Tenement	34% to 36%	-	132	132
	37% to 39%	-	5	5
POST 1946 Tenement Total		-	137	137
PRE 1919 Tenement	34% to 36%	-	3	3
PRE 1919 Tenement Total		-	3	3
Grand Total		14	1824	1838

Properties by RSL & Local Authority by House Size

RSLLocal Authority Income on Rent1 Apt Apt2 Apt TotalCubeEast Renfrewshire34% to 36% 37% to 39%235East RenfrewshireTotal Total246Glasgow City34% to 36% 40% and over-111Glasgow City Total North Lanarkshire40% and over 40% and over-1212North Lanarkshire South Lanarkshire40% and over 40% and over2-22Renfrewshire Renfrewshire40% and over 40% and over6-66Renfrewshire Renfrewshire40% and over 40% and over6-66Renfrewshire South Lanarkshire34% to 36% 34% to 36%-121212Cube Total-102324330 </th <th></th> <th></th> <th></th> <th>House</th> <th>e Size</th> <th></th>				House	e Size		
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WLHP Total - 1 1	WLHP	West Lothian	34% to 36%	-	1	1	
		West Lothian Tota	l	-	1	1	
Grand Total 1824 1838	WLHP Total			-	1	1	
	Grand Total			14_	1824	1838	

Properties by house size and Local Authority Area

		Hous	e Size	
Local Authority	%age of Income on Rent	1 Apt	2 Apt	Total
City of Edinburgh	34% to 36%	-	211	211
	37% to 39%	-	30	30
City of Edinburgh Total		-	241	241
East Lothian	34% to 36%	-	6	6
East Lothian Total		-	6	6
East Renfrewshire	34% to 36%	2	3	5
	37% to 39%	-	1	1
East Renfrewshire Total		2	4	6
Falkirk	34% to 36%	-	1	1
Falkirk Total		-	1	1
Glasgow City	34% to 36%	-	1548	1548
	37% to 39%	-	4	4
	40% and over	-	1	1
Glasgow City Total		-	1553	1553
North Lanarkshire	40% and over	2	-	2
North Lanarkshire Total		2	-	2
Renfrewshire	40% and over	6	-	6
Renfrewshire Total		6	-	6
South Lanarkshire	34% to 36%	-	12	12
South Lanarkshire Total		-	12	12
West Lothian	34% to 36%	4	3	7
	37% to 39%	-	4	4
West Lothian Total		4	7	11
Grand Total		14	1824	1838

Group Rent Charges : Affordability Assessment

Single Person : 25 and Over with 1 Child

Properties by house size and RSL

	%age of Income on Rent		
RSL		3 Apt	Total
Cube	34% to 36%	14	14
	37% to 39%	3	3
	40% and over	2	2
Cube Total		19	19
Dunedin Canmore	40% and over	1	1
Dunedin Canmore Total		1	1
GHA	34% to 36%	1	1
GHA Total		1	1
Grand Total		21	21

Properties by RSL & Local Authority by House Size

RSL	Local Authority	%age of Income on Rent	3 Apt	Total
Cube	East Dunbartonshire	37% to 39%	3	3
	East Dunbartonshire Total		3	3
	Glasgow City	34% to 36%	14	14
		40% and over	2	2
	Glasgow City Total		16	16
Cube Total			19	19
Dunedin Canmore	City of Edinburgh	40% and over	1	1
	City of Edinburgh Total		1	1
Dunedin Canmore Total			1	1
GHA	Glasgow City	34% to 36%	1	1
	Glasgow City Total		1	1
GHA Total			1	1
Grand Total			21	21

Properties by house size and Archetype

Archetype	%age of Income on Rent	3 Apt	Total
HOUSES	34% to 36%	15	15
	37% to 39%	3	3
	40% and over	2	2
HOUSES Total		20	20
POST 1946 TS	40% and over	1	1
POST 1946 TS Total		1	1
Grand Total		21	21

Properties by house size and Local Authority Area

Local Authority	%age of Income on Rent	3 Apt	Total
City of Edinburgh	40% and over	1	1
City of Edinburgh Total		1	1
East Dunbartonshire	37% to 39%	3	3
East Dunbartonshire Total		3	3
Glasgow City	34% to 36%	15	15
	40% and over	2	2
Glasgow City Total		17	17
Grand Total		21	21

Group Rent Charges : Affordability Assessment

Sngle Parent : 25 and Over 2 Children

Properties	by House	e Size & RSL
rioperaco	0,1100.50	SILC G ROL

		House		
RSL	%age of Income on Rent	3 Apt	4 Apt	Total
Cube	37% to 39%	2	1	3
Total		2	1	3

Properties by RSL & Local Authority by House Size

			Hous	e Size	
RSL	Local Authority	%age of Income on Rent	3	4	Total
Cube	Glasgow City	37% to 39%	2	1	3
Total			2	1	3

Properties by House Size & Archetype

		Hous	e Size	
Archetype	%age of Income on Rent	3	4	Total
Houses	37% to 39%	2	1	3
Total		2	1	3

Properties by House Size & Local Authority

		House Size		
Local Authority	%age of Income on Rent	3	4	Total
Glasgow City	37% to 39%	2	1	3
Total		2	1	3



Report

То:	Wheatley Housing Group Board
Ву:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	2019/20 Group Statutory Accounts
Date of Meeting:	26 August 2020

1 Purpose

- 1.1 This report seeks the Board's approval for
 - the 2019/20 Wheatley Housing Group financial statements;
 - Member approval for the City Building (Glasgow) LLP accounts;
 - the Group Environmental, Social and Governance report; and
 - delegated authority to sign the City Building (Glasgow) LLP accounts

2. Authorising context

- 2.1 Under the Group Standing Orders, the Group Board must approve the financial statements for the year to 31 March 2020.
- 2.2 The Group and all subsidiary accounts and related reports from the external auditors were considered at the Group Audit Committee meeting on 5 August 2020. The Committee approved the Group financial statements for presentation to the Group Board.
- 2.3 This report also includes a reconciliation of the final out-turn to period 12 management accounts which were presented to the Board in May.

3. Risk appetite and assessment

3.1 Our agreed Group risk appetite in relation to Governance is "cautious", meaning that tolerance for risk taking is limited to events where there is little chance of any significant repercussion should there be a failure.

4. Background

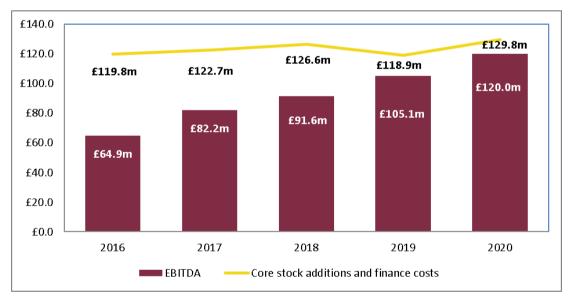
4.1 The preparation of annual audited accounts is a statutory requirement. The process has been completed on time this year, in a remote working context. Three months' worth of DGHP results are included in the Group accounts, as well as a large one-off gain, representing the value of DGHP's assets coming into the Group.

5. Summary of results

5.1 The headline results for the year are:

Income & Expenditure:

- Total Comprehensive Income (including pension scheme and property revaluations) was £294.9m;
- Operating surplus of £314.8m has been generated which includes the gain on the partnership with DGHP of £240.9m and grant income on new build completions of £50.5m;
- Stripping out FRS 102 adjustments for partnership gains, new build grant, pensions and investment property shows underlying Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of £120.0m; up from £105.1m in 2018/19. EBITDA is a measure of underlying surplus generated from our core day to day operating activities, which helps us pay for interest on loans and capital improvements in properties. 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. The chart below shows the trend in EBITDA over a five year period.
- We are working towards our strategic objective that EBITDA should cover our interest costs and capital investment in existing properties. For 2019/20, there was an underlying deficit position in relation to our key financial sustainability objective of £9.8m, reducing from an underlying deficit of £13.8m in the prior year and from a gap of £54.9m in 2015/16.



Statement of Financial Position:

- Net assets of £1,140.8m, which include an increase in valuation of £44.6m on social housing properties and net assets of £240.9m acquired on the partnership with DGHP;
- Net pension assets increased to £8.6m from £7.7m;
- Capital investment in new build completions for both social and midmarket properties totalled £107.4m;

 Net debt/property value remained prudent at 55% reducing from 56% in 2018/19, while gross debt per unit was £23,030; both measures again below comparably sized UK housing groups

Cash flow:

- Net cash flow from operations was £87.9m;
- Grant income received was £41.5m, of which £37.3m related to our new build programme
- £67.5m was invested to improve our existing housing properties, £85.4m in building new homes and £1.6m in acquiring/buying back properties for social rent
- Significant committed bank funding lines were in place at 31 March, with £346m in undrawn facilities (2019: £412m)
- 5.2 The adjustments made between the period 12 management accounts and the final audited accounts are summarised below.

P12 Management Accounts	Income & Expenditure £m 274.0	Net Assets £m 1,119.9
Revaluation of investment properties Revaluation of housing properties Revaluation of office properties Pension Adjustments	(11.6) 44.6 0.3 3.5	(11.6) 44.6 0.3 3.5
Fair value of interest on Scottish Government Loan Finalisation of gain on business combination	(1.2) (13.3)	(1.2) (13.3)
Provision for deferred tax on investment properties Taxation Other	(0.7) (0.3) (0.4)	(0.7) (0.3) (0.4)
Group Statutory Accounts	294.9	1,140.8

5.3 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 the Lothian Pension Fund for some Barony employees.

6. Audit summary

- 6.1 KPMG have completed their work and provided an unqualified audit opinion.
- 6.2 There were seven audit adjustments >£10k identified during the course of KPMG's audit work and these have been updated in the financial statements. All accounting polices remain unchanged.

- 6.3 The Group statutory accounts include provision for auditors to be re-appointed at the forthcoming Annual General Meeting.
- 6.4 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).
- 6.5 The Board are asked to confirm in the letter of representation that the financial statements are prepared on a going concern basis. 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.
- 6.6 [redacted]

Annual Internal Audit opinion

6.7 To support the Board agreeing the financial statements we provide further assurance via the Annual Internal Audit opinion which is as follows:

Based on our Group wide work undertaken during 2019/20 there continues to be a **substantial level of assurance** that there is a sound system of internal control, designed to support achievement of relevant organisational objectives. However, some weaknesses in the design and consistent application of controls do exist.

6.8 A copy of the Annual Internal Audit Report and Assurance Statement 2019/20 is attached at Appendix 5.

7. Environmental, Social and Governance reporting

7.1 Included at Appendix 6 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. ESG reporting is becoming more established across the sector and across the financial markets in general. We published our first ESG report in 2018/19, and this year have expanded the reporting following feedback from investors (including M&G, Aberdeen Standard Life) and lenders (RBS, HSBC, THFC). Demonstrating independent measurements of ESG outputs, such as CO2 for our environmental impact or number of jobs, training opportunities and apprenticeships for our social impact, is of increasing importance for both institutional investors as well as for banks. The sector is yet to coalesce around a standardised way to record and report these ESG metrics however, a stand-alone document is welcomed by the market. The production of this report now forms part of our annual financial reporting output.

8. Key issues and conclusions

8.1 The results show that financial performance continues to improve in line with our business plan; with the continuation of the trend of improving EBITDA over recent years to a new high of £120.0m. The annual report also highlights some key performance indicators for the Group.

9. Value for money implications

9.1 Ensuring financial performance remains in line with approved budget is a key element of continuing to demonstrate value for money.

10. Impact on financial projections

10.1 The Group business plan has been updated to reflect the final 2019/20 statutory results.

11. Legal, regulatory and charitable Implications

- 11.1 The Board is asked to approve the 2019/20 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.
- 11.2 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.

12. Equalities Impact

12.1 There are no direct equalities implications arising from this report.

13. Recommendations

- 13.1 The Board is asked to:
 - 1) Approve the 2019/20 Group financial statements
 - 2) Confirm the preparation of the financial statements using the going concern basis
 - 3) Approve the Letter of Representation and note the related letter of comfort from the Group CEO to Group Chair
 - Delegate authority to the Group Director of Finance to sign the 2019/20 City Building (Glasgow) LLP financial statements subject to the two adjustments note in paragraph 6.6;

[redacted]

5) Approve the Environmental, Social and Governance report.

LIST OF APPENDICES

- 1) Wheatley Housing Group Financial Statements 2019/20
- 2) Letter of representation to KPMG
- 3) Letter of representation from management [redacted]
- 4) City Building (Glasgow) LLP Draft Financial Statements 2019/20
- 5) Annual Internal Audit Report and Assurance Statement 2019/20
- 6) Wheatley Group ESG Report 2019/20



ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2020

Wheatley Housing Group Limited

Scottish Housing Regulator Registration No. 363 Registered No. SC426094

CHAIR'S REPORT

Coronavirus struck in the final part of the 2019/20 financial year. The havoc and destruction wreaked in one month was devastating and will be an abiding memory. But it should not define completely a year that was remarkable on so many other fronts for Wheatley, its communities and customers.

Crisis, and how it is managed, often tests and defines organisations, sometimes for years to come. As we reflect on and analyse how Wheatley responded in the first phase of the pandemic, it is clear to me we grasped immediately not only the full scale and depth of the impact it would have on our households - many within Scotland's most disadvantaged areas – but the need for an immediate and far-reaching response. The early, decisive actions taken demonstrate, I believe, why Wheatley's reputation is not based on its size and scale, but on its agility, responsiveness and relentless determination to make a positive difference.

Our response ensured everything that could be done to support customers and staff through the pandemic was done, and done quickly. Simultaneously, detailed analysis, prudent planning and decisive actions were taken to protect, preserve and, in some cases, enhance the Group's financial and operational capacity and resilience.

Key in all of this was strong leadership and in that Wheatley is fortunate in having Martin Armstrong as chief executive, a highly experienced Executive Team and Board members across the business expert in their field, dedicated and fully committed to the cause. Above all, we have in Team Wheatley, housing, care, property management and business solutions staff who are the best in the business.

Wheatley's prominent role in tackling coronavirus continues to be played out across all of our sectors. From the onset, we were strongly represented on the Resilience Group set up by Scottish Government and including representatives of the Scottish Housing Regulator, Scottish Federation of Housing Associations and COSLA. High-level Scottish Government funding for Wheatley initiatives and responses to the pandemic also underlined faith in the Group as a trusted and effective national partner.

Despite all of the many challenges posed throughout the year, including the ongoing roll-out of Universal Credit ("UC"), we finished the financial year on track, financially and operationally, having completed the vast majority of objectives set out in our 2015-2020 "Investing in Our Futures" strategy.

It was a year also our size and scale expanded significantly as our geographical footprint was extended across the south of Scotland. This followed a ballot of Dumfries and Galloway Housing Partnership ("DGHP") tenants last November. The hugely impressive turnout (75%) culminated incredibly in 95.5% of DGHP's 10,300 tenants voting to join the Wheatley family.

The Group, which now owns or manages over 93,700 homes across 18 local authority areas, had built 802 new homes, with a further 113 close to completion, when construction was suspended on 23 sites as a result of lockdown restrictions. One of the highlights of that ambitious development programme was a constituency visit in September by First Minister Nicola Sturgeon to mark the completion of 152 Glasgow Housing Association flats in Ibrox, a Transforming Communities: Glasgow regeneration partnership with Scottish Government and Glasgow City Council.

Universal Credit continues to challenge customers and their families, and housing associations across the country. At the end of the year 9,200 Wheatley customers had moved on to UC.

CHAIR'S REPORT (continued)

Although current tenant arrears based on the Regulator's Charter measure definition were at 3.33%, slightly up on the previous year, they remained within budget assumptions.

Overall customer satisfaction with services remained high, with a 90% satisfaction average for the Group's Registered Social Landlords. Wheatley Foundation continued to make its mark, securing £2.3million of external funding and supporting 12,000 people in Wheatley communities, including the creation of 901 jobs, apprenticeships and training opportunities, 64% for customers and their children.

The combination of rental income growth and operating efficiencies ensured the Group's financial position remained strong and stable. Turnover of £357.1m was up £23.5m on last year, which with the gain on the partnership with Dumfries and Galloway Housing Partnership of £240.9m resulted in a declared operating surplus of £314.8m. The Group had a strong liquidity position, with £345.6million of undrawn facilities.

Standard & Poor's Global Ratings ("S&P") reaffirmed in May, 2019, the Group's A+ credit rating, revising upwards the outlook from negative to stable. It speaks volumes that despite all of the uncertainties created by the Covid-19 crisis, the A+ (stable) rating was retained in May, this year.

In rescheduling the launch of our new five year strategy until next year, I have no doubt we will continue to mitigate the worst impacts of the pandemic on the people we work for, and to set out a bold, ambitious vision for how Wheatley will emerge stronger, and even more connected and engaged with its customers, communities and stakeholders.

Alastair MacNish OBE

Chair of Wheatley Housing Group Board

CHIEF EXECUTIVE'S REPORT

Since forming Wheatley Group seven years ago, we've worked hard to instil change into every aspect of our thinking and planning. To anticipate the curve and be flexible, agile and ready to adapt, to keep pace with our markets and government policy, anticipating and influencing their direction of travel, and to anticipate what customers need and expect.

Wheatley can't afford to stand still. Change is not only expected, but welcomed. It is part of our DNA as we benchmark the quality of our homes and services with the very best the private sector has to offer.

This default enabled us to be condition ready in managing and mitigating the devastating impacts of the coronavirus crisis. The Group's response to Covid-19 when it struck in the latter part of the 2019/20 financial year was intuitive and rapid. As government lockdown guidelines forced the closure of housing and support offices, and some care facilities, a new service model was designed and launched.

Over 800 employees were equipped to work from home. A 24/7 virtual call centre was up and running within a fortnight, with advisors working from home, including a specialist pandemic team. A restricted range of emergency and essential services was put in place. Care officers, repairs and maintenance staff and Neighbourhood Environmental Teams all continued working in Wheatley communities, supplied with all of the necessary Personal Protection Equipment ("PPE") and adhering strictly to safe working practices and social distancing measures.

A host of specific responses to the pandemic was launched, including a hugely expanded *EatWell* emergency food service. Pre-pandemic, it supplied around 120 packages weekly to vulnerable tenants in Glasgow. From mid-March, food parcels were being supplied across Scotland, with over 25,000 delivered by mid-June.

The coronavirus crisis demanded a longer term response too. The launch of the Group's new five year strategy was deferred until 2021 to create time and opportunity to review not only how we responded to the pandemic, lessons learned and the new ways of working adopted, but a re-evaluation of the needs and expectations of the people we work for in the new normal being created.

One thing was clear from the offset: many of the ambitions and objectives within the original 2020-25 strategy, "*Inspiring People, Unleashing Potential*", from digital transformation to channel shift, needed to be accelerated, urgently. It became obvious "A new Wheatley, a New Normal" was being fashioned. This will be finalised and set out in our revised strategy when it is unveiled next year.

The aspirations, aims and targets encapsulated in our first five year "Investing in Our Futures" now seem - through the lens of the pandemic - of a much changed world. We should not lose sight, however, of what was achieved from 2015 to 2020.

An independent impact assessment by HACT, a leading housing sector innovation agency, concluded over 90% of outcomes were met in full. This included building 5,000 new affordable houses in support of Scottish Government's "More Homes Scotland" agenda, with thousands more in the pipeline. We continue to hold close the title of "the UK's largest builder of social rented homes" three years running as a badge of honour.

The impact assessment also highlighted continued progress on our never ending journey to deliver outstanding customer service across all parts of the business. Customer satisfaction in four of the Group's Registered Social Landlords ("RSLs") - including our newest partner Dumfries

CHIEF EXECUTIVE'S REPORT (continued)

and Galloway Housing Partnership ("DGHP") - exceeded 90%, with the others very close to that mark. The improvement trend since 2015 also confirms four RSLs were in the top quartile for 80% of their Key Performance Indicators under the Scottish Social Housing Charter.

The arrival in Group of DGHP represented a major milestone. The overwhelmingly positive vote by tenants in the ballot to join underlined, I believe, that what Wheatley stands for - its strength, values and potential as a force for good - is clear and widely understood. Another milestone was the merging of the care activities of Loretto and Barony to form Wheatley Care. Strongly supported by staff, stakeholders and the people we work for, it represented natural progression and togetherness.

We remain one of the best accredited and recognised for excellence organisations in Europe, securing another 17 awards and accreditations in 2019/20 and bringing the total, over the five years of the strategy, to 112.

The Group's role and reputation as a trusted national partner of Scottish Government was reinforced by lead involvement in programmes, such as *Housing First*, which is tackling rough sleeping and homelessness. Ongoing national efforts to tackle disadvantage and vulnerability continued under our charitable trust. Wheatley Foundation supported over 12,000 people through a dozen programmes tackling poverty and creating hundreds of jobs, apprenticeships and training places, as well as education, digital inclusion and sport and the arts opportunities.

Throughout the year strong progress was achieved in digital transformation, underlined by the 30,000 customers registered for online services. A ground breaking online portal, *MySavings*, was launched, offering customers the opportunity to save up to 10% on their shopping. It was another example of a sector leading initiative and followed the earlier launch of *MyHousing*, an online housing advice and letting platform, and *GoMobile*, which equipped housing officers with office-in-their-hand technology.

As always, the hard work, dedication and passion of the Group's 2,700 staff lit up the year, especially their response to supporting customers through the coronavirus crisis. Their efforts are recognised daily not just by Board members, the Executive Team and partners, but the people they work for across Scotland.

As we move forward into a "new normal" we are united in our determination to ensure the Wheatley that emerges is even stronger, more responsive and engaged with its staff, customers and stakeholders than ever before.

Martin Armstrong

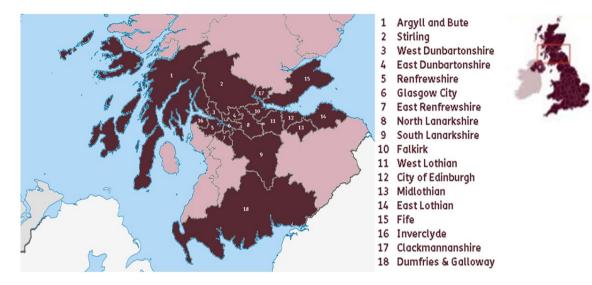
Wheatley Housing Group Chief Executive

STRATEGIC REPORT

Our mission is 'Making Homes and Lives Better'.

Where we are

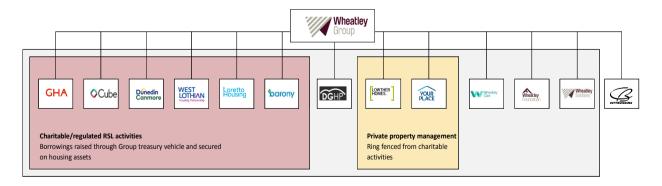
Headquartered in Glasgow, we serve over 210,000 customers in 18 local authority areas across central Scotland through our Registered Social Landlords, care organisations and commercial subsidiaries. Each part of the Wheatley family is focused on delivering excellence no matter what they do and each remains firmly rooted in their communities, providing services tailored to the needs of their individual customers.



Wheatley Housing Group Limited, as the Group parent, does not own any homes but provides strategic oversight to all subsidiaries and is registered with the Scottish Housing Regulator.

What we do

Wheatley delivers its activities to customers through twelve wholly owned subsidiaries, supported by the joint venture with City Building (Glasgow) LLP. The Group's operating structure as at 31 March 2020 is shown below.



The largest part of the Group's operating footprint remains in the west of Scotland, with over 45,000 homes owned and managed by Glasgow Housing Association ("GHA"), Cube Housing Association ("Cube") and Loretto Housing ("LHA"). Our presence in the east of Scotland grew again in 2019/20 with the completion of over 245 new build homes in the year by Dunedin Canmore Housing ("DCH") and West Lothian Housing Partnership ("WLHP"). The reach of the Group extend to the south of Scotland with the addition of Dumfries and Galloway Housing Partnership ("DGHP") to the Group, bringing with it over 10,300 homes, giving the Group a total of 63,709 homes by the end of the year.

Care is an important part of the Group, but in financial terms remains relatively small with less than 5% of turnover. Loretto Care supports over 1,000 people with specialist needs, many of whom live in properties owned by Loretto Housing Association Limited. In East and central Scotland, Barony provides care and support services to over 700 people. The two separate care organisations work closely together and following the year end, were formally combined in Loretto Care, trading under the name of Wheatley Care.

Lowther Homes Limited ("Lowther") owns a portfolio of 1,180 private rented homes and also provides management services to the Group's mid-market rented homes. Plans to merge Lowther with YourPlace Property Management Limited ("YourPlace"), which provides factoring (common property management services) almost 30,000 customers are progressing.

Wheatley Solutions provides support services, ranging from finance, IT and procurement to governance, assurance, legal and communications and marketing, to the Group's partner organisations. The Group's charitable arm, Wheatley Foundation, delivers our community and better lives activity.

The Group has a 50% interest in City Building (Glasgow) LLP ("CBG") under a 50:50 joint venture arrangement with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries, principally those in the west of Scotland. A share of the results of CBG is included in the financial statements.

The year under review

The year to March 2020 marked the final stage of the journey we set out in our five year strategy *Investing in Our Futures*.

Investing In Our Futures is built on the five strategic platforms of:

- Customer Service Excellence
- Asset Growth and Partnerships
- Transforming the Care Environment
- Building Shared Capability
- A Strong and Diverse Funding Base

Strong progress was made on these throughout the year, set out by theme as follows:

Customer Service Excellence

• Solid business performance

Wheatley's subsidiaries retained high levels of customer satisfaction, up to 96% in some areas of the business, and the Group achieved national recognition for delivering outstanding services.

Despite the challenges presented by the coronavirus crisis in March onwards, and by an increasing number of our customers moving on to Universal Credit over the year, all parts of the Group returned a strong performance across the indicators reported each year to the Scottish Housing Regulator.

Three of our social landlords – GHA, Dunedin Canmore, and WLHP, accounting for over 90% of the homes in the Group – are now in the top quartile on 80% of indicators. Overall tenant satisfaction was around or above the 90% target for our seven RSLs. Satisfaction with our repairs and maintenance service was over 92% for all the landlords.

• Improving our repairs service

We launched our new repairs service – called *MyRepairs* – during 2019/20 after listening to customer feedback.

Improvements include two hour slots and next day appointments, giving customers more control and more choice, and a new dedicated team of expert advisors to help customers at every stage of their repairs journey. Further improvements are planned for 2020/21.

• External recognition

External recognition for excellence across our sectors continued in 2019/20 when we secured 17 awards and accreditations, bringing the total over the period of our *Investing in Our Futures* strategy to no fewer than 112. Most notably, we were recognised as fully compliant with the Customer Service Excellence ("CSE") standard, with 23 areas of best practice, and we gained a seven-star accreditation from the European Foundation for Quality Management ("EFQM"), one of only six organisations globally to hold this level of award.

• Innovation in services

We continued to embed our innovative new approaches to services and supporting our customers. Wheatley's online channels and services, which offer our customers easy and convenient ways to pay bills, book appointments and access advice and information, continued to grow in size and popularity.

More and more of our customers are transacting online using our improved online selfservices to pay rent, book repairs, check their account balance, report environmental issues and more.

Over 43,300 customers were registered for an online account in 2019/20 - up from 29,312 in the previous financial year – with more than £21million in rent and other payments taken online in the year. Over 47,000 on-line housing applications have been received since the launch of *MyHousing*, with customers successfully self-serving in a digital environment.

• Support for customers

The roll-out of Universal Credit continued to present new challenges and hardship for many. We supported our customers and their families through this and many other difficulties with personalised help. Our wraparound services, from money, benefits and fuel advice to help with furnishing their homes, offered vital support.

Working with Wheatley Foundation and Wheatley 360, our subsidiaries:

- created 901 job and training opportunities which supported 430 customers;
- supported 1,899 new tenants with household budgeting, running a home and settling into their community through *My Great Start*;
- put food on the table in 1,447 homes through our *EatWell* service;
- gave 774 tenants upcycled furniture through our *Home Comforts* service;
- awarded 50 young people from our homes a bursary to go to university or college;
- provided free books every month for 688 children under five years in our homes through the Dolly Parton Imagination Library.

The Foundation has secured over £15million of income to support these causes since 2016.

Asset Growth and Partnerships

• New build homes

We continued to hold the title of largest developer of social housing in the UK, as determined by a survey by Inside Housing, a badge we wear with pride.

In 2019/20 we completed 802 new homes, 601 for social rent, 197 for midmarket rent and four for shared equity. We also started work on a further 735 new homes across 12 sites.

Our new build programme included:



- 143 new GHA homes in the Gallowgate, Glasgow, the completion of which will now facilitate the planned demolition of the remaining unsustainable properties in the area
- 152 new homes at Hinshelwood, Glasgow for GHA, a mixed tenure development in East Govan/Ibrox regeneration area
- 77 new WLHP homes in Whitburn, West Lothian

- 52 new Cube homes in Bonhill, West Dunbartonshire on a former school site acquired as part of a strategic partnership with West Dunbartonshire Council
- 46 new Dunedin Canmore homes in Greendykes, Edinburgh
- 28 new Loretto homes at Buckley Street, Glasgow for older customers comprising of a mix of both new flats and houses and the conversion of a 1930s former primary school building

This means that over the five years of our strategy *Investing in Our Futures* we have completed or have approval for more than 5,000 new homes and invested over £445.7m

• New partner

We welcomed a new partner into the Group, Dumfries and Galloway Housing partnership, in December 2019. This boosted the number of homes we own and manage across Group by over 10,300.

DGHP joining Wheatley is a significant milestone in our history, not only increasing our size and scale and cementing our place as Scotland's leading housing, care and property management organisation, but also expanding our geographic footprint into the South of Scotland.

They formally became part of Wheatley in December after a ballot of tenants which resulted in a 75% turnout and an overwhelming 95.5% majority of those voting doing so in favour of joining Wheatley.

The move brought together Scotland's two largest social landlords with our subsidiaries now jointly owning or managing over 93,700 homes across 18 local authority areas and our combined size, scale and capacity giving us the opportunity to do more for our customers and communities.

• Investment in existing homes

We also invested over £69 million improving our existing homes over the year, making more energy efficient and attractive places to lives.

Key projects carried out over the year included:

- the installation of new efficient A rated gas heating boilers in around 2,000 homes
- completion of our £45m refurbishment programme for Winget homes in the East End of Glasgow with a further 20 blocks completed in 2019/20
- 550 homes benefitting from lifecycle replacement of windows, helping to improve energy efficiency
- 3 high-rise blocks benefitted from new modern and efficient lifts
- £2.6m invested in new emergency lighting systems in our high-rise flats
- smoke and heat detector upgrades in nearly 11,000 homes
- £1.8m investment in upgrading mechanical & electrical infrastructure across our high-rise stock
- 100 tenants benefitted from external wall insulation, helping to keep their homes warmer
- Our Pre 1919 tenement strategy progressed with a further 14 tenements were completed with new and repaired stonework and roof refurbishments
- 650 new kitchens installed

Over the five year strategic period, the Group has invested over £349million in existing homes.

• Supporting and creating employment

Our work continued to generate and support jobs, training and apprenticeships for people who live in our communities as part of our Better Lives agenda.

In the year we helped 692 people into work or training either through a total of 900 opportunities created by our investment and new build contracts or through our employability schemes such as our Modern Apprenticeships. Over the period of the five year strategy a total of 2,000 jobs, apprencticeships and training places have been created.

The majority, 64%, of the opportunities created were taken up by people who live in our homes. In some cases people moved from a training place into a job.

Opportunities included:

- 441 training places, ranging from 12 month *Changing Lives* placements in our environmental services to short work placements through our Community Benefits clauses in all our investment contracts;
- 144 apprenticeships, including our Business Admin apprenticeships, trade apprentices at City Building (Glasgow) LLP which we jointly own and apprenticeships supported by our external contractors;
- 315 jobs, which includes people who progressed from training programmes into work and people supported into employment through our *Wheatley Works* programmes.

Transforming the Care Environment

The year 2019/20 was an important one for our care services. Our staff in both Barony and Loretto Care worked together on plans for a single Group care organisation operating under a new Wheatley Care brand.

Wheatley Care, which launched formally on 1 April 2020, will build on the already strong joint working between Barony Care and Loretto Care to deliver the same excellent care and support services for our customers.

Bringing our services and staff together gives us a stronger future and means we are better able to share expertise and experience to deal with the external challenges facing our sector.

In total we supported 7,628 people across our services, helping them get the most out of their lives and achieve their own positive outcomes.

• Tenancy Support Service

Our Tenancy Support Service ("TSS") continued to help vulnerable tenants of Wheatley's social landlords maintain their tenancies through specialised support ranging from money and budgeting advice through to help with addictions and health and wellbeing.

The TSS supported 1,497 tenants over the year, with the vast majority saying they had achieved positive outcomes as a result.

• Livingwell services

Wheatley's Livingwell service helps older tenants live independently in their own homes for longer, supported by housing staff as well as our care staff.

A total of 941 tenants were supported over the year at 29 Livingwell complexes in Glasgow. They enjoyed a range of activities such as language classes, line dancing, quizzes and art sessions, to help them get the most out of life and reduce isolation. There were 405 peer volunteers who helped deliver these activities during the year.

All our Self Directed Support ("SDS") services continued to grow and we worked closely with Glasgow City Council on its Alliance programme. We continued to play a leading role in Scotland's Housing First pathfinder which is tackling rough sleeping and homelessness, and have to date committed to provide 300 homes to support people to rebuild their lives.

In a wider sense, we tackle disadvantage in our communities through our charitable trust Wheatley Foundation, which again supported 12,000 people over the year with a range of opportunities including, jobs, training, apprenticeships and bursaries.

• Care inspections

A total of 15 of our services were inspected by the Care Inspectorate in 2019/20, with 11 achieving grades of 'five' or above. This figure of 73% of services achieving a grade of 'five' or above is significantly higher than the sector average of 47%.

• Community engagement

We continued to support the people we work for to get the most out of their community through a wide range of activities to improve physical health, mental wellbeing, reduce social isolation and increase access to employment, volunteering and education.

Our music project *The Ensemble* went from strength to strength this year. *The Ensemble* is a unique engagement opportunity involving professional musicians collaborating with people we work for to write songs and work towards performance to help people engage, build their confidence and improve their mental health and resilience.

With funding guaranteed for another year, the Ensemble team are working towards publishing a CD with songs written by the people we work for.

Our *Knightswood Connects* project this year saw 200 older people in a Glasgow neighbourhood develop closer connections to their community as well as enjoy opportunities to improve their health and wellbeing.

Activities ranging from art and music to exercise and gardening have had a very positive impact on their lives.

Building Shared Capability

• Learning and development

We continued our work to attract and retain the best talent in our sectors, and to support colleagues across Wheatley to develop their skills, confidence and resilience.

Our *Accelerator* programme helped staff bring their creative ideas to life to make a difference to our customers. Working with social enterprise, the Lens, staff across the Group developed innovative solutions to problems faced by customers or the business to win a slice of a £20,000 investment fund.

Some of the fresh ideas which made it through the programme in the past year included a digital lending library, a social enterprise café and starter packs for homeless people moving into new accommodation.

Our online learning portal *MyAcademy* provides a blended approach to digital and practical learning for all our 2,700 staff. Over the year we saw:

- 100% of staff engage through My Academy for some of their learning;
- 91% of staff telling us they were satisfied with access to learning via the Academy;
- new courses on Freedom of Information, Data Protection and Fire Safety rolled out.

• Creating opportunities

Our graduate programme *Ignite* – one of the biggest graduate training programme of its kind in Scotland – helped us recruit the brightest talent this year.

A total of 20 people are recruited on to the two year programme, a mix of external graduates and young people already working in Wheatley.

Graduates get on-the-job training across the organisation in the housing teams, corporate support services, and the repairs and investment team, as well as opportunities for further study, qualifications and the mentoring support they need to become future leaders in housing.

We maintained our strong connections with our communities, opening up opportunities for people in our homes with a further 144 apprentices and 62 Changing Lives placements taken on over the course of the year.

Through our programme of work experience and qualifications for these individuals, the majority move into positive destinations, either with a permanent job with Wheatley, across our supply chain or continue with further education.

• Reward and recognition

Our *W.E. Excel Awards* which recognise staff who go the extra mile entered their third year and culminated in a Grand Final in Glasgow in November 2019. The event again attracted sponsorship from our contractors and suppliers who also joined staff for the celebrations.

More than 200 staff and guests attended with 18 awards collected by teams and individuals across the business.

Our rewards package continued to offer staff an exceptional range of benefits, including shopping discounts, help with childcare, buying a bicycle, opticians and dental treatments and with season ticket loans for travel to work.

We were recognised as a leading employer through a number of awards and accreditations throughout the year. Wheatley Group as a whole attained Investors in People Platinum and went on to secure Investors in Young People in February 2020 in recognition of our commitment in developing and supporting our youngest colleagues.

We also won the Best Apprenticeship scheme at the 24Housing Awards and an award for Promoting Diversity at the Scottish Apprenticeship Awards.

A Strong and Diverse Funding Base

The emergence of the Covid-19 pandemic in the latter part of 2019/20 required fundamental changes to be made to the way services can be delivered to customers. All parts of the Group's operations were affected by the lockdown and changes to the business model were implemented quickly to ensure that we continued to be able to provide housing and care services to our customers in the most effective way possible and in line with Scottish and UK Government guidance and regulations.

Financial projections and forecasts have been updated to reflect the changes made to the Group's service model taking account of the timing and nature of a phased remobilisation as the lockdown measures are relaxed. Key changes to the projections include revisions to long term forecasts for cost inflation, higher projected levels of unemployment with higher numbers of tenants likely to move onto Universal Credit at a faster pace. The intial closure and subsequent remobilisation of activity on construction sites has an impact on our new build programme along with changes made to the delivery of repairs and investment works within our homes to keep customers and staff safe whilst following Scottish Government advice.

The Group's core social letting activities are well placed to respond to changes, with a significant proportion of income derived from housing benefit and Universal Credit underpinning a strong level of cash generation. While the trend for an increasing number of Universal Credit customers has caused arrears to rise - with a five week wait for benefit payments to reach the customer - the Group remains in a strong positon financially. The Group had access to undrawn loan facilities of £345.6m and held £116.4m in cash at the year end giving sufficient headroom to mitigate any short term increase in rent arrears. Financial covenants in place with the Group's lenders continue to be met and the revised financial projections continue to provide a comfortable level of headroom against the covenants.

The financial outlook for the Group was reviewed by Standard and Poor's in spring of 2020 with discussion centered on the impact of the Covid-19 outbreak and the Group's response. The exercise reaffirmed the credit rating at A+, "stable" outlook.

A key element of our financial strategy is the ongoing focus on delivering operational efficiencies embedded within our business plan and annual budgets. This year adjusted EBITDA grew to a new high of £120.0m, with the Group's new partner DGHP adding £6.3m, continuing the improving trend over recent years, growing by £54.8m over the last five years. The Group's turnover also rose to over £357.1m. We are focused on providing excellent services that represent value for money to our customers and over the period since 2016, the Group has seen its headline social housing operating cost per unit fall from from £3,828 to £3,656.

The Group successfully completed the re-financing of its new partner organisation Dumfries and Galloway Housing Partnership, putting in place new facilities totalling £114.0m with M&G, and an additional £20.0m with Allia topping up the existing facility. A new revolving credit facility of £35.0m with Royal Bank of Scotland was also arranged for DGHP.

The Group's financial position strengthened, with gearing as measured by debt as a percentage of asset values fell again from 56% to 55% against a backdrop of the completion of 802 new build homes and 735 under construction.

Our commercial operations providing private letting and factoring services through Lowther Homes and YourPlace reported another strong financial performance following the acquisition of over 560 properties from GHA, Cube and Dunedin Canmore last financial year. Combined

operating surplus across both Lowther and YourPlace before revaluation gains of $\pounds 2.1m$ grew to $\pounds 7.0m$ an increase of 25%. Gift aid of $\pounds 3.0m$ was paid to Wheatley Foundation by the commercial businesses, exceeding the target by $\pounds 0.2m$.

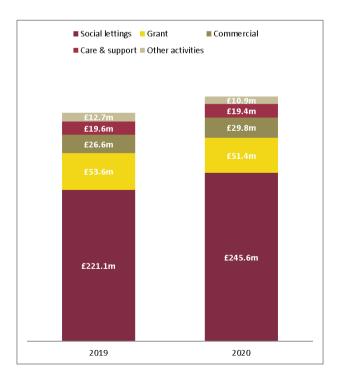
Financial Performance – Group Highlights

The Group's key financial performance indicators over the 2015-20 period of the *Investing in Our Futures* strategy reported an improving trend, while performance and customer satisfaction has been maintained. Much of this improvement has been delivered through the achievement of the Group's financial efficiency targets.

The results include the Group's new partner, Dumfries and Galloway Housing Partnership and its subsidiaries from 12 December 2019, the date of joining the Group.

Statement of Comprehensive Income

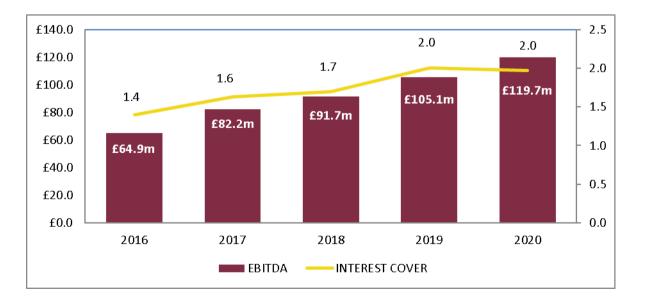
- Turnover increased by 7% to £357.1m, up from £333.6m in 2019, an increase of £23.5m of which £14.5m is attributable to DGHP since joining the Group.
- Turnover generated in the Group's core social letting business from rents and service charges grew to £245.6m up from £221.1m in the prior year. Of the £24.5m increase in social letting turnover, £12.9m was generated by DGHP.
- Non social housing activities account for a small proportion of the Group's overall turnover. Care and support income is £19.4m representing 5% of Group turnover, a further £29.8m or 8% relates to commercial factoring and letting activities. In addition, other income of £10.9m includes donations to the Wheatley Foundation, income from owners for improvements and commercial property income.



• Earnings before interest, tax, depreciation and amortisation adjusted to remove non cash accounting adjustments grew 14% up to £120.0m from £105.1m in 2018/19. Of the £14.9m growth in EBITDA in the year, DGHP contributed £6.3m.

	2020	2019
	£m	£m
Operating surplus	314.8	56.1
Gain on DGHP partnership	240.9	-
Operating surplus (excl DGHP gain)	73.9	56.1
Depreciation	82.2	83.3
Revaluation movements	11.6	10.6
Grant income on new build properties	(50.5)	(51.0)
Non cash pension adjustments	2.8	6.1
EBITDA	120.0	105.1

- The Group's ability to meet interest payments due on borrowings from surplus earned, also known as interest cover, has grown over the five year period since 2016 from 1.4 times to 2.0 times in 2019 and remaining stable in 2020.
- The five year trend on both these KPIs shows consistent growth and a significant strengthening of the Group's financial position over the period. Efficiencies in the Group's operating cost base over the period have helped grow earnings to a level that comfortably supports the servicing of borrowings, allowing the Group to deliver on the provision of new homes in our communities.



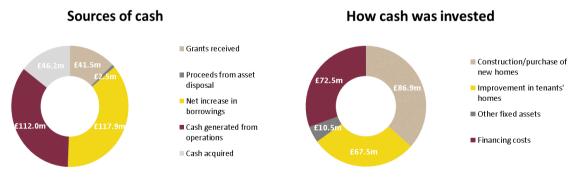
Statement of Financial Position

- Total net assets of £1,140.8m increased by £294.9m in the year. The partnership with DGHP accounted for the addition of £240.9m of net assets to the Group;
- Housing properties have increased in value by £463.5m, with £365.9m added when DGHP joined the Group. The remaining increase of £97.6m represents the return on investment in customers' homes and the investment in the new build programme which has seen a total of 802 new homes completed in the year;
- Debt levels remain sustainable, with long term loans of £1,452.5m (2019: £1,174.6m). Gross debt per unit was £23,030 (2019: £21,520), which is below the majority of large UK housing groups. Gearing, measured by debt as a percentage of asset values in the Statement of Financial Position, was 55.0% at 31 March 2020 (2019: 56%).

Cash flow and liquidity

As can be seen on the cashflow statement (page 53), the strength of the Group's core operating model and the focus over recent years on cost efficiencies result in the delivery of a high level of cash generation from operating activities. This cashflow helps provide the foundation which underpins the Group's significant new build programme and maintain a high level of investment in existing homes.

- The Group's core activities generated cash £112.0m in the year, an increase of £24.3m from 2019 due principally to the 3.3% rent increase in April 2019 combined with savings generated in management and administration costs.
- At 31 March 2020, cash and cash equivalents were £116.4m; an increase of £82.7m in the year. This is a result of borrowings drawn by the Group's funding entities and held to provide liquidity in light of the emerging Covid-19 crisis and funds acquired with DGHP.

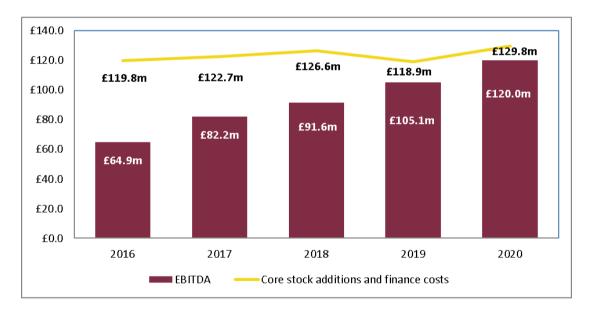


• Grant income of £41.5m (2019: £60.0m) was accessed under long term agreements with the Scottish Government to support the development of new housing.

Social Letting Activities highlights

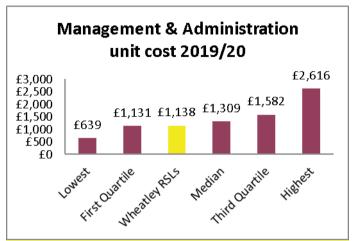
In addition to the Group measures of overall operating surplus and EBITDA, a number of key performance indicators ("KPIs") are used to assess and benchmark performance of our Registered Social Landlords against our strategic objective of delivering excellent services with a particular focus on services that represent Value for Money.

- Earnings covering finance costs and fixed asset additions to core stock
 - A measure of financial strength of the Group is the level of earnings relative to finance costs and all fixed asset additions to existing social housing properties. This is measured using adjusted EBITDA after deduction of non-cash accounting adjustments. Strengthing the ability of the Group to generate surpluses over and above the level required to fund capital investment and service debt, so that new borrowing is only for new build development is a key strategic objective. The chart shows the improvement in the measure over the period of the Group's five year strategy In 2019/20, the gap between EBITDA and core additions plus finance costs was £9.8m compared to a gap of £13.8m in 2018/19 and reducing steadily over the last five years from a gap of £54.9m in 2015/16.



• Management and administration costs

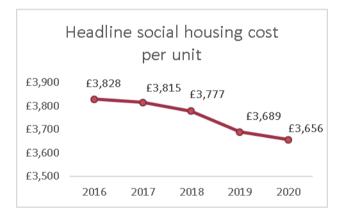
Management costs are reported in note 4 to these financial statements. For the Group, including DGHP, management cost per unit was £1,138, down from £1,177 in 2015 and reflecting the savings in overhead costs achieved through the our group structure and shared working platforms. Since, 2015/16 the measure has been consistently been below the median for the sector as compared against other mainstream Scottish RSLs with a majority of stock classified as general needs. This has been achieved against a context where around one in four of the Group's properties are high rise flats, where management costs are higher due to the investment in concierge and environmental management services we provide.



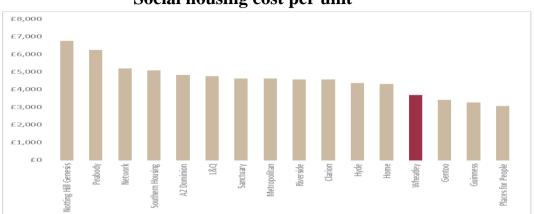
Source: Scottish Housing Regulator comparison of Scottish RSL unit costs 2018/19

• Operating cost per unit

The overall cost per unit of the Group's social letting activities also continued to reduce, falling to £3,656 from £3,689 in 2018/19 and reporting a reduction over the five year period from £3,828.



The performance of the Group's RSLs is also benchmarked against a peer group of comparable social housing Groups in the UK, to inform progress the Group's social landlords are making against the performance targets. In the key comparator of operating cost per unit, not only has the Group reduced cost over time but remains well placed within the peer group as shown in the chart below.



Social housing cost per unit

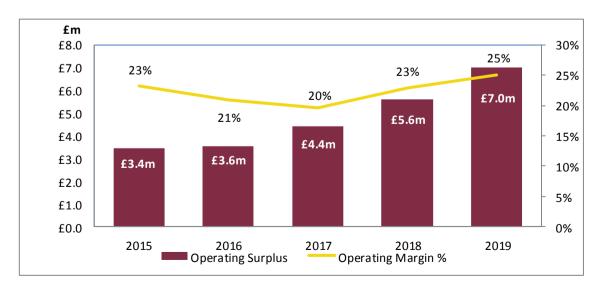
Source: 2018/19 statutory accounts, Wheatley 2019/20 statutory accounts

Peformance in the RSLs is assessed using non financial measures too. The Group has a strategic objective of achieving over 80% of its RSL performance measures in the top quartile across the sector in Scotland. The measures are reported in the Annual Return on the Charter ("ARC") to the Scottish Housing Regulator. In the period of *the Investing in Our Futures* strategy GHA, Dunedin Canmore and West Lothian have achieved over 80% of measures in the top quartile, which covers 90% of the Group's housing stock. Given the short period of time it has been a member of the Group DGHP is not shown in the chart for 19/20.

Commercial Highlights

• <u>Commercial activities operating surplus</u>

Combined turnover from the Group's factoring and private letting activities, delivered by YourPlace Property Management and Lowther Homes, increased to £28.1m up from £24.5m in 2019. Growth in private letting activities was achieved from a stable overhead cost base, taking advantage of ecomonies of scale. This resulted in operating margin before valuation movements increasing to 25% up from 23% in the previous year.



TREASURY MANAGEMENT

Long term debt facilities

As at 31 March 2020, Wheatley Group had £1,824.5m of bond and bank funding facilities in place with total Group drawn debt balances of £1,478.9m.

The debt facilities of GHA, Cube, West Lothian Housing Partnership, Loretto Housing, Dunedin Canmore and Barony were provided through intra-Group arrangements with our RSL Group treasury vehicle, Wheatley Funding No.1 Ltd ("WFL1"). The funding facilities of WFL1 consisted of bank facilities from a syndicate of three commercial lenders, as well as two debt facilities from the European Investment Bank, a committed facility with HSBC, private note placements with BlackRock and bond funding raised on the debt capital markets. These loans are secured on property assets of these RSLs through a security trust structure.

In addition to group funding through WFL1, Dunedin Canmore Housing has a £16.5m direct loan from The Housing Finance Corporation ("THFC") secured on DCH property assets and a £16.0m unsecured loan from Allia Social Impact Finance Limited ("Allia").

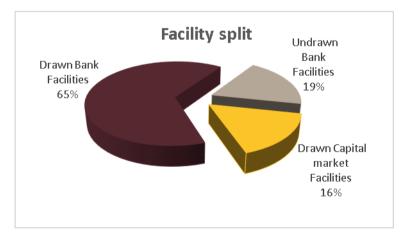
Wheatley Funding No.2 Ltd ("WFL2") is the funding vehicle for the commercial side of the Wheatley Group with a £76.5m debt facility in place with Scottish Widows, secured against properties for mid-market rent.

Dumfries and Galloway Housing Partnership Limited joined the Wheatley Group in December 2019. This timing coincided with the refinancing of some legacy debt facilities. The refinancing comprised of three new debt instruments; (1). A private note placement with M&G Investments Management Limited (a new lender to the Group); (2). A revolving credit facility with RBS (the Group's main transactional bankers); and (3). A direct loan from Allia. Legacy facilities from THFC and Allia were retained.

<u>Group Co</u>	<u>Facility</u>	Principal
WGC plc	Public bond - issued 2014/15	£300.0m
WFL1	Private Placement loan notes - issued 2017/18	£100.0m
WFL1	Private Placement loan notes - issued 2018/19	£50.0m
WFL1	HSBC facility	£100.0m
WFL1	Commercial bank syndicated facility	£657.3m
WFL1	European Investment Bank facilities (2003 & 2018)	£282.9m
DCH	THFC facilities	£16.5m
DCH	Allia (unsecured) loan	£16.0m
WFL2	Scottish Widows	£76.5m
DGHP	Private Placement loan notes – issued 2019/20	£114.0m
DGHP	RBS facility	£35.0m
DGHP	THFC facilities	£41.3m
DGHP	Allia facilities	<u>£35.0m</u>
		£1,824.5m

The funding facilities in place on 31 March 2020 comprised the following:

Group RSLs had drawn £1,179.7m from WFL1 at 31 March 2020. DCH's direct loans were drawn at £16.5m from THFC and £16.0m from Allia. In WFL 2, Lowther Homes had fully drawn the £76.5m facility. DGHP had fully drawn facilities from M&G, THFC and Allia, totalling £190.2m.



As at 31 March 2020, £345.6m (19%) of borrowing facilities were undrawn (2019: £411.9m, 26%).

The weighted average duration of drawn debt across the Group is 17.87 years. Under the Group Treasury Management Policy, no more than 10% of its total loan maturities fall due for

repayment in the immediate 18 month period. In April 2020, £141.5m of our Syndicated facilities were restructured with availability periods extended following the year end on 2 April 2020. The next point of significant re-finance risk for WFL1 arising in 2023/24 in relation to our £100.0m Revolving Credit Facilities with HSBC. The historic weighted average cost of drawn debt, inclusive of margins and hedging activities, was 4.95% at 31 March 2020 on an annual effective rate basis (2019: 4.75%). The increase in the interest rate resulted from debt moving from variable to fixed rates, in line with legacy hedging arrangements, and the rates applying to some of the legacy funding from the DGHP partnership.

Asset value (for debt security purposes) was £2.4bn at 31 March 2019, with £320m (13%) of assets being unencumbered.

Counterparty risk

The notional pooling of surplus cash across RSLs is used to enhance the Group's ability to earn interest on cash balances. Cash balances are held in accounts that earn interest and minimise balances held in zero interest accounts.

The Group operates a conservative counterparty risk management strategy that aims to minimise the risk of a financial loss, reputational loss or liquidity exposure as the result of counterparty to any treasury transaction becoming insolvent. As at 31 March 2020, all cash investments are held with counterparties who meet the criteria of the Group Treasury Management Policy.

Interest rate risk

The Group's Treasury Management Policy sets out an on-going objective in relation to the proportion of fixed versus floating rate debt, with the target proportion in the policy specified at 75 - 95% across the term of the debt. At 31 March 2020, 94% of Group borrowings were at fixed rates – the same level as at 31 March 2019.

In respect of bank loans, the Group hedges against interest rate risk through the use of embedded hedges within its bank facilities, the terms of which permit these loans to be classified as "basic" financial instruments under FRS 102.

The Group does not have any stand-alone derivatives across any of the debt instruments and no margin call clauses existed in any loan or derivative contracts entered into by Group entities.

Currency risk

The Group borrows and invests surplus cash only in sterling and does not have any foreign currency risk.

Loan covenant compliance

Loan covenants relate to interest cover, borrowing levels relative to surplus generation and per unit, and asset cover, based on social housing asset values. Covenants are monitored monthly and were comfortably met throughout the year and at the year end for all loan facilities.

On behalf of the Board

Alastair MacNish OBE, Chair 26 August 2020

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

Result for the year

The result for the year and an analysis of the performance of the Group has been included within the Strategic Report.

Wheatley Board, Committee structure and related matters

Wheatley Housing Group ("the company") is the parent company of the Group which comprises a range of subsidiaries, referred hereafter as 'partners'. Our partners include: seven Registered Social Landlords; three commercial subsidiaries; and a 50:50 joint venture with Glasgow City Council - City Building (Glasgow) LLP.

All members of the Group work collaboratively to ensure that each member can achieve more for their customers and communities through being part of the Group than they could on their own.

The Group is regulated by the Scottish Housing Regulator ("SHR") and complies with the SHR's Regulatory Framework and Regulatory Standards of Governance.

As at 31 March 2020, the company's Articles of Association allowed for the appointment of up to fifteen directors as follows:

- Up to nine Independent Non-Executive Directors
- Up to six subsidiary Chair Board Directors
- Up to two Co-opted Directors
- Up to one 'Other' Director

The Directors of the Group Board who served for some or all of the period from the start of the financial year to the date of signing the financial statements are listed below, together with any Group Committees served on at any point over the same period:

DIRECTORS' REPORT (continued)



Alastair MacNish OBE Group Chair (Non-Executive Director)

Appointment

Alastair joined the Wheatley Group Board on 17 September 2012 and has been Chair since 31 March 2015.

Experience

A qualified accountant, he spent his career in local government, initially in finance and latterly serving five years as the Chief Executive of South Lanarkshire Council - Scotland's third largest local authority at the time.

Alastair is a former Chairman of the Accounts Commission and Audit Scotland, the public spending watchdog for local government. He has advised the Scottish Government on a wide range of issues, including chairing the Leadership Advisory Panel on Local Government Leadership Capacity and providing expert evidence to the Parliament Committees on budget setting. He also chaired Greenock Medical Aid Society and The Royal Caledonian Curling Club, as well as being a director of the Scottish Curling Trust and Board director of British Curling.

Directorships and Committee memberships

Wheatley Group Remuneration, Appointments, Appraisals and Governance Committee (Chair) Wheatley Group Strategic Development Committee (Chair) Wheatley Enterprises Limited (Non Executive Director)



Group Vice Chair (Non Executive Director)

Appointment

Sheila Gunn

Sheila joined the Wheatley Group Board on 6 November 2012 and was appointed Vice Chair on 28 October 2015.

Experience

A qualified solicitor, holding a LLB (Hons) from the University of Glasgow, Sheila worked in legal private practice for 23 years as a partner and Head of Employment at leading Scottish legal firm Shepherd & Wedderburn.

After leaving private practice to pursue a management career in industry. Sheila has a wide range of experience in regulation and corporate governance having held a wide range of Non-Executive Directorships, advisory roles and Committee memberships . She currently holds a number of Non-Executive roles across a range of sectors including as a member of the Accounts Commission, Non-Executive Director of the Scottish Building Society, a member of the PheonixLife and Standard Life Assurance Limited Independent Governance Committees , a member of the ICAS Ethics Board and a trustee of the Chartered Banker Institute.

Directorships and Committee memberships

Wheatley Group Audit Committee Wheatley Group Remuneration, Appointments, Appraisals and Governance Committee Wheatley Group Strategic Development Committee Wheatley Solutions Limited (Chair) Lowther Homes Limited (Non Executive Director) YourPlace Property Management (Non Executive Director) Wheatley Enterprises Limited (Non Executive Director)

Jo Armstrong Non Executive Director



Appointment

Jo joined the Wheatley Group Board on 24 June 2015.

Experience

An independent business economist with an extensive professional career spanning financial services (in both London and Edinburgh), oil and gas and the Scottish civil service. Jo Chairs' the Group Development Committee as well as the three funding vehicles. She has extensive Non-Executive experience including currently Chairing Hub West Scotland and the Electricity Network Innovation Competitions (NIC) Expert Panel as well as being a Member of the Water Industry Commission for Scotland (Scotland's independent economic water regulator), a Member of the Institute of Directors Scotland Advisory Board and a member of the UK Government Competition and Markets Authority Panel. Jo's previous experience includes being the Budget Advisor to the Scottish Parliament's Economy, Energy and Tourism Committee and the Local Government Committee and a Non-Executive Director of Social Investment Scotland (the charity and social enterprise that provides loans to social enterprises across Scotland). Jo is an Honorary Professor of Public Policy at the Adam Smith Business School at Glasgow University; a Fellow of the Institute of Directors and a Fellow of the Royal Society of Arts. She holds two degrees in economics from the University of Strathclyde.

Group Boards and Committees

Group Development Committee (Chair) Wheatley Group Capital PLC (Non-Executive Director and Chair) Wheatley Funding No1 Limited (Non-Executive Director and Chair) Wheatley Funding No2 Limited (Non-Executive Director and Chair) Group Audit Committee Group Strategic Development Committee Group Remuneration, Appointments, Appraisals and Governance Committee

Director



Martin joined the Wheatley Group Board on 17 September 2012.

Experience

Martin Armstrong

Martin is widely regarded as one of the foremost figures within affordable housing and the wider public sector. Under his leadership, Wheatley has established a formidable track record and reputation across the UK and in Europe as a leading housing, care and property-management group. Wheatley – which owns or manages almost 80,000 homes – has grown to encompass six Registered Social Landlords, three commercial subsidiaries, an award-winning care organisation and a charitable foundation. His housing career, spanning more than 25 years and covering the length and breadth of England and Scotland, has been marked by a string of national and international awards and accreditations. These include the European Foundation for Quality Management's UK Award for Leadership and Quality Scotland's Leadership Award. In March 2018, Martin was named as Director of the Year in the large business category by The Institute of Directors Scotland. In 2014, he led Wheatley's £300 million debut bond issue on the capital markets.

Directorships and Committee memberships

Wheatley Enterprises Limited (Director)



Bernadette Hewitt

Subsidiary Chair Director

Appointment

Bernadette joined the Wheatley Board on 25 October 2016.

Experience

Bernadette joined the GHA Board in May 2014 and was elected Chair in October 2016. She has extensive experience of community engagement, community development and social enterprises and has previously been a member of the Glasgow Community Planning Partnership Strategic Partnership Board as well as Chair of the GHA North East Area Committee.

Bernadette currently holds directorships of the Barmulloch Community Development Company and the strategic partnership between Glasgow City Council, the Scottish Government and GHA - Transforming Communities Glasgow

Directorships and Committee memberships

GHA Board (Chair) Group Audit Committee Group Remuneration, Appointments, Appraisals and Governance Committee Group Strategic Development Committee Wheatley Solutions (Non-Executive Director) Wheatley Enterprises Limited (Non-Executive Director) City Building (Glasgow) LLP (Wheatley appointee)



James Muir Subsidiary Chair Director

Appointment

James was co-opted to the Wheatley Group Board on 16 December 2015.

Experience

James is a Chartered Accountant and experienced business leader with over 25 years' experience in financial, operational and strategic roles across a range of sectors including utilities, health, financial and outsourcing services. He is currently the Chief Commercial Officer at V.Group, a leading independent provider of global marine services. He previously held roles within the V.Group as Business Development Director, Operations Director and Financial Controller.

Directorships and Committee memberships

Wheatley Care (Chair)



Subsidiary Chair Director

Appointment

John joined the Wheatley Board on 16 December 2015.

Experience

A qualified accountant, John retired having been Depute Chief Executive of West Lothian Council. He has significant experience at executive and senior management level in local government, including senior roles leading the council's operational services; housing, construction and building services; Direct Labour Organisation, and business services.

John has experience in Non-Executive and Board roles, including having served on the Improvement Service PSIF Board, Chairing West Lothian Recycling Ltd and as Scottish Secretary of the Association for Public Service Excellence.

Directorships and Committee memberships

West Lothian Housing Partnership Limited Board (Chair) City Building (Glasgow) LLP (Wheatley appointee and Chair)



Subsidiary Chair Director

Appointment

Peter joined the Wheatley Board on 1 May 2016.

Experience

Peter is a Banking Partner at Scotland's largest law firm, Brodies LLP, and holds both a LLB (Hons) and BAcc from the University of Glasgow. He acts for lenders and borrowers in leveraged, real estate and corporate finance transactions. Peter also specialises in healthcare, renewables and third sector deals and is recognised as a ranked individual for Banking and Finance by Chambers & Partners.

Peter also has significant experience in the care sector, having served as a Non-Executive Director with the Balhousie Group and as Company Secretary of a nursing home.

Directorships and Committee memberships

Group Audit Committee Cube Housing Association Limited Board (Chair)



Non Executive Director

Appointment

Joined the Wheatley Board on 26 April 2017.

Experience

Paddy is one of the UK housing sector's most eminent figures. He is Professor Emeritus of Housing at the University of Ulster. In 2017, he was named the top "Power Player" in the UK housing sector by 24 Housing magazine.

Paddy is regarded as an authority on housing strategy and social policy, nationally and internationally, having served on advisory groups for the Northern Ireland Executive, UK Government and Northern Ireland Assembly. He has had more than 300 research papers on housing-related issues published and regularly contributes to international conferences and seminars.

Professor Gray is also an external examiner for housing degrees at several universities, including the University of Hong Kong. In 2010, he became the first Irish President of the UK Chartered Institute of Housing, having previously served as Vice President and Treasurer.

Directorships and Committee memberships

The Glasgow Housing Association (Parent Appointee and Vice Chair)



Martin Kelso Non-Executive Director

Appointment

Martin was appointed to the Wheatley Board on 1 June 2016.

Experience

A Chartered Accountant, also holding a MBA from Cranfield University, he has substantial senior experience in financial, general and change management roles. Martin Chair's the Group Audit Committee.

He has led successful programmes involving new business start-ups, merger and integration, business disposals rectification of control failures across a range of roles including as Interim Strategic Finance Director of Virgin Money, Finance Director of Intelligent Finance (HBOS) and commercial lending and finance roles at Halifax.

Martin currently provides expert financial and change management consultancy services across a range of sectors and is a volunteer with the Citizens Advice Bureau.

Group Boards and Committees

Group Audit Committee Group Strategic Development Committee Group Remuneration, Appointments, Appraisals and Governance Committee Wheatley Group Capital PLC (Non-Executive Director) Wheatley Funding No1 Limited (Non-Executive Director) Wheatley Funding No2 Limited (Non-Executive Director)



Mike Blyth

Non Executive Director

Appointment

Mike joined the Wheatley Board on 17 September 2012 and retired from the Board on 25 September 2019.

Experience

Mike, who holds a BSc from the University of St Andrews, is a Chartered Accountant. He was a partner for 30 years in RSM (formerly Baker Tilly) where he held a number of senior management positions both locally and nationally. In addition, he headed up the not-forprofit group in the west of Scotland and, as such, provided audit and advisory services to a wide range of Registered Social Landlords the length and breadth of Scotland.

Mike has significant experience in Non-Executive roles, is a past Vice Chair of Erskine, member of the GHA Board and currently holds an appointment as a Non-Executive Director and Audit Committee Chair at Anglo Pacific Group plc, where he was previously the Chairman.



Ronnie Jacobs

Non Executive Director

Appointment

Ronnie joined the Wheatley Board on 17 September 2012 and retired from the Board on 25 September 2019.

Experience

Ronnie is a qualified surveyor and has over 30 years' experience in the private housing sector, in particular new build development. He has held a number of senior positions in the private housing sector, including Managing Director of Persimmon Homes and Miller Homes in Scotland and he recently retired as Scottish Regional Chairman of Miller Homes.

Ronnie has advised the Scottish Government on housing as part of the Housing Supply Task Force and has served on the Board of Homes For Scotland. He currently undertakes a range of advisory work on development and acquisitions

Directorships and Committee memberships

Lowther Homes Limited (Non-Executive Director) Group Development Committee



Mary Mulligan Subsidiary Chair Director

Appointment

Mary joined the Wheatley Group Board on 25 October 2017.

Experience

Mary is a former Member of the Scottish Parliament, where she was Deputy Minister for Health and Community Care and Shadow Minister for Housing and Communities. For almost 25 years she has taken an interest in, and played a part in, developing housing policy.

She has worked in both the public and private sectors and has built good working relationships with partners in all sectors, including the voluntary sector.

Mary currently works in the third sector and was previously a Non Executive Director of the Wheatley Foundation.

Directorships and Committee memberships

Dunedin Canmore Housing Limited (Chair)



Non Executive Director

Appointment

Jo joined the Wheatley Group Board on 17 December 2018.

Experience

Jo Boaden

Jo started her career as an Environmental Health Officer in Glasgow and has since held a number of senior roles in housing, regeneration and social policy across the UK in both the public and private sectors. Jo retired as the Chief Executive of the Northern Housing Consortium, a well-respected membership organisation for housing providers across the North of England, in May 2019.

Jo is a Board member of the Regulator of Social Housing in England and the immediate past Chair of Your Homes Newcastle, an arms length management organisation responsible for managing council homes on behalf of Newcastle City Council. She won the prestigious Woman of the Year title at the 2018 Women in Housing Awards. Jo was awarded a CBE for services to housing in 2018 and holds a LLB (Hons) and MBA.

Directorships and Committee memberships

The Glasgow Housing Association (Parent Appointee) Group Strategic Development Committee



Bryan Duncan

Non Executive Director

Appointment

Byran was appointed to the Wheatley Group Board on 17 January 2019

Experience

A Chartered Surveyor, he has spent more than 35 years specialising in commercial and residential property investment, development and asset management. Bryan's was an equity partner at Donaldsons LLP, a senior director at DTZ and is currently the founder/owner of Henry Duncan, a niche commercial and residential property investor, developer and financier. He also has a wide range of non-executive experience and currently serves as a Non-Executive Director of the Abernethy Trust Ltd, Hope for Glasgow Ltd, Cornhill Scotland and the London City Mission. Bryan holds an Executive MBA and Diploma in Management Studies.

Directorships and Committee memberships

Lowther Homes Limited (Non-Executive Director and Chair) Group Development Committee City Building (Glasgow) LLP (Wheatley appointee)



Angela Mitchell Non Executive Director

Appointment

Angela was appointed to the Wheatley Group Board on 3 May 2019

Experience

A technology specialist, Angela is passionate about applying digital and IT to improve business outcomes. She has been a partner at Deloitte since 2010 where she oversees their public sector technology business across the UK as well as leading the Scottish public sector practice. Angela has over 23 years' experience in IT, digital consulting and in delivering transformation programmes. She has a strong track record in leading complex projects for clients across the public sector, including government, health and policing. For the last 10 years, Angela has sponsored Deloitte's Technology Women's Network which supports women to continue their careers in technology and encourages girls from school age to consider careers in STEM. She is also a member of the CBI's Women in Technology Group. Angela holds a BSc Hons (First class) in Laser Physics and Optoelectronics and a MSc in Business Information Technology Systems.

Directorships and Committee memberships

Group Audit Committee Wheatley Solutions (Non-Executive Director)



Maureen Dowden Subsidiary Chair Director

Appointment

Maureen was appointed to the Wheatley Group Board on 12 May 2020

Experience

Maureen has worked in housing for more than 35 years after a career that started in local government and went on to include senior positions at Glasgow Housing Association and Wheatley Group prior to retiring in early 2018. She has a particular expertise in corporate governance in regulated environments, and community empowerment and engagement. An experienced Non-Executive, Maureen is the Chair of Dumfries and Galloway Housing Partnership, Vice Chair of Thenue Housing and has previously held roles on the Boards of Quality Scotland Foundation, Loretto Housing and Supporting Communities Northern Ireland.

Directorships and Committee memberships

Dumfries and Galloway Housing Partnership (Chair)

Attendance at scheduled meetings

Name	Group Board	Group Audit Committee	Group Remuneration, Appointments, Appraisals and Governance Committee	Group Strategic Development Committee	Group Development Committee
Alastair MacNish	6/6	-	6/6	1/1	
Sheila Gunn	5/6	3/4	5/6	1/1	
Martin Armstrong	6/6	-	-	-	
Jo Armstrong	6/6	3/4	4/4	1/1	4/4
Bernadette Hewitt	5/6	4/4	5/6	1/1	
James Muir	4/6	-	-	-	
John Hill	4/6	-	-	-	
Peter Kelly	3/6	3/4	-	-	
Professor Paddy Gray	5/6	-	-	-	
Martin Kelso	6/6	4/4	3/4	1/1	
Mike Blyth	3/3	2/2	3/3	-	
Ronnie Jacobs	2/3	-	-	-	
Mary Mulligan	3/6	-	-	-	
Jo Boaden	6/6	-	-	-	
Bryan Duncan	6/6	-	-	-	4/4
Angela Mitchell	5/5	4/4	-	-	

The Group Board is responsible for the strategic direction of the Group and financial planning. Key responsibilities are:

- approval of the Group strategy;
- approval of the Group Business Plan, budget and any variations and amendments to them, together with other matters which fall within the role of the Group Board;
- approval of the creation of new subsidiaries and partnerships;
- approval of the Group governance arrangements, systems of internal control and delegations and identification of risk;
- defining and ensuring compliance with our values and objectives as a registered social landlord; and
- approving each year's Group financial statements.

The main activities and approvals of the Group Board during the year were:

- the development of a new 5-year Group strategy;
- agreement of the Dumfries and Galloway Housing Partnership constitutional partnership and associated Transformation Programme
- review of the Group approach to development, including constituting a Group Development Committee
- approval of the Group business plan and budget, including comprehensive stress testing of the business plan;
- approval of the Group's inaugural Scottish Housing Regulator Assurance Statement;
- raising additional finance from the capital markets;

- approving new strategies and policy frameworks in core business areas, including a new Group wide Equality, Diversity and Human Rights policy;
- approval of a Fire Prevention Charter with the Scottish Fire and Rescue Service
- approval of large scale new build developments; and
- oversight of partner financial and operational performance.

The Board is supported in discharging its duties by three sub-Committees: Remuneration, Appointments, Appraisal & Governance; Group Audit; and Group Strategic Development.

The role and remit of the Committees are set out below:

Group Audit Committee

The Committee is made up of up to seven members from the Group Board and co-opted members. The Committee is responsible for:

- reviewing the Group's system of internal control, compliance assurance and risk management;
- providing an overview of the internal and external audit functions;
- scrutinising the financial statements;
- appointing and agreeing the remuneration of the external auditor;
- monitoring the implementation of internal audit recommendations;
- reviewing internal audit reports and external audit reports and management letters, and monitoring the implementation of audit recommendations arising therefrom;
- reviewing the internal audit plan and scope of work; and
- reviewing the effectiveness of the overall risk strategy.

The main activities of the Group Audit Committee during the year were:

- Overseeing the 2018/19 financial statements;
- Reviewing key accounting judgements and estimates;
- Reviewing the Group's annual assurance statement and supporting evidence;
- Overseeing the Dumfries and Galloway Housing Partnership due diligence;
- Approving the Group's strategic assurance plan;
- Reviewing the Group's assurance related polices;
- Reviewing the Group's strategic risk register and making recommendations to the Board on changes to risk profile and mitigations;
- Overseeing the Group's preparations for the Freedom of Information (Scotland) Act; and
- Reviewing the Head of Internal Audit's independence

The Committee reports to the Group Board via its Chair.

Group Remuneration, Appointments, Appraisals and Governance Committee

The Committee is made up of up to five members inclusive of the Group Chair, Vice-Chair, and the Chairs of GHA and the Group Audit Committee.

It is responsible for:

- approving the process for recruitment, selection, succession planning and appraisal of Board members;
- ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles;
- evaluation and review of Group's governance framework;
- making recommendations to the Group Board regarding the appointment and remuneration of the Group Chief Executive and Group Board Directors; and
- Succession planning arrangements across the Group.

The main activities of the Remuneration, Appointments, Appraisals and Governance Committee during the year were:

- oversight of the review of the Group's development governance on behalf of the Board;
- development of recommendations to the Board in respect of the Group's succession planning arrangements;
- review of the Group's approach to Board appraisal and expenses, hospitality and remuneration policies;
- oversight of the Group's Board member recruitment and approval of all appointments to subsidiary Boards, and
- annual review of the remuneration and conditions of the Group Chief Executive

The Committee reports to the main Board via its Chair.

Group Strategic Development Committee

The Committee is made up of up to seven members of the Group Board.

It is responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board.

The main activity of the Strategic Development Committee during the year was the refinancing of Dumfries and Galloway Housing Partnership.

The Committee reports to the Group Board via its Chair.

Group Development Committee

The Committee is made up of up to 8 members inclusive of at least one Group Board member and up to six members drawn from partners Boards.

It is responsible for:

- approving the Group's development strategy;
- approval of individual development projects within agreed criteria;
- approval of non-material cost variations;
- approval of land acquisitions or options to acquire; and
- allocation of the Group Development Fund.

The main activities of the Remuneration, Appointments, Appraisals and Governance Committee during the year were:

- approval of the5 year Group Development strategy;
- approval of development projects;
- oversight of the approach managing, mitigating and monitoring development related counterparty risk; and
- oversight of development financial and operational performance

The Committee reports to the main Board via its Chair.

Executive Team

The Executive Team provide day to day leadership of the Group and are responsible for the implementation of the strategic direction and financial planning on behalf of the Board.



Martin Armstrong Group Chief Executive

Martin sits on the Board of Wheatley Housing Group and also leads the Group's Executive team





Tom Barclay Group Director Property and Development

Tom was previously chief executive of Clyde Valley Group ("CVG") in Lanarkshire, one of Scotland's largest affordable housing developers. Co-chair of the Scottish Government's Joint Housing Policy and Delivery Group, he led CVG to number five on the Sunday Times' Top 100 Companies in the UK to Work For and Best Companies' three-star employee engagement status. A chartered quantity surveyor, he has extensive experience in project management, change management and organisational development. Tom, who has a MBA, is a former Scotland Chairman of the Royal Institute of Chartered Surveyors (RICS) and is Scotland representative on the RICS Global Board.

Olga Clayton

Group Director of Housing and Care

Olga joined Wheatley Housing Group in September 2013, and has over 25 years' experience in Scottish social housing. As Head of Housing at North Ayrshire Council, Olga led the transformation of the service achieving an 'A' rating from the Scottish Housing Regulator, winning Quality Scotland's top award for Business Excellence and achieving COSLA's Gold award for innovation in services. Olga also has substantial experience of developing partnerships and delivering services in the care sector.



Steven Henderson Group Director of Finance

Steven Henderson joined Wheatley as Director of Finance in August 2013. He previously worked for the European Investment Bank in Luxembourg. An experienced Chartered Accountant, Steven has specialised in housing and regeneration finance throughout his career. He worked for PricewaterhouseCoopers in Glasgow and also held a senior position with Ernst & Young before moving to the European Investment Bank, where he was responsible for investment of £250 million of EU Structural Funds, as well as lending activity for the Bank in the social housing and water sectors in the UK.



Graham Isdale

Group Director of Corporate Affairs

A former UK Board director of one of the world's largest communications companies, Graham joined Glasgow Housing Association in 2009. He was previously instrumental in building two of the biggest independent PR consultancies in the UK and has handled major crisis, issuesmanagement and communications assignments for multi-nationals all over the world, as well as FTSE 100 companies and Government departments and agencies. Graham is also a former regional newspaper editor.



Elaine Melrose Group Director of Resources

Elaine joined Wheatley Housing Group in September 2013 from West Dunbartonshire Council where she was an Executive Director for Housing, Environmental and Economic Development. Elaine has wide strategic experience in everything from regeneration and community planning to infrastructure investments and has led key improvement activity in organisation culture and improving competitiveness.

STATEMENT ON INTERNAL FINANCIAL CONTROL

1. Corporate Governance Statement

The Group complies with the Regulatory Standards of Governance and Financial Management issued by the Scottish Housing Regulator. In accordance with the UK Listing Authority's Listing Rule 17, details of the administrative, management and supervisory bodies which govern the Group, including Wheatley Group Capital plc, are set out on pages 25 to 35.

The internal control and risk management systems which cover the Group's consolidated annual financial statements are set out below.

2. Background and responsibility

The system of internal financial controls is designed to manage risk to a reasonable level (which is managed to within agreed levels of risk appetite) rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised;
- manage them efficiently, effectively and economically;
- safeguard assets against unauthorised use or disposition; and
- manage the maintenance of proper accounting records.

3. Overview of main features of the system of Internal Financial Control

The Board of Wheatley Housing Group is responsible for ensuring that an effective system of internal financial control is maintained within all members of the Group. This system of internal financial control can provide reasonable but not absolute assurance against material misstatement or loss.

The key methods by which the Board establishes the framework for providing effective internal financial control are as follows:

- Corporate Governance arrangements as outlined in the Corporate Governance Statement;
- regular meetings of the Board, and Subsidiary Boards, which have a schedule of matters that are specifically reserved for approval and are the subject of regular standard reports as required;
- arrangements under terms of reference for the Group Audit Committee to meet regularly and receive reports from management and internal and external auditors on the system of internal control in operation across the Group, and to oversee arrangements for provision of reasonable assurance that control procedures are in place and are being followed;
- written policies and procedures including Standing Orders setting out delegated authorities across Group Subsidiaries;
- an organisational structure to support business processes and with clear lines of responsibility;
- the employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme;

- an Internal Audit function with an annual Internal Audit Plan and producing an annual Internal Audit Report Opinion;
- adoption of a risk-based approach to internal control through evaluating the likelihood and impact of identified corporate risks, vesting responsibility for risk management and internal control with designated owners and with an ongoing process of monitoring and reporting progress against the company's key risks established through the corporate risk management framework;
- a Business Plan and Budget supporting strategic and operational plans, financial targets, regularly revised forecasts, a comparison of actual with budget and with forecast on a quarterly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board; and
- measurement of financial and other performance against the Delivery Plan objectives and key performance indicators and targets.

4. Role of Internal Audit

The Internal Audit function has a pivotal role in the process of developing this Statement of Internal Financial Controls. As part of Internal Audit work, reviews are directed using a risk-based approach to assess the robustness of the implementation of the Group's key systems of internal control.

Internal Audit provides information on the various strengths and weaknesses on the approach the Group has adopted, and provides recommendations where improvements are necessary and desirable for good governance and effective risk management. Management across the Group is responsible for the implementation of improvements and agreed actions identified from Internal Audit activity.

In line with good practice, Internal Audit provides the Audit Committee and the Board with an Annual Internal Audit Report and Statement, which summarises all the work completed during the year. The overall Internal Audit opinion provided in the 2019/20 statement is detailed below:

"Based on our Group wide work undertaken in 2019/20 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. However, some weaknesses in the design and / or consistent application of controls exist. Management has agreed to the improvements to the control environment and the progress of implementing these additional controls will be reported to the Group Audit Committee.

Due to the Covid-19 pandemic, in March 2020 the Group followed UK Government advice and implemented virtual working arrangements while moving to an emergency service delivery model. This Internal Audit opinion expressed applies to the period before the emergency service delivery model was implemented."

5. Risk and Control Framework

Wheatley Housing Group recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

"The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose."

Risk management is a key element of the Group's overarching governance arrangements as it demonstrates that the Group has considered those areas which put the achievement of its strategic objectives under threat, that it has analysed the consequences of things going wrong and identified the actions and controls needed to prevent or limit these consequences; in accordance with agreed levels of risk appetite.

As the parent company, Wheatley Housing Group oversees the governance arrangements to address the risks associated with control of activities, and managing the risks, of all subsidiaries; to ensure that there is an appropriate use of funds across the Group; to ensure that risks to the core business of the Group are managed and mitigated to within tolerance and that strong governance arrangements are upheld by all subsidiaries to protect the reputation of the Group.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

Roles and Responsibilities

Risk Management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process.

To ensure the successful implementation of the Risk Management Policy and Strategy, clear roles and responsibilities for the Risk Management process have been established. The Board has overall responsibility for ensuring the effectiveness of this framework. The Board also agrees risk appetite levels that are embedded within strategic risk registers and used to determine the Group's approach to managing risk.

The Executive Team is the facilitator of the Risk Management Framework and processes. Its role is to ensure that Departmental Managers comply with the Risk Management Framework including monitoring of the risk registers on Pentana, which is the Group's risk and performance management system. This ensures that Departmental Managers keep their risk registers up to date, new and emerging risks are identified and risk scores are challenged.

Risk Management forms an integral part of the culture and the way the Group is run. Risk Management plans are incorporated and embedded into business plans of all applicable sections of the organisation (e.g. service improvement plans, project plans, team plans, individual plans). In this way, Risk Management is not the responsibility of senior management alone, but more appropriately the responsibility of all colleagues.

Principal risks facing the Group

The most significant financial and operational risks facing the Group and key mitigations are summarised below:

Risk	Mitigation
Risk of customer and staff confusion in service delivery during the different phases of the Covid-19 pandemic	 Governance oversight by Group and Subsidiary Boards. Well defined criteria for transition agreed. Transition through remobilisation requires senior management approval and a full review of the previous stage. Planning considerations include: Health and safety implications Customer views/impact Trade union engagement
Covid-19 second wave	• Contingency plan in place for adapting local service models to respond to local lockdowns
New (post Covid-19) operating model implementation	 Group Board oversight Detailed implementation and communication plans Trade Union engagement and support
Brexit trade deal	 Supplier financial health assessment carried out and regular contract management meetings held Monitoring of supply chains by operational leads Regular engagement with Scottish Governent as potential issues emerge Use of procurement frameworks to mitigate the impact of: supplier price increase risk supplier insolvency Management of appropriate stock levels in repairs and investment programmes New build contracts procured on a fixed cost basis
Political and policy changes	 Established stakeholder management framework Relevant staff members focussed on responding to changes in policy and administration as they arise Group does not build homes for sale mitigating potential property market risk
Rent arrears including Universal Credit	 Ongoing campaigns and programmes of contact with customers affected by financial hardship Dedicated Universal Credit team Use of <i>GoMobile</i> for staff to assist customers with online transactions Working with partners to influence UK and Scottish policy and funding environment Samll housing patch sizes allow staff to work proactively with customers to avoid arrears Support available from Wheatley 360 welfare benefits advisors. Group business plan contains sufficient headroom to mitigate the financial impact in relation to risk of increased bad debts and rent arrears
Building safety	 Regular external reviews of fire safety arrangements Community Improvement Partnership focussed on fire prevention and education Business contiuity plans in place Fire prevention and mitigation framework in place including approach to high rise block inspections and fire risk assessments
Compliance with funders' requirements	 Regular meetings with funders and investors representatives to update on financial status of the Group Financial performance monitored monthly and reported to Group and Subsidiary Boards Quarterly covenant compliance monitored by the Group Board Covenant compliance monitoring tool implemented Ongoing dialogure with credit rating agencies Annual update and review by respective Boards of Group and Subsidiary business plans

Principal risks facing the Group (continued)

Risk	Mitigation
Group Credit Rating	 Group's business plan based on maintaining strong levels of liquidity to mitigate refinance risk Ongoing dialogue maintained with credit rating agencies to avoid unexpected rating changes Mitigation drafting used in legal clauses avoiding cross default Negotiation period on mitigation measures included in legal clauses Maintenance of strong relationships with alternative funders
New funding sources and adverse market changes	 Strong levels of headroom maintained to provide sufficient cash resources with compliance reported to Group Board Diversification of funding sources Sterling borrowing only, no foregin currency exposure Group IRR reviewed regularly to ensure projects are profitable
Cyber Security	 IT cyber security live tests undertaken and results report to the Group Board Information security policy in place with training mandatory for all staff Established processes across key risk areas External assessment of group information security and IT general controls Internal Security Working Group established
	 Clear governance and authorising environment in place. Care assurance framework in place to monitor compliance with policies and procedures. Close monitoring of changeover in service users and focus on redeployment of resources and improvements to help retention of users .
Falling Customter Satisfaction	 Key element of the Group strategy Annual customer satisfaction surveys undertaken and action plans drawn up to address feedback every year Small housing officer patch sizes to help personalise services under the <i>Think Yes</i> approach Investment programme includes provision for addressing customer priorities
Governance structure	 Governance arrangements regularly reviewed by Scottish Housing Regulator, external consultants, internal and external audit functions. Agreement of the Group authorising environment Focus on skills balance and development of senior management and Board members. Appropriate training initiatives in place, tailored in particular to tenant Board members. Formal succession planning in place for Board members
Failure to achieve planned growth in commercial operations	 Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives. Responsibility and accountability allocated at an appropriate level within the organisation and reported regularly to senior management and Board.
Failure to recruit, develop, retain staff and succession planning	 Performance appraisal system in place for all staff. <i>MyAcademy</i> provides in-house training across the Group. Training logs held for each staff member and completed as part of regular discussions. Wheatley leadership development programme, succession planning and talent management programmes in place. New graduate scheme, <i>Ignite</i>. Regular surveys of staff satisfaction undertaken.

Principal risks facing the Group (continued)

Risk	Mitigation
Compliance with laws and regulation	 Appropriate professional advice is sought in response to changes internally, externally and in relation to new offerings to customers. Group wide Scottish Housing Charter Assurance process established by Tenant Scrutiny Panel to review outcomes. FCA regulations considered when developing new products and services Qualified personnel are employed by the Group to ensure compliance with legal and regulatory standards. New product offerings follow a clear approval process Compliance plan is monitored and issues raised to senior management and the Audit Committee. Group-wide approach to information management with Privacy Impact Statements implemented across the Group. On-going relationship with Scottish Housing Regulator.
Business continuity/disaster recovery	 Business continuity implementation Group collates, reviews and updates disaster recovery and business continuity plans Annual testing of plans Group assurance team monitor progress and robustness of plans.
Defined benefit pension liabilities	 Group pensions policy in place setting out approach to management of pension costs. Wheatley defined contribution scheme established, default scheme for new joiners and auto- enrolment.
Housing Policy and Grant availability	Regular engagement with Scottsh Government representatives proactively presenting the case for housing investment directly and through representative bodies
Implementation of DGHP partnership promises	• Partnership implementation plan in place monitored by Group Board and DGHP Board

Other matters:

Board's Statement on Section 172 of the Companies Act 2006

The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole. Key decisions and matters of strategic importance are considered and informed by the requirements of section 172. The Strategic Report on pages 6 to 24 sets out how we delivered activity on behalf of our stakeholders in line with our Group strategy during the year

The Group exists for the benefit of its key stakeholders - the customers we serve in our RSL subsidiaries and the People We Work For in our care businesses. The interests of our stakeholders are understood through an open and transparent dialogue conducted through many varied channels, such as:

- Feedback obtained through the annual tenant satisfaction survey carried out by an independent company;
- Tenants are represented on all RSL Boards. Across the Group 22% of our Board members are tenants or service users;
- Formal consultation with tenants on rent increase proposals;
- Local engagement structures such as Local Housing Committees;
- Social media and online engagement;
- Publication of regular tenant newsletters and annual report to tenants;and
- The establishment of the Tenant Scrutiny Panel to review performance of the organisation under the Scottish Housing Charter

The Group's employees are key to delivering the objectives of the organisation, represent the business externally and maintain the reputation of the Group with our stakeholders. The Group operates a policy of providing employees with information about the Group through formal recognition of a number of trade unions as well as internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Employees are encouraged to participate in regular discussions with their line managers as part of the Group's commitment to ensuring all staff are aware of their role in the Group's achievement of its five strategic platforms under the banner of "My Contribution". Regular meetings are also held between management and employees to allow a free flow of information and ideas.

In setting the strategy and through the preparation of the 30 year business plan, the Directors consider the likely consequences of decisions in the long term and ensure that the business continues to be financially viable and is able to meet all current and future financial committments to its lenders.

The impact the Group has on its neighbourhood and the environment is a key element in the Group's purpose. More details of the Group's aims are set out in the Group's Statement on Environmental, Social and Governance.

Employees

Details of the Group's approach to employee engagement are provided in the s172 statement above. A large number of the Group's office based employees moved to home working during the Covid-19 outbreak. Engagement with home working employees has been continued utilising alternative technology solutions and remote working tools.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Going concern

After making enquiries, including the update to the Group 30 year financial projections of the impact of the Covid-19 pandemic, the Group Board has a reasonable expectation that the Wheatley Housing Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the Group's financial statements.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

A resolution to re-appoint KPMG LLP as auditor will be proposed at the forthcoming annual general meeting.

Future Developments

The Strategic Report sets out future strategic objectives. The launch of the new 5 year strategy has been rescheduled until 2021 in light of changes to the aims and ambitions from the Covid-19 outbreak.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group and parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements Order 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and parent company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Alastair MacNish OBE, Chair 26 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED

Opinion

We have audited the financial statements of Wheatley Housing Group Limited ("the company") for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, Company Statement of Comprehensive Income, Group Statement of Changes in Reserves, Company Statement of Changes in Reserves, Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's surplus and the result of the parent company for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements Order 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and parent company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation

Other information

The directors are responsible for the other information, which comprises the Strategic Report, the Directors' Report, the Statement on Internal Financial Controls, the Chair's Report and the Chief Executive's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED (continued)

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

We are also required to report to you if, in our opinion:

- the Statement on Internal Financial Control on pages 36 to 38 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 44, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED (continued)

A fuller description of our responsibilities is provided on the FRC's website at <u>www.frc.org.uk/auditorsresponsibilities</u>.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Wilkie (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants 319 St Vincent Street Glasgow G2 5AS

	Notes	2020 £ 000	2019 £ 000
Turnover	3	357,057	333,552
Operating expenditure	3	(271,594)	(266,823)
Other gains/(losses)	9	229,343	(10,637)
Operating surplus		314,806	56,092
Share of profit in joint venture		29	50
Gain on disposal of fixed assets	10	667	1
Finance income	11	503	739
Finance charges	12	(71,930)	(57,392)
Movement in fair value of financial instruments	13	549	(4,727)
Surplus/(deficit) on ordinary activities before taxation		244,624	(5,237)
Taxation	14	(981)	(2,006)
Surplus/(deficit) for the financial year		243,643	(7,243)
Unrealised surplus on the valuation of housing properties		44,559	85,112
Unrealised surplus on the valuation of office properties		257	1,688
Actuarial (loss)/gain in respect of pension schemes		6,393	(6,896)
Total comprehensive income for the year	-	294,852	72,661

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

All amounts relate to continuing operations.

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £ 000	2019 £ 000
Turnover	3	243	202
Operating expenditure	3	(243)	(202)
Operating surplus		-	-
Finance income Finance charges		-	-
Surplus on ordinary activities before taxation Taxation on surplus for the year		-	-
Surplus for the financial year		-	-
Total comprehensive income for the year		-	-

All amounts relate to continuing operations.

GROUP STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2020

	Revenue Reserve £ 000	Revaluation Reserve £ 000	Total Reserves £ 000
Balance at 1 April 2018	625,228	148,050	773,278
Total comprehensive income for the year	72,661	-	72,661
Transfer of reserves for the revaluation of housing properties	(85,112)	85,112	-
Transfer of reserves for the revaluation of office properties	(1,688)	1,688	-
Balance at 31 March 2019	611,089	234,850	845,939
Total comprehensive income for the year	294,852	-	294,852
Transfer of reserves acquired on business combination	(157,076)	157,076	-
Transfer of reserves for the revaluation of housing properties	(44,559)	44.559	-
Transfer of reserves for the revaluation of office properties	(257)	257	-
Balance at 31 March 2020	704,049	436,742	1,140,791

COMPANY STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2020

	Total Reserves £ 000
Balance at 1 April 2018	-
Result for the financial year	-
Balance at 31 March 2019	-
Result for the financial year	
Balance at 31 March 2020	

		2020	2019
	Notes	£000	£000£
Fixed assets	1.5	0 0 5 0 5 5 0	1 005 050
Social housing properties	17	2,350,753	1,887,279
Other tangible fixed assets	18	59,276	55,004
Investment property	19	222,779	200,235
Investment in joint venture	19	116	87
		2,632,924	2,142,605
Pension asset	26	13,585	15,774
Current assets			
Stock	20	606	303
Trade and other debtors	21	53,563	69,286
Cash and cash equivalents		116,361	33,644
		170,530	103,233
Creditors: amounts falling due within one year	22	(131,607)	(144,208)
Net current assets/(liabilities)		38,923	(40,975)
Total assets less current liabilities		2,685,432	2,117,404
Creditors: amounts falling due after more than	23	(1,514,872)	(1,221,319)
one year			
		1,170,560	896,085
Provisions for liabilities			
Pension liability	26	(4,943)	(8,027)
Provision for other liabilities	24	(24,826)	(42,119)
Total net assets		1,140,791	845,939
Reserves			
Share capital	25		
Revenue reserve	23	- 704,049	611,089
Revaluation reserve		436,742	234,850
Total reserves		1,140,791	845,939

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

These financial statements on pages 54 to 90 were approved by the Board on 26 August 2020 and were signed on its behalf by:

Alastair MacNish Chair

The notes on pages 54 to 90 form part of these financial statements. Company registration number SC426094.

	Notes	2020 £000	2019 £000
Trade and other debtors Cash and cash equivalents		- 1	5
Creditors: amounts falling due within one year	22	1 (1)	5 (5)
Net current assets		-	
Total assets less current liabilities		-	-
Total net assets		-	
Reserves Share capital	25	-	-
Total reserves		-	

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

These financial statements were approved by the Board on 26 August 2020 and were signed on its behalf by:

Alastair MacNish Chair

The notes on pages 54 to 90 form part of these financial statements.

Company registration number SC426094.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£000	£000
	• •		
Net cash generated from operating activities	28	112,049	87,763
Cash flow from investing activities			
Improvement of properties		(67,460)	(63,760)
Acquisition of properties		(1,586)	(1,943)
Construction of new properties		(85,368)	(117,789)
Purchase of other fixed assets	18	(10,463)	(8,516)
Purchase of investment properties	19	-	(2,812)
Proceeds from sale of properties		2,524	2,577
Grants received	23	41,493	59,849
Finance income		173	275
		(120,687)	(132,119)
Cash flow from financing activities			
Finance charges		(72,194)	(58,285)
Cash obtained through acquisition		46,168	-
Bank loan drawn down		299,043	210,500
Repayments of bank loans		(181,170)	(126,439)
Taxation		(492)	(105)
		91,355	25,671
Net change in cash and cash equivalents		82,717	(18,685)
Cash and cash equivalents at 1 April		33,644	52,329
Cash and cash equivalents at 31 March		116,361	33,644
Cash and cash equivalents at 31 March			
Cash		116,361	33,644
Bank overdraft		-	-
		116,361	33,644

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Legal status

Wheatley Housing Group Limited ("Wheatley", "Wheatley Group" or "the Company") is a limited company incorporated in Scotland under the Companies Act 2006. It is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The Company and its subsidiaries are referred to as "the Group". The Group's subsidiaries include housing associations, incorporated entities and charities. The principal activity of the Group is the provision of social housing and associated housing management services. The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements of the Group and the Company are prepared in accordance with the Companies Act 2006, applicable accounting standards, the accounting requirements included within the Determination of Accounting Requirements 2019, and under the historical cost accounting basis, modified to include the revaluation of derivative financial investments, properties held for letting, investment properties and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from the rental of social housing stock.

The Wheatley Housing Group Limited is a public benefit entity.

Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- determining the appropriate discount rates used in the valuation of housing and investment properties;
- component accounting and the assessment of useful lives;
- the assessment of the fair value of financial instruments;
- determining the value of the Group's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds; and
- allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group's actuarial advisers.

2. Accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March 2020. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

New subsidiaries joining the Group are accounted for under section 19.6 of FRS 102, as combinations that are in substance a gift. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. On joining the Group, an exercise is undertaken to align subsidiary accounting policies to the Group policies which may result in a restatement of comparative figures in the subsidiary results prior to consolidation.

Joint Venture

Wheatley Housing Group is a 50:50 joint owner in City Building (Glasgow) LLP ("CBG"). The investment in the joint venture is accounted for using the equity method as outlined in FRS 102 Section 15. The investment is recognised in the Statement of Financial Position at cost less any impairment. The Group's share of profits or losses of the joint venture are recognised in the Statement of Comprehensive Income and the initial investment is subsequently adjusted to reflect the Group's share. Where the Group's share of losses equals or exceeds the carrying amount of the investment the share of these losses are recognised as a provision to the extent that the Group has legal or constructive obligations or has made payment on behalf of the joint venture. The investment in the joint venture is recorded in the investing entity's stand alone financial statements at cost less impairment.

Related party disclosures

The Company has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, grants and other income. In respect of the Group Statement of Comprehensive Income, turnover also includes factoring, care contracts and income from market and commercial rental activities.

Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable. Grant income is recognised when any associated performance conditions have been met and care contract income is recognised when services are delivered to customers as required under the agreement with each service commissioner.

2. Accounting policies (continued)

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions (e.g. on completion of new build properties), such grants are held as deferred income on the Statement of Financial Position.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Supported housing

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

Financial instruments

Financial assets

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies, bond finance and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where

2. Accounting policies (continued)

the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Housing loans are classed as either basic or complex financial instruments under FRS 102. Loans are provided to RSL subsidiary members of the Group by its lenders through Wheatley Funding No. 1 Limited ("WFL1"). Loans are provided to commercial subsidiaries of the Group by Wheatley Funding No. 2 Limited ("WFL2"). All arrangements are classed as basic under the requirements of FRS 102, and are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers, and the Scottish Government loan.

Deposits and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Pensions

Glasgow Housing Association participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("SPF"). The Strathclyde Pension Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. Dumfries and Galloway Housing Partnership participates in a defined benefit pension scheme arrangement with the Dumfries and Galloway Pension Fund ("DGPF"). The Dumfries and Galloway Pension Fund is administered by Dumfries and Galloway Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. Both the SPF and DGPF ("the Funds") provide benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of both Funds are held separately from those of the participating entities.

During the year, Barony Housing Association participated in a defined benefit pension scheme arrangement with the Lothian Pension Fund ("LPF") which is administered by the City of Edinburgh Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. On 31 January 2020, all assets and liabilities held on behalf of Barony Housing Association were transferred to Strathclyde Pension Fund and the employment contracts of active members of LPF were transferred to the Glasgow Housing Association on the same date.

2. Accounting policies (continued)

Glasgow Housing Association, Barony Housing Association and Dumfries and Galloway Housing Partnership account for participation in the Funds in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

The defined benefit fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Glasgow Housing Association's share of the SPF pension fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The assumptions used in valuing the defined benefit pension arrangements result in a pension asset being recongised on the Statement of Financial Position, on the basis that the future level of employers contributions so as to match the required funding level for the scheme. The pension asset would be realised in line with the assumptions relating to longevity. The movement in the Fund's surplus / deficit is split between operating charges, finance items and in the Statement of Comprehensive Income under actuarial gain or loss on pension schemes.

Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Enterprise previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. Loretto members transferred to the SHAPS Defined Contribution Scheme on 1 July 2013 with Dunedin Canmore members transferring on 1 April 2014 and Cube and West Lothian members transferring on 1 September 2014. Following the transfer of the operations of Dunedin Canmore Enterprise on 30 March 2017, Dunedin Canmore Housing became the participating employer in SHAPS in place of Dunedin Canmore Enterprise. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme.

In respect of the defined benefit element of the scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Group's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

A Group defined contribution scheme arrangement administered by the Salvus Master Trust is available to employees in certain subsidiaries of the Group.

Fixed assets – social housing properties

In accordance with SORP 2014, the Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

• Valuation of social housing stock

All social housing properties owned by the Group's subsidiaries are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Housing stock

2. Accounting policies (continued)

has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Group's 30-year Business Plan which identifies the core stock which will be the subject of the Group's investment expenditure going forward and the stock which forms part of the demolition programme until 2020/21, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement works that result in incremental future benefits to the landlord from the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

Increases in the valuation of social housing properties are reported as other comprehensive income, accumulated in equity and reported as a revaluation reserve. Revaluation decreases reduce the accumulated gains and thereafter are recognised in profit or loss. Subsequent valuation gains are recognised in profit or loss to the extent they reverse a valuation decrease previously recognised in profit or loss.

On disposal, the value of the property is offset against the proceeds of sale and the gain or loss on disposal is taken to the Statement of Comprehensive Income.

• Depreciation and impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Group has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

Major components are treated as separate assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following rates:

	Economic Life
Land	not depreciated
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works and common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical and Plumbing	25 yrs
Structure and roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

2. Accounting policies (continued)

Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

Previously, the structure and roofs component of certain housing properties was depreciated over an economic life of 75 years. The estimated economic life of these components was revised from 75 years to 50 years to ensure a consistent approach across the Group, and the revised estimate used from 2018/19 reporting onwards.

• New Build

Housing properties in the course of construction and land for future development is held at cost and are not depreciated. Completed new build units are transferred to completed properties when ready for letting.

The Group's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including direct development staff costs; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

• Properties held for demolition

Demolition programme housing properties have a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so are held at nil on the Statement of Financial Position. Under FRS 102 there is no constructive obligation at the year-end to provide for these costs.

Investment properties

Housing for mid-market and market-rent is valued on an open market value subject to tenancies basis ("MV-T") at 31 March. The valuation is carried out by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The properties are held as investment properties not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial

properties are re-valued at least every five years.

Changes in the valuation of investment properties are reported in the Statement of Comprehensive Income in profit or loss and disclosed within other income and gains.

Housing Association Grant and other capital grants

Housing Association Grant ("HAG") is received from central government and local authorities and is utilised to subsidise the costs of housing properties.

2. Accounting policies (continued)

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2010. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed assets, depreciation is charged on a straight line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic Life
Office premises (valuation)	40 yrs
District heating (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5-7 yrs
Computer equipment (cost)	3-7 yrs
Community Infrastructure (cost)	20 yrs
Office memory and hald at valuation and any demociated	······································

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made at the end of each reporting period.

Provisions

The Group only provides for liabilities at the year end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

Taxation

As charities, The Glasgow Housing Association Limited, Cube Housing Association Limited, West Lothian Housing Partnership Limited, Loretto Housing Association Limited, Loretto Care Dunedin Canmore Housing Limited, Barony Housing Association Limited and Dumfries and Galloway Housing Parternship Limited are exempt from corporation tax on their charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992. A charge for taxation is made in the Group's non-charitable subsidiary companies, based on their taxable profit for the year. In accordance with FRS 102, full provision is made for all material timing differences.

Value Added Tax

The Group is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on Glasgow Housing Association refurbishment works expenditure

2. Accounting policies (continued)

included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement

Glasgow Housing Association has entered into agreements with Glasgow City Council whereby the undertaking of catch-up repairs and improvement works remained with the City Council, with that obligation sub-contracted to Glasgow Housing Association. This has been shown on the Group's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work progresses, both amounts will be reduced by the appropriate amount.

3. Particulars of turnover, operating costs and operating surplus

Group

-	2020				2019
	Turnover	Operating Costs	Other gains/(losses)	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	297,002	(207,766)	-	89,236	70,710
Other activities (note 5)	60,055	(63,828)	-	(3,773)	(3,981)
Other income and gains (note 9)	-	-	229,343	229,343	(10,637)
Total	357,057	(271,594)	229,343	314,806	56,092
Total for previous reporting period	333,552	(266,823)	(10,637)	56,092	

Company

	Turnover	2020 Operating Costs	Operating surplus	2019 Operating surplus
	£ 000	£ 000	£ 000	£ 000
Other activities (note 5)	243	(243)	-	-
Total	243	(243)	-	-
Total for previous reporting period	202	(202)	-	

4. Particulars of turnover, operating costs and operating surplus from social letting activities

Group

oron	General Needs	Supported Housing	Other	2020 Total	2019 Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Rent receivable net of service charges	231,274	9,267	1,241	241,782	217,422
Service charges	3,893	1,811	59	5,763	5,317
Gross income from rents and service charges	235,167	11,078	1,300	247,547	222,739
Less rent losses from voids	(1,675)	(218)	(49)	(1,942)	(1,643)
Net income from rents and service charges	233,492	10,860	1,251	245,603	221,096
Grants released from deferred income – new build	50,106	415	-	50,521	50,969
Grants released from deferred income – other capital grant	-	-	-	-	2,133
Other revenue grants	282	596	-	878	469
Total turnover from social letting activities	283,880	11,871	1,251	297,002	274,667
Management and maintenance administration costs*	58,724	2,466	368	61,558	59,806
Service costs	6,097	769	112	6,978	7,556
Planned and cyclical maintenance including major repairs costs	20,992	663	141	21,796	18,168
Reactive maintenance costs	37,708	1,002	206	38,916	37,432
Bad debts – rents and service charges	2,914	87	14	3,015	3,403
Depreciation of social housing**	72,526	2,397	580	75,503	77,592
Operating costs from social letting activities	198,961	7,384	1,421	207,766	203,957
Operating surplus from social lettings	84,919	4,487	(170)	89,236	70,710
Operating surplus from social lettings for the previous reporting period	68,050	2,961	(301)	70,710	

*Included in management and maintenance administration costs in 2018/19 is a charge of £2,265k for GMP indexation pension costs (note 26).

**Depreciation of social housing in 2018/19 includes an additional £12,225k for the change in the estimate of the useful life of the structure of certain of the Group's social housing properties.

Company

There were no activities in the Wheatley Housing Group Limited entity results classified as social letting.

5. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

Group

Group	Grants From Scottish Ministers £ 000	Other Income £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	2020 Operating Surplus /(Deficit) £ 000	2019 Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	122	-	122	(10,729)	(10,607)	(12,523)
Care activities	429	13,085	-	13,514	(13,050)	467	726
Factoring	-	14,754	-	14,754	(13,518)	1,236	1,418
Investment Property	-	15,015	-	15,015	(4,473)	10,542	9,945
Support activities	2,129	3,782	-	5,911	(6,504)	(593)	(464)
Owners' improvement activities	-	1,292	-	1,292	(1,406)	(114)	(671)
Demolition activities	-	-	-	-	(354)	(354)	(677)
Other income	-	8,218	-	8,218	(1,391)	6,827	8,534
Depreciation – Non Social Housing	-	-	-	-	(6,694)	(6,694)	(5,729)
Organisation Restructuring	-	-	-	-	(4,180)	(4,180)	(4,012)
Development & Construction of Property Activities	-	1,229	-	1,229	(1,529)	(300)	(528)
1 5			-				
Total from other activities	2,558	57,497	-	60,055	(63,828)	(3,770)	(3,981)
Total from other activities for the previous reporting period	2,672	56,213	-	58,885	(62.866)	(3,981)	
Company	a						
	Grants From Scottish Ministers £ 000	Other Revenue £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	2020 Operating Surplus £ 000	2019 Operating Surplus £ 000
Provision of Group services	-	243	-	243	(243)	-	-
Total from other activities	-	243	-	243	(243)	-	-
Total from other activities for the previous reporting period	-	202	-	202	(202)	-	

6. Board members' emoluments

Board members received emoluments of £212,306 (2019: £192,425) in respect of their services to Wheatley Housing Group Limited. These amounts are fully recharged to Wheatley Solutions and onwards to operational subsidiaries.

Emoluments were paid to the following Board members.

Emoluments were paid to the following Doard memoers.		
	2020	2019
	£	£
Alastair MacNish	32,370	30,000
Sheila Gunn	19,961	18,500
Mike Blyth (part year)	7,893	15,000
Bernadette Hewitt	19,961	18,500
Paddy Gray	12,408	11,500
Jo Armstrong	16,185	11,500
John Hill	12,408	11,500
Ronnie Jacobs (part year)	7,893	15,000
Peter Kelly	12,408	11,500
Martin Kelso	12,408	11,500
James Muir	12,408	11,500
Mary Mulligan	12,408	11,500
Angela Mitchell (part year)	11,252	-
Bryan Duncan	14,343	2,389
Jo Boaden	8,000	3,348
Elizabeth Walford	-	3,577
Kate Willis	-	5,611
	212,306	192,425

In addition, £6,003 (2019: £4,067) was paid to Board members for reimbursement of expenses.

7. Officers' emolutments

Aggregate emoluments payable to key management (including pension contributions and benefits in kind)	2020 £ 000 1,401	2019 £ 000 1,347
Emoluments payable to the highest paid key management	296	282
Employer pension contributions	55	52
Total emoluments payable to the highest paid key management	351	334
During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:		
More than £160,000 but not more than £170,000	1	1
More than £170,000 but not more than £180,000	-	4
More than £180,000 but not more than £190,000	4	-
More than £280,000 but not more than £290,000	-	1
More than £290,000 nut not more than £300,000	1	-

7. Officers' emoluments (continued)

The senior officers are defined for this purpose as the Chief Executive and any person reporting directly to the Chief Executive earning at the rate of over £60,000 per annum. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff.

There were six senior officers in post at 31 March 2020. Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Olga Clayton	Group Director of Housing and Care
Elaine Melrose	Group Director of Resources
Graham Isdale	Group Director of Corporate Affairs
Steven Henderson	Group Director of Finance
Tom Barclay	Group Director of Property and Development

8. Employees

In the year to 31 March 2020, the average full time equivalent number of employees of the Group, including senior officers, was 2,597 (2019: 2,680). The total number of staff employed was 2,678 (2019: 2,746). No staff are directly employed by the Company.

19 00
783
24
245
44
396

The FRS 102 pension adjustment in 2018/19 includes an estimate by the pension scheme actuary of the potential impact of the McCloud ruling and GMP equalisation (note 26).

9. Other income and gains

	2020 £000	2019 £000
Group		
Loss on revaluation of investment property:	(11,595)	(10,637)
Dumfries and Galloway Housing Partnership group		
Fair value of net assets acquired	240,938	-
Consideration		-
Gain on business combination	240,938	-
Total other income and gains	229,343	(10,637)

Dumfries and Galloway Housing Partnership Limited, Novantie Limited and DGHP 3 Limited joined the Group on 12 December 2019, with 100% of all three entities being acquired within the normal course of the Group's operations. No fundamental reorganisation or restructuring occured as a result. In accordance with FRS 102, the gain arising on business combination is therefore recognised within operating surplus.

Since joining the Group, Dumfries and Galloway Housing Partnership Group has generated revenue of £14,555k and contributed an operating surplus for the year of £1,721k.

The following amounts were recognised at the acquisition date:

	£000
Fixed assets	365,902
Investment properties	8,537
Current assets	50,793
Current liabilities	(6,759)
Net current assets	44,034
Long term liabilities	(174,494)
Provisions	(3,041)
	240,938
Revenue reserve	83,862
Revaluation reserve	157,076
Total reserves	240,938

10. Gain on disposal of fixed assets

This represents net income from the sale of properties under tenants' Right-to-Buy ("RTB") entitlement and from other property disposals including Shared Ownership sales.

Group	2020 £ 000	2019 £ 000
Right-to-Buy		
Proceeds from disposal of properties	-	534
Value of properties disposed	-	(332)
Surplus on sale of fixed assets	-	202
Other properties (including shared ownership)		
Proceeds from disposal of properties	2,524	2,043
Value of properties disposed	(1,857)	(2,244)
Surplus/(deficit) on sale of fixed assets	667	(201)
Total pair on disposal of fined assots	((7	1
Total gain on disposal of fixed assets	667	1
11. Finance income		
Group	2020	2019
	£ 000	£ 000
Bank interest receivable on deposits in the year	173	81
Net return on pension asset	330	658
Total	503	739
12. Finance charges		
Group	2020	2019
	£ 000	£ 000
Interest payable	62,551	54,167
Other financing costs	9,237	3,087
Net cost on pension	188	138
Total	71,930	57,392

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs on the Group's funding arrangements and the amortised interest on the contingent efficiencies loan.

Interest of £3.7m (2019: £3.7m) has been capitalised at a weighted average interest rate of 4.89% (2019: 4.68%). The rate is specific to the funding drawn in the year and invested in housing under construction.

13. Movement in fair value of financial instruments

Group	2020 £ 000	2019 £ 000
Movement in the Scottish Government loan	549	4,723
Movement in discount to arrears balances (note 21)	549	4,727
14. Tax on surplus on ordinary activities		
Group	2020	2019
Total tax expense recognised in the Statement of Comprehensive Income:	£000	£000£
Current tax:		
Current tax on income for the year	435	102
Adjustment in respect of prior periods	-	19
	435	121
Deferred tax:		
Origination and reversal of timing differences	259	1,978
Effects of changes in tax rates	287	(201)
Adjustment in respect of prior periods	-	108
	546	1,885
Total Tax	981	2,006

The Company had no tax charge for the year (2019: nil).

The charitable status of Glasgow Housing Association, Dunedin Canmore Housing, Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Barony Housing Association, Dumfries and Galloway Housing Partnership Limited, Loretto Care and Wheatley Foundation Limited means that no corporation tax is payable on their activities. Tax is payable on the profits from the activities of the Group's other non-charitable subsidiary companies.

14. Tax on surplus on ordinary activities (continued)

Factors affecting the tax charge for the current period

Tax using the UK corporation tax rate of 19% (2019:19%)46,479(995)Effects of:225,678Charitable (surpluses)/losses not subject to tax(45,520)5,678Qualifying charitable donations(570)(574)Under provision in prior year-19Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets33	Group	2020 £000	2019 £000
Total tax expense9812,006Surplus/(deficit) excluding taxation244,624(5,237)Tax using the UK corporation tax rate of 19% (2019:19%)46,479(995)Effects of:244,624(5,237)Charitable (surpluses)/losses not subject to tax(45,520)5,678Qualifying charitable donations(570)(574)Under provision in prior year-19Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets32Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil).1413Lift of financial statements1413Audit of financial statements of subsidiaries pursuant to legislation229163Other audit related services88888816. Financial commitments20202019Group£000£000£000Expenditure contracted for, but not provided in the financial statements130,326105,939statements210,326105,939135,470Expenditure authorised by the Board but not contracted52,67050,725	Reconciliation of effective tax rate		
Total tax expense9812,006Surplus/(deficit) excluding taxation244,624(5,237)Tax using the UK corporation tax rate of 19% (2019:19%)46,479(995)Effects of:(45,520)5,678Charitable (surpluses)/losses not subject to tax(45,520)5,678Qualifying charitable donations(570)(574)Under provision in prior year-19Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets32Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil).1413List Audit of financial statements1413Audit of financial statements of subsidiaries pursuant to legislation229163Other audit related services88888816. Financial commitments20202019Group£000£000£000Expenditure contracted for, but not provided in the financial statements130,326105,939statements20,67050,72550,725	Surplus/(deficit) for the year	243,643	(7,243)
Surplus/(deficit) excluding taxation244,624(5,237)Tax using the UK corporation tax rate of 19% (2019:19%)46,479(995)Effects of:(570)(574)Charitable (surpluses)/losses not subject to tax(45,520)5,678Qualifying charitable donations(570)(574)Under provision in prior year-19Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets3Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil).1413Lis Auditor's remuneration20202019The remuneration of the auditor (excluding VAT) is as follows:£'000£'000Audit of financial statements1413Audit of financial statements229163Other audit related services8816. Financial commitments20202019Group£000£0000Expenditure contracted for, but not provided in the financial statements130,326105,939Statements22,67050,725			
Effects of:(45,520)5,678Charitable (surpluses)/losses not subject to tax(45,520)5,678Qualifying charitable donations(570)(574)Under provision in prior year-19Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets3Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil)1415. Auditor's remuneration1413Audit of these financial statements1413Audit of financial statements of subsidiaries pursuant to legislation229163Other audit related services8816. Financial commitments20202019Group£000£000£000Expenditure contracted for, but not provided in the financial130,326105,939statementsExpenditure authorised by the Board but not contracted52,67050,725	Surplus/(deficit) excluding taxation	244,624	(5,237)
Qualifying charitable donations(570)(574)Under provision in prior year-19Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets33Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil).15.20202019The remuneration of the auditor (excluding VAT) is as follows:£'000£'000£'000Audit of financial statements of subsidiaries pursuant to legislation229163Other audit related services88816. Financial commitments88816. Financial commitments20202019Expenditure contracted for, but not provided in the financial statements130,326105,939Expenditure authorised by the Board but not contracted52,67050,725		46,479	(995)
Under provision in prior year - 19 Expenses not deductible 302 44 Tax rate changes 287 (201) Gain on disposal of chargeable assets 3 3 Effect of indexation allowance on chargeable gains - (1,965) Total tax expense included in Statement of Comprehensive Income 981 2,006 The Company has no tax charge for the year (2019: nil). 15. Auditor's remuneration The remuneration of the auditor (excluding VAT) is as follows: 2020 2019 Audit of financial statements 14 13 Audit of financial statements of subsidiaries pursuant to legislation 229 163 Other audit related services 8 8 16. Financial commitments 2020 2019 Group £000 £000 £000 Expenditure contracted for, but not provided in the financial statements 130,326 105,939 Expenditure authorised by the Board but not contracted 52,670 50,725	Charitable (surpluses)/losses not subject to tax	(45,520)	5,678
Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets33Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil).15.Auditor's remuneration15. Auditor's remuneration20202019The remuneration of the auditor (excluding VAT) is as follows:£'000£'000Audit of financial statements1413Audit of financial statements of subsidiaries pursuant to legislation229163Other audit related services8816. Financial commitments88Capital commitments20202019Group£000£000Expenditure contracted for, but not provided in the financial statements130,326105,939Statements52,67050,72550,725	Qualifying charitable donations	(570)	(574)
Expenses not deductible30244Tax rate changes287(201)Gain on disposal of chargeable assets33Effect of indexation allowance on chargeable gains-(1,965)Total tax expense included in Statement of Comprehensive Income9812,006The Company has no tax charge for the year (2019: nil).15.Auditor's remuneration15. Auditor's remuneration20202019The remuneration of the auditor (excluding VAT) is as follows:£'000£'000Audit of financial statements1413Audit of financial statements of subsidiaries pursuant to legislation229163Other audit related services8816. Financial commitments88Capital commitments20202019Group£000£000Expenditure contracted for, but not provided in the financial statements130,326105,939Statements52,67050,72550,725	Under provision in prior year	-	19
Gain on disposal of chargeable assets 3 Effect of indexation allowance on chargeable gains - Total tax expense included in Statement of Comprehensive Income 981 2,006 The Company has no tax charge for the year (2019: nil). 15. Auditor's remuneration 15. Auditor's remuneration 2020 2019 The remuneration of the auditor (excluding VAT) is as follows: £'000 £'000 Audit of financial statements 14 13 Audit of financial statements of subsidiaries pursuant to legislation 229 163 Other audit related services 8 8 16. Financial commitments 2020 2019 Group £000 £000 £000 Expenditure contracted for, but not provided in the financial statements 130,326 105,939 statements 52,670 50,725 50,725	Expenses not deductible	302	44
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16. Financial commitmentsCapital commitmentsAll capital commitments of the Group were as follows:All capital commitments of the Group were as follows:20202019Group£000£000£000Expenditure contracted for, but not provided in the financial statements130,326105,939Expenditure authorised by the Board but not contracted52,67050,725			
Capital commitmentsAll capital commitments of the Group were as follows:Group2020 £000Expenditure contracted for, but not provided in the financial statements Expenditure authorised by the Board but not contracted130,326 52,670105,939 50,725	Other audit related services	8	8
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Expenditure contracted for, but not provided in the financial130,326105,939statements52,67050,725		2020	2019
statements Expenditure authorised by the Board but not contracted 52,670 50,725	Group	£000	£000
Expenditure authorised by the Board but not contracted 52,670 50,725	•	130,326	105,939
182,996 156,664		52,670	50,725
	-	182,996	156,664

The Group has access to sufficient funding through cash or bank lending facilities to meet the capital commitments.

16. Financial commitments (continued)

Operating leases

At 31 March the Group had commitments under non-cancellable operating leases as follows; the Company had no such commitments:

Group	2020 Land and Buildings	2020 Other	2019 Land and Buildings	2019 Other
	£000	£000	£000	£000
Operating lease payments due:				
Within one year	697	175	772	720
In the second to fifth years inclusive	1,259	282	1,277	474
Over five years	86	70	13	164
	2,042	527	2,062	1,358

Lease commitments include the timing of the full payment due under contract as required by FRS 102. The Group's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. As such, no disclosure of tenant leases under FRS 102 section 20.30 is made.

17. Fixed assets - Social Housing Properties

Group	Core Stock £ 000	Housing Under Construction £ 000	Shared Owner- ship £ 000	Total £ 000
At Valuation				
At 1 April 2019	1,758,177	110,624	18,478	1,887,279
Acquired in the year	357,705	7,507	-	365,212
Additions	69,046	89,068	-	158,114
Disposals	(3,372)	(1,787)	(337)	(5,496)
Transfers	81,667	(107,435)	-	(25,768)
Revaluation	(29,267)	-	679	(28,588)
At 31 March 2020	2,233,956	97,977	18,820	2,350,753
Depreciation At 1 April 2019 Acquired in the year Charge for year Disposals Revaluation At 31 March 2020	- (74,030) 1,454 72,576	- - - - - -	(586) 15 571	- (74,616) 1,469 73,147
Net Book Value - valuation	2,233,956	97,977	18,820	2,350,753
At 31 March 2020	2,233,930	71,711	10,020	2,330,733
At 31 March 2019	1,758,177	110,624	18,478	1,887,279
Net Book Value – historic cost equivalent				
At 31 March 2020	2,368,056	101,406	21,774	2,491,236
At 31 March 2019	2.057,217	110,624	22,304	2,197,943

Total expenditure on repairs and capital improvements in the year on existing properties was $\pounds 129.7m$ (2019: $\pounds 121.3m$). Of this, repair costs of $\pounds 60.7m$ (2019: $\pounds 55.6m$) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of $\pounds 69.0m$ (2019: $\pounds 65.7m$) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of $\pounds 69.0m$ (2019: $\pounds 65.7m$) in the year include:

- £46.7m for component additions including:
 - £3.8m on bathrooms;
 - £0.3m on external environment;
 - £5.5m on external wall finishes;
 - £7.1m on heating system boilers;
 - £7.5m on internal works and common areas;
 - £3.1m on kitchens;
 - £7.9m on mechanical, electrical and plumbing;
 - £6.5m on structure and roofs; and
 - £5.0m on windows and doors.

17. Fixed assets – Social Housing Properties (continued)

• The remaining balance of £22.3m of additions to existing properties not associated with a specific component includes £8.8m on void improvements, £1.6m of property acquisitions and £2.3m of medical adaptations.

Of the £46.7m of component additions, £21.5m formed part of a major strategic investment projects during the year. All subsidiaries in the Wheatley Housing Group Limited account for social housing properties at valuation. Additions to housing under construction include capitalised interest costs of £3.7m (2019: £3.7m). Interest has been capitalised at the weighted average interest cost for the Association of 4.89% (2019: 4,68%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Group's demolition programme, as detailed in the Group's 30-year Business Plan for 2019/20. The demolition programme identifies 245 (2019: 117) properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the Existing Use for Valuation – Social Housing ("EUV-SH") calculation, and so is held at nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the year-end date to provide for these costs.

The Group's social housing properties, with the exception of Dumfries and Galloway Housing Partnership, have been valued by Jones Lang LaSalle Limited. The social housing properties of Dumfries and Galloway Housing Partnership have been valued by Savills (UK) Limited. Both valuers are independent professional advisers qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. The valuations were prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2020 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75-6.50% have been used depending on the property archetype (2019: 5.75-7.50% retained stock). The valuation assumes a rental income increase of inflation + 0.9% in 2020/21 and +0.5% thereafter for retained stock, in line with the Group's 30 year Business Plan (2020/21). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During the year the Group did not dispose of any properties (2019: 11 properties) to tenants under Right to Buy entitlements. Properties disposed of in the prior year were valued at £0.332m.

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Group at 31 March is shown below:

	2020	2019
Social Housing		
General needs	59,091	48,670
Shared ownership	374	378
Supported housing	1,884	1,587
Housing held for long-term letting	61,349	50,635
Housing approved/planned for demolition	245	117
Total Units	61,594	50,752
72		

18. Fixed assets - other tangible fixed assets

Group	Community Infra- structure	Office Premises £ 000	District Heating £ 000	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost						
At 1 April 2019	10,259	15,607	10,801	34,289	46,807	117,763
Acquired in the year	-	120	-	3,610	-	3,730
Additions	2,692	17	144	1,724	5,418	9,995
Disposals	-	-	-	(15)	-	(15)
Revaluation	-	(165)	-	-	-	(165)
At 31 March 2020	12,951	15,579	10,945	39,608	52,225	131,308
Depreciation						
At 1 April 2019	(1,072)	-	(3,209)	(24,342)	(34,136)	(62,759)
Acquired in the year	-	-	-	(3,029)	-	(3,029)
Charge for year	(601)	(422)	(278)	(2,537)	(2,843)	(6,681)
Disposals	-	-	-	15	-	15
Revaluation	-	422	-	-	-	422
At 31 March 2020	(1,673)	-	(3,487)	(29,893)	(36,979)	(72,042)
Net Book Value	11 279	15.570	7 459	0.715	15 24(50 27(
At 31 March 2020	11,278	15,579	7,458	9,715	15,246	59,276
At 31 March 2019	9,187	15,607	7,592	9,947	12,671	55,004

19. Investments

Investment properties

Group	Properties held for market rent £ 000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2019	188,615	11,620	200,235
Acquired in the year	8,046	490	8,536
Additions	450	-	450
Transfers	25,768	-	25,768
Disposals	(615)	-	(615)
Revaluation	(11,653)	58	(11,595)
At 31 March 2020	210,611	12,168	222,779
Net Book Value At 31 March 2020	210,611	12,168	222,779
At 31 March 2019	188,615	11,620	200,235

Market rent properties, with the exception of those owned by Dumfries and Galloway Housing Partnership, were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2020. Market rent properties owned by DGHP were valued by Savills (UK) Limited, and independent professional advisor at the same date.

The number of properties held for market rent by the Group at 31 March were:

	2020	2019
Market Rent Properties		
Total Units	2,115	1,830

The Group's commercial properties, with the exception of those owned by Dumfries and Galloway Housing Partnership, were valued by an independent professional advisor, Jones Lang LaSalle, on 31 March 2020 in accordance with the appraisal and valuation manual of the RICS. Commercial properties owned by DGHP were valued by Savills (UK) Limited an independent professional advisor at the same date.

In determining the valuation of investment properties, it is assumed that there are no restrictions on the ability to realise the investment properties or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

19. Investments (continued)

Investment in joint venture

Crown	2020	2019
Group	£000	£000
Investment in joint venture	116	87

The Group is a 50:50 joint venture partner in City Building (Glasgow) LLP. The investment in City Building (Glasgow) LLP is recognised in the financial statements at cost less any impairment. The Group's share of profits or losses of the joint venture are recognised in the Statement of Comprehensive Income and the initial investment is subsequently adjusted to reflect the Group's share.

20. Stock

Group	2020 £ 000	2019 £ 000
Stock at maintenance depot	606	226
Balances owed by third parties – development costs	-	77
	606	303

Stock at maintenance depot relates to consumable parts held at our workshop in Edinburgh in relation to our repairs and investment service for our subsidiaries in the east of the country.

Balances owed to third parties relates to amounts owed by third party Housing Associations for their contractual share of the development costs incurred by the Group to date and not yet settled.

21. Debtors

Group	2020 £ 000	2019 £ 000
Due in more than one year:		
Development agreement	20,478	38,420
_	20,478	38,420
Due within one year:		
Arrears of rent and service charges	15,377	15,173
Adjustment to discount arrears balances with payment plans (note 13)	(71)	(71)
Less: provision for bad and doubtful debts	(7,612)	(4,488)
-	7,694	10,614
Prepayments and accrued income	9,865	6,375
Other debtors	15,526	13,877
Total	53,563	69,286

Included in debtors is a balance of £20.5m (2019: £38.4m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing properties transferred. The Council has sub-contracted Glasgow Housing Association to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure (note 22) and as work progresses both of these balances will be utilised when the work is actually undertaken.

22. Creditors: amounts falling due within one year

Group	2020	2019
-	£ 000	£ 000
Amounts falling due within one year:		
Trade creditors	9,135	9,222
Accruals	35,655	45,770
Deferred income (note 23)	49,318	66,255
Rent and service charges received in advance	10,216	9,177
Salaries, wages, other taxation and social security	2,511	2,440
Corporation tax	116	165
Housing loans	9,228	4,050
Other creditors	15,428	7,129
Total	131,607	144,208

22. Creditors: amounts falling due within one year (continued)

Company	2020 £ 000	2019 £ 000
Amounts falling due within one year:		
Trade creditors	-	-
Accruals	-	-
Corporation tax payable	-	-
Amounts due to Group undertakings	1	5
Total	1	5

23. Creditors: amounts falling due after more than one year

Group	2020 £000	2019 £000
Scottish Government loan	36,693	35,531
Housing loans - bank facilities	932,358	654,683
Housing loans - bond finance	296,386	295,659
Housing loans - private note placement	223,771	223,223
Deferred income	25,372	11,511
Other creditors	292	712
Total	1,514,872	1,221,319

The Scottish Government made available to Glasgow Housing Association £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £100.0m (2019: £100.0m) has been received and this is an interest-free loan with repayment due in 2040/41. The amount due of £36.7m at 31 March 2020 is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost. The movement in the balance in the year relates to:

- interest costs £ 1.7m (2019: £1.6m)
- fair value movement gain of £0.5m (2019: loss of £4.7m)

Interest costs are reported within finance charges (note 12). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

Housing Loans

Registered Social Landlord's borrowing arrangements are in place via a Group funding structure which consists of bank and capital markets debt, secured on charged properties owned by RSLs within the Wheatley Housing Group. RSL Group funding was made up of a committed facility of £657.3m from a syndicate of commercial banks, two committed facilities totalling £282.9m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,490.2m for the RSL borrower group through Wheatley Funding No.1 Limited, a wholly-owned subsidiary of the Wheatley Housing Group Limited. The RSL borrowing group comprises Glasgow Housing Association, Cube Housing Association, West

23. Creditors: amounts falling due after more than one year (continued)

Lothian Housing Partnership, Dunedin Canmore Housing, Barony Housing Association and Loretto Housing Association.

Dumfries and Galloway Housing Partnership has separate facilities provided directly to the Company. In December 2019, on joining the Group, the borrowing arrangements for DGHP were restructured and the previous facility in place with Dexia was repaid and a new £114.0m facility was put in place with M&G secured on a portion of the Company's properties. A facility of £40.0m is in place with The Housing Finance Corporation. The loan premium of £1,602k received on drawdown is being amortised over the life of the loan and at the 31 March 2020 stood at £1,186k (2019: £1,239k). A further £35.0m facility is in place with Allia under the Scottish Government Charity Bonds Programme and a new revolving credit facility of £35.0m is in place with the Royal Bank of Scotland.

Additional facilities are provided through direct loans to Dunedin Canmore Housing comprising of a committed facility from The Housing Finance Corporation of £16.5m and a £16.0m unsecured Scottish Government Charitable Bond with Allia Limited.

Bond finance is repayable in 2044/45, and has a coupon rate of 4.375%.

Lowther Homes Limited has access to a £76.5m facility provided through Wheatley Funding No.2 Ltd ("WFL2") via an agreement with Scottish Widows through Bank of Scotland. Interest on the new facility has been charged at a rate of 3.77%.

Borrowings are repayable as follows:	2020 £ 000	2019 £ 000
In less than one year In more than five years	9,228 1,452,515	4,050 1,173,565
	1,461,743	1,177,615

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 1 April 2019	71,504	6,262	77,766
Acquired in the year	8,057	236	8,293
Additional income received	37,268	4,225	41,493
Released to the Statement of Comprehensive Income	(50,891)	(1,971)	(52,862)
Deferred income as at 31 March 2020	65,938	8,752	74,690

23. Creditors: amounts falling due after more than one year (continued)

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2020	2019
Deferred income to be released to the Statement of Comprehensive Income:	£ 000	£ 000
In less than one year (note 22)	49,318	66,255
In more than one year but less than five years	25,289	11,511
In more than five years	83	-
	74,690	77,766
Financial instruments		
Financial assets:	2020 £'000	2019 £'000
Manuel of executional and		
Measured at amortised cost: Debtors and accrued income	33,085	30,896
	55,005	50,090
Total	33,085	30,896
	2020 £ 000	2019 £ 000
Financial liabilities:	£ 000	£ 000
Measured at amortised cost:		
Creditors, accruals and deferred income	148,043	152,381
Bank loans	1,461,743	1,177,615
	1,609,786	1,329,996
Measured at fair value:		
Scottish Government loan	36,693	35,531
Total	1,646,479	1,365,527

Income earned and expense payable on the financial assets and liabilities is disclosed in note 11 and 12 respectively.

24. Provisions for liabilities and charges

Group	Development Agreement £ 000	Insurance £ 000	Deferred tax £000	Dilapidation Provision £'000	Total £ 000
At 1 April 2019	38,420	434	2,454	810	42,118
Acquired in the year	-	-	95	-	95
Created	-	-	705	-	705
Utilised	(17,942)	-	-	(150)	(18,092)
At 31 March 2020	20,478	434	3,254	660	24,826

Development Agreement

The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the Development Agreement between Glasgow Housing Association and Glasgow City Council and as work progresses the provision will be utilised when the work is actually undertaken.

Insurance

A provision has been made in respect of the excess arising on all outstanding insurance claims.

Deferred tax

Deferred tax is provided to take account of timing differences between the treatment of certain items for financial statement purposes and their treatment for tax purposes. Deferred tax is provided for all material timing differences and for the unrealised gain or losses on investment properties in certain subsidiaries in the Group.

Dilapidation provision

This provision represents the estimated costs of dilapidation works required under lease contracts for office properties leased by group entities.

25. Share capital

Wheatley Housing Group Limited was incorporated on 13 June 2012 and is a Company Limited by Guarantee and therefore does not have any Share Capital.

There were no balances in reserves for the company at 31 March 2020.

26. Pensions

Strathclyde Pension Fund, Dumfries and Galloway Pension Fund and Lothian Pension Fund

The funds are part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The Group subsidiary Glasgow Housing Association Limited participates in the Strathclyde Pension Fund ("SPF") which is administered by Glasgow City Council and is a defined benefit scheme.Dumfries and Galloway Housing Partnership participates in the Dunfries and Galloway Pension Fund ("DGPF") which is administered by Dumfries and Galloway Council and is a defined benefit scheme.

Barony Housing Association Limited previously participated in the Lothian Pension Fund ("LPF") which is administered by Edinburgh City Council and is a defined benefit scheme. On 31 January 2020, the pension assets and liabilities of Barony held in LPF were transferred to the Stathelyde Pension Fund. The assets of the funds are held separately from those of the respective Association with investments under the overall supervision of the Fund Trustees.

The latest full actuarial valuation was carried out as at 31 March 2017. The next full actuarial valuation is due as at 31 March 2020 but is not yet available at the date of these financial statements.

The share of the total liabilities reported at 31 March 2019 in Strathclyde Pension Fund for Glasgow Housing Association and Lothian Pension Fund for Barony Housing Association include an estimate for the impact of the equalisation of Guaranteed minimum pension ("GMP") and the McCloud/Sargeant Ruling. The pension fund assets and liabilities of the Dumfries and Galloway Pension Fund acquired when Dumfries and Galloway Housing Partnership joined the Group also include an estimate for the impact of GMP and McCloud/Sargeant at that date.

TPT Retirement Solutions - Scottish Housing Association Pension Scheme

Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Housing participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. Loretto Housing Association Limited and Loretto Care transferred to the SHAPS Defined Contribution scheme with effect from 1 July 2013, Cube Housing Association and West Lothian Housing Partnership transferred with effect from 1 September 2014 and Dunedin Canmore transferred on 1 April 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2018.

The scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. FRS 102 requires the disclosure of the Group's share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2020.

26. Pensions (continued)

Following consideration of the results of the last valuation at 30 September 2018, the shortfall in the scheme reduced from £198m to £121m. It was agreed that this would continue to be dealt with by the payment of additional contributions. These were previously set at 5.4% of pensionable salaries per annum with effect from 1st April 2014 for a period of 8 years with the scheme expected to reach a fully funded position by 2022. The next formal valuation of the scheme is due to be carried out at 30 September 2021 and to ensure the ongoing funding of the scheme whilst the valuation is prepared, the Trustees have agreed to extend the period over which additional contributions are payable by one year to March 2023. Past service deficit contributions continue to increase each 1st April at a rate of 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Wheatley Housing Group Defined Contribution Scheme

The Group also operates a defined contribution scheme through the Salvus Master Trust. These arrangements are open to all employees who are not members of the Strathclyde Pension Fund, Lothian Pension Fund, SHAPS defined benefit or defined contribution scheme, or any other group scheme.

Employer contributions vary pro rata with the level of contributions chosen by the individual employee member, and range from 8% to 12%. Employer contributions are capped at 12%.

26. Pensions (continued)

Group Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation of the Group defined benefit pension arrangements, are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	31 March	31 March
	2020	2019
Discount rate	2.45%	2.35%
Future salary increases	2.20%	*2.00%
Inflation	1.90%	2.60%

* Salary increases are assumed to be 2.2% p.a for 2019/20 and 2.0% thereafter.

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.7 years (male) (2019: 21.4 years), 22.9 years (female) (2019: 23.4 years).
- Future retiree upon reaching 65: 22.2 years (male) (2019: 23.7 years), 24.6 years (female) (2019: 25.8 years).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which the Group has been allocated a share of cost under an agreed policy throughout the periods shown.

Movements in present value of defined benefit obligation

	SPF 2020 £ 000	LPF 2020 £ 000	DGPF 2020 £000	SHAPS 2020 £ 000
Opening defined benefit obligation	431,154	22,129	-	66,453
Defined benefit obligation acquired	-	-	18,428	-
Current service cost	13,764	492	250	-
Interest cost	11,406	482	138	1,704
Loss on curtailment	-	-	(18)	-
Actuarial(gains)/ losses	(36,802)	3,562	(2,444)	(1,930)
Contributions by members	2,278	74	38	-
Estimated benefits paid	(8,336)	(344)	(59)	(2,118)
Expenses	-	-	-	57
Transfer in/(out) on settlement	22,785	(26,395)	-	
Closing defined benefit obligation	436,249	-	16,333	64,166

26. Pensions (continued)

Movements in fair value of plan assets

	SPF 2020 £ 000	LPF 2020 £ 000	DGPF 2020 £000	SHAPS 2020 £ 000
Opening fair value of plan assets	445,865	23,192	-	58,426
Fair value of plan assets acquired	-	-	15,483	-
Expected return on plan assets	11,716	502	109	1,544
Actuarial (losses)/gains	(33,693)	695	(2, 148)	314
Contributions by the employer	7,665	220	137	3,822
Contributions by the members	2,278	74	38	-
Estimated benefits paid	(8,336)	(344)	(51)	(2,118)
Transfer in/(out) on settlement	24,339	(24,339)	-	
Closing fair value of plan assets	449,834	•	13,568	61,988

	SPF Value at 31 March 2020 £000	LPF Value at 31 March 2020 £ 000	DGPF Value at 31 March 2020 £000	SHAPS Value at 31 March 2020 £ 000
Present value of funded defined benefit obligations	(435,922)	-	(15,706)	(64,166)
Present value of unfunded defined benefit obligations	(327)	-	(627)	-
Fair value of plan assets	449,834	-	13,568	61,988
Net asset/(liability)	13,585	-	(2,765)	(2,178)

Expense recognised in the Statement of Comprehensive Income

	SPF 2020 £ 000	LPF 2020 £ 000	DGPF 2020 £000	SHAPS 2020 £ 000
Current service cost	13,014	492	250	-
Past service cost	750	-	-	-
Losses on settlements or curtailments	-	-	-	-
Net interest on defined benefit obligation	(310)	(20)	28	160
Administration costs	-	-	-	57
-	13,454	472	-	217

The total amount recognised in the Statement of Comprehensive Income in respective of actuarial gains and losses is a £6,393k gain (2019: £6,896k loss).

26. Pensions (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2020 £ 000	2019 £ 000
Equities	287,025	315,959
Corporate bonds	142,859	136,081
Property	59,854	47,378
Alternatives	21,696	16,358
Cash	13,956	11,707
	525,390	527,483
Actual (loss)/ return on plan assets	(20,961)	28,218

27. Related party transactions

The company retains a register of Directors' interests. During the year there were no interests in related parties that require to be disclosed or declared by Directors.

Directors received emoluments for their services to Wheatley Housing Group Limited. Details are included in Note 6.

Tenant and factored homeowners Directors

The following Directors are tenants of Glasgow Housing Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage:

Bernadette Hewitt

Transactions entered into with members, and rent arrear balances outstanding at 31 March, are as follows:

	2020
	£ 000
Rent charged during the year	5
Arrears balances outstanding at 31 March 2020	-

27. Related party transactions (continued)

Other related parties

Related party interests and transactions during the year are as follows:

	Invoiced/paid in the year £ 000	Year end balance £ 000
2020		
City Building (Glasgow) LLP	90,604	(5,498)
Strathclyde Pension Fund	7,665	-
Lothian Pension Fund	220	-
Dumfries and Galloway Pension Fund	137	-
TPT Retirement Solutions – Scottish Housing Association Pension Fund	3,822	-
Bernadette Hewitt - Transforming Communities Glasgow	-	-
Bernadette Hewitt - Barmulloch Community Development	-	-
Steven Henderson - Scotcash CIC	-	-

All transactions were on commercial terms and at arm's length.

The Wheatley Housing Group Limited has a 50:50 share in City Building (Glasgow) LLP with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries in the west of Scotland.

During the year GHA held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt serves as a GHA nominated director on the board of TC:G.

During the year GHA held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash with Steven Henderson serving on the board during the year.

28. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2020	2019
	£ 000	£ 000
Surplus/(deficit) for the year	243,643	(7,243)
Less: Gain on business combination	(240,938)	_
	2,705	(7,243)
Depreciation of tangible fixed assets	82,197	83,321
Increase in stock	(36)	(125)
Decrease/(increase) in debtors	2,139	(5,227)
Decrease in creditors and provisions	(6,485)	(4,771)
Pensions costs less contributions payable	2,614	5,964
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(667)	(1)
Grants utilised in the year	(52,862)	(56,122)
Interest receivable	(503)	(739)
Interest payable	71,930	57,392
Movement in fair value of financial instruments	(549)	4,727
Loss on investment activities	11,595	10,637
Share of joint venture profit	(29)	(50)
Net cash inflow from operating activities	112,049	87,763

29. Subsidiary and associated undertakings

The ultimate parent company is Wheatley Housing Group Limited. The Company has fifteen immediate subsidiaries – Glasgow Housing Association Limited, Cube Housing Association Limited, West Lothian Housing Partnership Limited, Loretto Housing Association Limited, Wheatley Funding No.1 Limited, Wheatley Funding No.2 Limited, Wheatley Enterprises Limited, Lowther Homes Limited, YourPlace Property Management Limited, Dunedin Canmore Housing Limited, Loretto Care and Dumfries and Galloway Housing Partnership. During the year Loretto Care was a subsidiary of Loretto Housing Association Limited and became a wholly owned subsidiary of Wheatley Housing Group on 11 May 2020. Wheatley Housing Group Limited retains constitutional control of all subsidiary undertakings.

The objective of Wheatley Funding No.1 Limited is the provision of finance to the Registered Social Landlords in the Group, excluding Dumfries and Galloway Housing Parternship Limited. Wheatley Funding No.1 Limited is the parent of Wheatley Group Capital plc, the vehicle for raising bond financing. Wheatley Enterprises Limited is a non-trading holding company overseeing commercial activity which, through YourPlace Property Management Limited, delivers factoring services to homeowners. Lowther Homes Limited is involved in investment

29. Subsidiary and associated undertakings (continued)

property acquisition and offers its properties for private and mid-market rent. Wheatley Funding No.2 Limited provides finance to Lowther Homes Limited.

Wheatley Housing Group Limited is a 50:50 joint venture partner with Glasgow City Council in City Building (Glasgow) LLP. The Group's share of the results of City Building (Glasgow) LLP are accounted for using the equity method.

The results of Scotcash CIC have not been consolidated as an associate undertaking into these accounts as they are not material to the Group's operations. Scotcash provides accessible and affordable finance to individuals with limited access to banking services. GHA has provided start-up funding to Scotcash and has no outstanding obligations.

The legal form and share capital of each immediate subsidiary of the Wheatley Housing Group Limited is as follows:

Subsidiary	Legal status	Issued share capital
The Glasgow Housing Association Limited	Co-operative and Community Benefit Society	9 x £1 shares
Cube Housing Association Limited	Co-operative and Community Benefit Society	75 x £1 shares
Dunedin Canmore Housing Limited	Co-operative and Community Benefit Society	81 x £1 shares
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.2 Limited	Company Limited by Guarantee	No share capital
Wheatley Enterprises Limited	Company Limited by Shares	100 x £1 ordinary shares
Lowther Homes Limited	Company Limited by Shares	100 x £1 ordinary shares
YourPlace Property Management Limited	Company Limited by Shares	1 x £1 ordinary shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	130 x £1 shares
West Lothian Housing Partnership Limited	Company Limited by Guarantee	No share capital
Barony Housing Association Limited	Co-operative and Community Benefit Society	54 x £1 shares
Wheatley Solutions Limited	Company Limited by Shares	100 x £1 shares
The Wheatley Foundation Limited	Company Limited by Guarantee	No share capital
Dunfries and Galloway Housing Partnership Limited	Company Limited by Guarantee	No share capital

29. Subsidiary and associated undertakings (continued)

The Company exercises its functions as parent of the entities listed above through ownership of 100% of the share capital in all Companies Limited by Shares, through the ownership of a parent share with controlling rights in all Co-operative and Community Benefit Societies, and through a controlling interest as a member of the Companies Limited by Guarantee.

Transactions between wholly-owned Group companies and closing balances do not require to be disclosed under FRS 102.

30. Post balance sheet event

During the year, agreement was reached to transfer the care activities of Barony Housing Association to Loretto Care. Following a successful ballot, agreement was also reached with the tenants of Barony Housing Association to transfer the housing properties owned by Barony in West Lothian and Bo'ness to West Lothian Housing Partnership Limited and all other Barony housing properties to Dunedin Canmore Housing Limited, both Wheatley Group subsidiaries.

Barony care services transferred to Loretto Care in April 2020 following approval from the Care Inspectorate (Scotland). Following the transfer of the Barony care contracts, Loretto Care has traded as Wheatley Care.

The transfer of Barony properties to West Lothian Housing Partnership took place on 17 May 2020. The transfer of the remaining properties and all other business of Barony is expected to take place through a transfer of engagement to Dunedin Canmore during 2020/21.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Anthony Allison Wheatley Housing Group Limited Wheatley House 25 Cochrane Street Glasgow G1 1HL

Independent Auditor

KPMG LLP 319 St Vincent Street Glasgow G2 5AS

Banker

Royal Bank of Scotland Glasgow Corporate Office Kirkstane House 139 St Vincent Street Glasgow G2 5JF

CITY BUILDING (GLASGOW) LLP

Members' report and financial statements Registered number SO300990 For the year ended 31 March 2020

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Members' report

The members present their report and audited financial statements for the year ended 31 March 2020.

Principal Activity

The principal activities of City Building (Glasgow) LLP are Repairs and Maintenance operations, Construction, Manufacturing and training of apprentices.

City Building (Glasgow) LLP had two members during the period, Glasgow City Council and the Wheatley Housing Group Ltd, both of whom were designated members.

Members' Drawings and Capital

No distribution was made to the members for the year.

There was no increase on members' capital within the year. Current policy is not to make repayment of members' capital. No cash drawings were made against members' capital.

Business Review

City Building (Glasgow) LLP has entered into various agreements with Glasgow City Council and the Wheatley Housing Group Ltd ("Wheatley"), forming a 30 year 50/50 joint venture with Glasgow City Council, with effect from 1 April 2017.

During 2019/20 financial year City Building (Glasgow) LLP was successful in securing new work from Dumfries & Galloway Housing Partnership, a related party of Wheatley, which it is envisaged will make a significant contribution in subsequent years.

In response to the requirement to continually deliver a top quality and efficient service to customers, a successful voluntary redundancy programme was managed and delivered during the year.

City Building (Glasgow) LLP went into lockdown on 23 March 2020 due to the Covid 19 pandemic however due to the proximity to the financial year end there was minimal impact on the 2019/20 outturn.

Financial Results for the Year

It is highly rewarding to report that the partnership delivered strong results and the underlying profit exceeded the Business Plan, despite adverse economic pressures in certain elements of the market in which City Building (Glasgow) LLP operates. Turnover increased to £148.1m (2019 restated - £144.1m).

We have achieved a healthy £5.5m return to Glasgow City Council and the Wheatley Housing Group Ltd, representing 3.7% of turnover. The undernoted table shows the comparison with 2019:

	2020 £000	2019 £000
Loss for the year after Members'	2000	2000
remuneration	(12,699)	(18,540)
Additional pensions costs Members' remuneration charged as an	12,757	18,639
expense	5,500	5,000
Underlying profit	5,558	5,099

It is also agreed that the LLP can charge City Building (Contracts) LLP a Management Fee. For 2020 this Management Fee was a charge of \pounds 4.2m (2019 – \pounds 4.1m).

The net liabilities of City Building (Glasgow) LLP at 31 March 2020 were (\pounds 59.6m) (2019 restated - (\pounds 98.0m). This is a result of the net pension deficit of (\pounds 71.3m) (2019 - (\pounds 104.6m) in the Strathclyde Pension Fund (Local Government Pension Scheme). An actuarial gain of \pounds 46.1m (2019 – loss \pounds 22.7m) was experienced during the year as a result of a changes in accounting assumptions.

The financial statements have been prepared on a going concern basis as, despite there being a substantial negative net worth as a result of the pension position, any shortfall within that area is guaranteed by Glasgow City Council.

It is important to note that, whilst the net pension liability remains an identified risk for management, the net liability does not fall due in any one year. The LLP's immediate cash exposure is only in respect of the annual contributions. As stated above, any shortfall is itself guaranteed by Glasgow City Council to the Pension Scheme although this guarantee is only activated if City Building (Glasgow) LLP fails in its obligations. The partnership currently meets all current annual contributions determined by the Scheme Trustees as requiring to be made to the pension fund.

The Strathclyde Pension Fund was subject to a triennial valuation as at 31 March 2020 which was to determine employer contribution levels from 1 April 2021. This confirms that employers contribution levels remain the same for the next three years and while management acknowledges that the pension liability could result in increased contribution levels at some time in the future, they do not consider that there is any major impact on the on-going business trading position.

Administrative Expenses

These reduced to $\pounds 16.7m$ (2019 - $\pounds 23.5m$), the decrease of $\pounds 6.8m$ due to a reduction in the pension charge for the year.

OUR VALUES

Our values drive our purpose of building a better society by using our commercial success to deliver socially inclusive practices, responsible business and fair working practices all contributing to positive economic growth.

City Building (Glasgow) LLP is committed to "Building a Sustainable Future" for our clients, partners and employees. Through constant engagement with our customers we ensure we have a detailed interpretation of their aspirations and needs.

Our mission is to contribute excellence in construction, repairs, maintenance, manufacturing and training to customers, our employees, suppliers and the local communities in which we work. To always give back to the communities is central to our core values.

Our unique social ethos will continue to underpin everything we do and will drive the creation of training and employment opportunities for a diverse range of people, including minority and other under-represented groups across Glasgow and beyond. We continue to be the country's leading employer of female and BME construction apprentices and this is something we are very proud of.

We will continue to contribute to build a better society by using socially inclusive practices, and delivering effective, accountable products and services which offer value for money and enhance the quality of life, safety and wellbeing of our stakeholders.

Our values, which are embraced by all employees, are:

- Excellence: to deliver quality in everything we do.
- Honesty: to promote, at all times, honesty in our communication with all stakeholders, promoting partnerships and sustainability.
- Ambition: to do more for our clients and partners and provide more opportunities for our employees and stakeholders as part of our

change and growth strategies, succession planning and sustainability.

Trust: to be trusted by our employees, clients and partners.

Community: to build more sustainable communities through social, economic and community engagement.

OUR STRATEGIC FOCUS

City Building (Glasgow) LLP is one of Scotland's largest construction entities and we continue proudly to celebrate the Queen's Award for Enterprise - Sustainable Development as it constitutes the greatest honour to be bestowed on a business and our workforce can be rightly proud of their unique achievements. We are also proud of achieving the Defence Employer Recognition (DRS) scheme Gold award this year which is another accolade recognising our responsible business practices.

These awards recognise our workforce for their hard work and commitment to our customers, communities, our ability for innovative thinking and determination to raise standards in the construction sector. Investing in our workforce is critical to our success and we were further recognised this year by being presented with HR National Networks' award for Outstanding Contribution to Scottish HR. We continue with a rolling programme of monitoring for our Customer Service Excellence accreditation, achieving seven (7) compliance plus elements which resulted in the external assessor recognising us as world class in those areas.

We are clear on our responsibility to support economic growth aspirations and combine our commercial success with socially and environmentally responsible practices, giving life changing opportunities to those far removed from the labour market was also recognised by three awards from CN UK Talent awards for Most Inspiring Employer, Apprenticeship Initiative of the Year and for our Equality, Diversity and Inclusion practices. We are delighted to be able to share our experience and exemplary work practices in the broader industry.

We commissioned and published two reports to allow us to monitor our performance in the areas of Equality, Diversity and Inclusion.

The first report, published March 2018, found that:

- 9% of our apprentices are female compared with 2% starts in the construction sector in Scotland.
- 38% of our apprentices live in the most deprived areas of Scotland.
- 11% of our apprentices have a disability compared with 9% of apprentices in Scotland.

• 4% of our apprentices are from an ethnic minority background compared to 2% of apprentices in Scotland.

We employ one in eight construction workers in Glasgow and therefore compete to recruit the best. We recruit 60 craft apprentices annually and to build diversity we work through our "Construction for All" initiative, where we take a unique approach because we believe opportunities for training and an apprenticeship are life-changing.

Our second report funded by the Scottish Government worked with our supply chain to create a tool kit to build greater diversity and inclusion in the construction sector. This is an area we will continue to focus on as we enjoy the outcomes of being a fully inclusive and progressive employer.

We also offer training and employment opportunities for 35 young people with disabilities who attend Additional Supported Learning Schools annually. Through work experience in our supported manufacturing factory Royal Strathclyde Blindcraft Industries (RSBi), they achieve training to SVQ levels 1 and 2 in furniture manufacturing.

We continue to develop City Building's brand in our chosen markets. We deliver a diverse range of construction and manufacturing operations including repairs and maintenance, design and build construction, new house building, major investment and refurbishment, manufacturing, micro-renewables including district heating, solar thermal and PV installations as well as a range of specialist services.

Underlining the unique social ethos at the heart of City Building (Glasgow) LLP, we have been judged as the most Inspiring Employer within the UK. We retain our market positioning within the top 100 construction companies in the UK and according to industry data collated by the journal Construction News we are in the top ten companies for having responsible business practices in how we pay our supply chain.

External independent validation of performance is central to a culture of continuous improvement. This independent scrutiny by many bodies can at times be infinite, nevertheless it provides us with demonstrable feedback on the effectiveness and success of our workforce.

In the past 12 months, we have received specific recognition from a range of industry and business organisations, gaining many very notable plaudits, including:

- Queens Award for Enterprise Sustainable Development
- Ministry of Defence DRS Scheme Gold
- ARCA (Asbestos removal contractors association) Gold
- ASCP Safety and Compliance Gas Contractor of the Year
- ASCP Safety and Compliance Best Initiative to Combat Fuel Poverty
- ASCP Safety and Compliance Renewables Project of the Year Finalist
- Carer Positive Established Award
- CN UK Inspire Awards Most Inspiring Apprenticeship Programme Finalist

- CN UK Inspire Awards Most Inspiring Employer
- CN UK Talent Awards Apprentice of the Year Finalist
- CN UK Talent Awards Apprenticeship Initiative of the Year
- CN UK Talent Awards CSR Initiative of the Year Finalist
- **CN UK Talent Awards** Equality, Diversity and Inclusion Initiative of the Year
- Hr National Network Awards Diversity and Inclusion of the Year
- Hr National Network Awards Organisational Development of the Year
- Hr National Network Awards Chief Executive of the Year
- Hr National Network Awards Outstanding contribution to HR
- Lady McDonald Recognition Award Plastering Apprentice of the Year Brian Wilson

MALAWI

Working with our supply chain, a team from City Building undertook humanitarian work in Malawi by refurbishing a clinic at the Kamuzu District Hospital which we built in 2010. This vital maintenance work at the prosthetic and orthotic centre supported the work of the '500 miles' charity who have provided life-changing rehabilitation to over 13,000 patients since it opened helping people with impaired mobility to get moving and have a better quality of life.

INVESTING IN SKILLS AND LEADERSHIP

Our business is successful because of the individuals within our workforce who deliver our services. We manage our talent and continue to invest in our people whether it is our current workforce development, trainees or apprentices. We continue to rely on the innovation, hard work and commitment of our workforce and thank them for their continued dedication.

A key element of our forward strategic planning is to continue to develop our culture to underpin the delivery of outstanding performance and continuous improvement in our customers' experience. Our focus is on excellence, value for money and right first-time services.

This investment was highlighted in the Year 1 Review of the partnership between Glasgow City Council (GCC) and Wheatley Housing Group (WHG) which highlighted strong progress against the strategic objective both GCC and WHG set in establishing the City Building (Glasgow) LLP joint venture showing a range of strengths as well as innovation in future priorities.

REPAIRS AND MAINTENANCE DIVISION

We work in partnership with Glasgow City Council and the Wheatley Housing Group to build a shared capability and deliver cost effectiveness. Our reputation as an employer of choice means we attract and retain the best people with the skills, solutions and commitment to get the job done right first time and to the highest standard. For Glasgow City Council, we undertake 200,000+ repairs per annum including key areas of maintenance within some of the City's prestigious buildings, maintenance and repairs of education and social work services property portfolio, Glasgow's Life's property maintenance and refurbishment along with city wide legionella and plant room services, maintenance of all council property alarms, asbestos, lift maintenance and disabled adaptations, furnished accommodation, city lighting and electrical testing. This diverse and unique one-stop-shop service provision provides both added value and innovation in simplifying our approach and delivery to Glasgow City Council.

These vital and specialist services are now increasingly being delivered with the help of mobile technology. This focus on improving efficiency and service has resulted in customer satisfaction levels of 97%, and increased "Right First Time" outcomes.

At the forefront of everything we do is a clear responsibility to set new standards of efficiency and accountability. That's why we've been working hard to align services, processes and standards with internal Glasgow City Council departments. We're also working much closer with our other ALEO (arm's length organisation) colleagues at City Property LLP and Glasgow Life to ensure we help deliver significant on-going savings and service improvements to Glasgow City Council.

For the Wheatley Housing Group we undertake over 200,000 repairs per annum delivering an extensive and comprehensive range of services to tens of thousands of householders as well as investment works and lift maintenance, working in partnership to sustain their top quartile performance in 80% of ARC measures as set out by the Scottish Housing Regulator. We continue to work closely with the Wheatley Housing Group to enhance and develop our repair service provision even more, as we move towards customer App use and more flexible customer appointments as well as more efficient ways of working.

A major organisational change programme was undertaken this year, as part of the launch of a new brand and service model for WHG "My Repairs". This programme involved nearly 1,000 employees with outcomes that will drive commercial opportunity and business growth as well as propelling improvement, innovation and efficiency in repairs and investment works. This year we have completed emergency and non-emergency repairs better than target. This new strategy will continue our drive from excellence to outstanding.

In addition, we lead by example in terms of our environmental strategy and addressing our own carbon footprint. Our strategy is annually reviewed and ensures our legal compliance, particularly with SEPA regulated Pollution Prevention and Control permits and waste management licences. Our Environmental Management System is accredited to ISO 14001:2015 and audited by British Standards Institution.

INVESTMENT DIVISION

Our operational delivery teams, working in partnership with the Wheatley Housing Group's Investment, Repairs and Compliance team have delivered improvements to existing homes by renewing windows, replacing kitchens and bathrooms and fire doors as well as external wall insulation, gas boiler and gas heating system installations. Compliance works have included upgrading smoke alarms, heat detectors and stair lighting as well as the installation of thermostatic mixing valves (TMVs) and window safety checks.

The Wheatley Housing Group formed a constitutional partnership with Dumfries and Galloway Housing Partnership (DGHP) and as part of a £35million investment programme City Building (Glasgow) agile workforce were well placed to undertake voids works, installation of gas boilers and kitchens as well as re-roofing and environmental works and look forward to continuing to work with DGHP in the future.

The expertise and skills of our workforce all support the value strengthening of Wheatley's asset base and on-going stimulus to ensure customer properties remain at the highest standard.

MANUFACTURING DIVISION – Royal Strathclyde Blindcraft Industries (RSBi)

RSBi is one of the most forward-thinking social enterprises in the UK, combining commercial success with socially inclusive practices. It employs 260 people, 50% of whom have a disability, including Reservists and HM Forces veterans from recent conflicts. There are currently 109 individuals who benefit from the Work Choice grant from the Department of Work and Pensions (DWP), which is designed to break down barriers and offer additional support to the benefit of disabled people accessing employment.

RSBi's turnover was £32.5m (2019 - £26.4m) mainly due to the support of Glasgow City Council and the Wheatley Housing Group including works with DGHP and reaching new clients requiring furniture manufacturing and installations.

Our continuing strategy of investing in people, plant and equipment enables us to supply an enormous range of quality products at a competitive price, underpinning the success of this unique business.

As well as manufacturing high quality kitchens, school and office furniture, windows and curtain walling, the timber kits manufactured by RSBi are integral to the construction of new houses, schools, care units and offices.

New projects secured in the past year include several commissions within the student accommodation market, furniture supply to the NHS including new Health Centres, Scottish Enterprise, Scottish Prison Service and Scottish Fire & Rescue and kitchen and

timber kit supplies to several other local authorities as well as for private development new house building.

As the Scottish Welfare Fund arrangements are managed by Glasgow City Council, RSBi is pleased to have been chosen as a major supplier under this contract, providing furniture and white goods to some of the most vulnerable people in Scottish society.

It's a reflection of the scale of our commitment to this important sector that RSBi employs 32% of all 16–24 year-olds working for supported businesses in Scotland. In addition, across the UK, male individuals with a disability experience an 11% pay gap and 19% of households that include an individual with a disability live in relative income poverty. It is estimated that, in the UK, individuals with a disability have a median hourly earning rate of £9.85. At RSBi the median hourly earning rate is £10.55.

RSBi was the first supported business in Scotland to secure the Scottish Government's Scottish Business Pledge accreditation recognising fair working practices.

CORPORATE SERVICES DIVISION

The 234 apprentices employed at our SQA-accredited training centre at Queenslie underpin much of the work carried out by our Construction and Repair and Maintenance Divisions, and the outstanding quality of the training they receive enhances their career prospects for decades to come. Our apprentices are recognised by external bodies in terms of awards.

With an apprentice "pass out rate" of 95% in the past year, almost a third above the national sector average, our apprenticeship programme is one of the most highly rated in the country. This commitment to future proofing the skills of the construction sector is underlined by our strategic decision to construct a state-of-the art Training College to meet future demands of CBG's Craft Apprenticeship Training Programme. However, it is only one element of the investment we make in our people, which also covers degree and post-graduate qualifications.

In the past year alone, we have carried out 50,000 hours of training across a myriad of disciplines, from construction, health & safety and manual handling to scaffold inspections, asbestos awareness and first aid and fire wardens.

Our inclusive approach to community engagement is not just the 'right' thing to do, but also makes business sense. In all major projects, we actively involve local people in our decision-making processes – after all, they are the ones who will be benefitting from these projects for years to come. Not only do we provide local employment, apprenticeships and sponsorship of local projects and events but we also undertake community-based apprenticeship projects, further strengthening the links between our workforce and our customers.

This year, 97 communities, charities and third sector organisations benefitted from our work, including numerous community apprentice projects undertaken for local charities,

projects and community organisations and 120 school pupils gaining work experience in construction and manufacturing. In addition, we have contributed £51,678 to corporate charities and our employee-led charity fundraising raised £24,603 which included raising funds for a number of charities giving support to people suffering with mental health issues and our humanitarian work in Malawi. These activities underline our workforce's commitment to our corporate values.

RISK MANAGEMENT

City Building applies a significant level of corporate governance to the management of business risk and has in place a formal structured risk review process. The risk register is a live document and reviews are reported to City Building (Glasgow) LLP Board, which is chaired by an elected Board member.

The stability of the UK construction market remains variable and there is now concern with the impact of Covid 19. The macro-economic impact of Covid 19 is not known yet however City Building's main concerns are in respect of the health & welfare of the staff, customers, clients & subcontractors; the availability of the work from clients; the availability of subcontractors and the additional costs associated with ensuring safe working practices.

We continue to work with our supply chain within our new framework to supply more than 70 construction and trades services involving 136 Glasgow-based companies, with 82.5% of the successful businesses described as SMEs (small-medium sized businesses).

The Repairs and Maintenance sectors will continue to be driven in part by efforts to reduce energy costs by the installation of energy efficient measures and/or renewable energy generation technologies and City Building (Glasgow) LLP is well placed to take advantage of any opportunities in this area.

In addition, we are continually engaged in seeking out new business development opportunities to bolster current contracts.

CORPORATE SOCIAL RESPONSIBILITY

"Building a Sustainable Future" is more than a slogan for us. We are acutely aware that we're providing valuable skills to the workforce of tomorrow and generating sustainable economic and social benefits in our local communities and beyond. Our strong focus on continuous training for all employees, including apprentices and tradespeople, will help us to develop responsible citizens for the future.

City Building (Glasgow) LLP is committed to:

• Delivering lasting employment opportunities to local people, including those with a disability and / or from minority groups.

- Engaging directly with local community groups, housing associations and other agencies to ensure we maximise opportunities to improve local areas and overall wellbeing.
- Continuing our work on youth citizenship programmes to deliver positive communities.
- Investing in green technologies to ensure the future of both our workforce and the environment.
- Increasing the number of apprentices and tradespeople trained in renewable technologies to ensure we have a multi-skilled workforce for the future.
- Combining commercial success with socially and environmentally responsible practices to give life changing opportunities to those far removed from the labour market.
- Working in partnership with a range of organisations to ensure that people of all abilities are encouraged to reach their full potential.

Our strong commitment to sustainable development will ensure that we continue to leave positive and lasting legacies for future generations in local communities across the city.

ENVIRONMENTAL AND SUSTAINABILITY

City Building (Glasgow) LLP recognises the significant impact that our activities have on environmental issues such as climate change; resource depletion and water quality affect us all. These matters remain priorities for Government. Over the past five years, with an increase in business, we have reduced annual waste production by 10.5% or 1,463 tonnes. Across the business, 74% of the waste is re-used or recycled therefore minimising waste being sent to landfill.

Although we have an excellent recycling rate, we are now incorporating the circular economy principles into our business strategy and have implemented a number of waste minimisation policies.

CARBON REPORTING

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

The LLP's energy use and emissions for the last year have been as follows:

Total energy use covering electricity, gas, other fuel and transport	7,464,914	kWh	
Total per City Building Glasgow LLP employee	4,189	kWh	
Total emissions generated through combustion of gas Total emissions generated through other fuel Total emissions generated through purchased electricity	3,752.7	tCO2e tCO2e tCO2e	

Total Gross

5,389.3 tCO₂e

The UK Government Company Greenhouse Gas conversion factors have been used to calculate the emissions provided. The source of the information included energy and fuel invoices and meter readings.

Our aim is to reduce our carbon footprint to as low a level as is reasonably possible through effective management and identification of improvements within the organisation, all of which will be in-line with the ISO 14001:2015 accreditation held by the LLP.

As a start, we have implemented the following initiatives for the purpose of increasing the business energy efficiency in the upcoming financial year:

- A Sustainability Champion network has been established within the organisation to help identify potential savings opportunities across the various premises of the business. Regular training sessions and awareness materials have been made available to support effective delivery of this scheme.
- A full feasibility study has been commissioned for the vehicle fleet operated by the business and will be undertaken by The Energy Savings Trust with a view to identifying the latest technology available which has the potential to drastically reduce carbon emissions from the current diesel-powered fleet.

The following energy efficiency measures are under consideration for implementation during the financial year:

- Implementation of IT systems to allow for PC shutdown to ensure equipment is switched off during periods when they are not in use.
- Continued installation of energy-efficient lighting and appliances throughout the business.
- Continued replacement of older air-conditioning unit systems with more energy-efficient systems.
- On-going monitoring of building energy performance and identifying potential for new technology to be implemented.

INVESTMENT FOR NEW BUSINESS DEVELOPMENT

City Building (Glasgow) LLP is committed to investing in the business to support its development and growth. In line with other construction companies we ensure our marketing budget is directed towards increasing new business opportunities.

OUTLOOK FOR 2020/21

In line with Scottish Government guidance on the Covid 19 pandemic, City Building (Glasgow) LLP went into lockdown the week commencing 23rd March, 2020.

Throughout this period, we have supported our clients and customers through continuing to deliver emergency life and limb repairs. However, all planned works were suspended. We have benefited from the UK Government's Job Retention Scheme (furlough). Glasgow City Council and the Wheatley Housing Group have jointly committed to deficit fund City Building (Glasgow) LLP throughout this period giving comfort that there is no going concern issue.

As lockdown eases and opportunities open we believe that with both a highly skilled workforce and a strong, experienced management team, City Building (Glasgow) LLP is confident it will continue to secure work with the support from Members through the 2020/21 financial year and that it will continue to deliver operational and financial success.

TRANSACTIONS WITH MEMBERS

During the year sales and purchases for construction, maintenance and manufacturing were made from members as per Note 16 Related Parties.

In accordance with the agreements between the LLP, Glasgow City Council and the Wheatley Housing Group, and in line with previous years, the annual discount of £5.5m (2019 £5.0m) is treated as members remuneration charged as an expense in the Profit & Loss Account..

DISCLOSURE OF INFORMATION TO AUDITOR

The Members who held office at the date of approval of this Members report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor are unaware, and each Member has taken all the steps that they ought to have taken as a Member to make themselves aware of any relevant audit information and to establish that the partnership's's auditor is aware of that information.

AUDITOR

Grant Thornton UK LLP was appointed for an initial period covering the 2019/20 financial statements. A new appointment will be approved by the Members prior to the end of the next period for appointing auditors in accordance with Section 487 of the Companies Act 2006.

The financial statements were authorised for issue on xxxxxx. Approved by the members and signed by

For and on behalf of Wheatley Housing Group Limited For and on behalf of Glasgow City Council

Registered number: SO30099 Registered office: 350 Darnick Street, Glasgow G21 4BA

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of City Building (Glasgow) LLP

Opinion

We have audited the financial statements of City Building (Glasgow) LLP ("the LLP") for the year ended 31 March 2020 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Members' Interests, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view, of the state of the LLP's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Auditors responsibilities for the audit of the financial statements' section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – pension assets valuation

We draw attention to Note 19 to the financial statements, which describes the basis for valuing the property assets held by the defined benefit pension scheme. The scheme trustees engaged an expert to value the property assets held. The expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of City Building (Glasgow) LLP (continued)

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macroeconomic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the LLP's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the LLP's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an LLP associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the LLP's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the members' conclusions, we considered the risks associated with the LLP's business model, including effects arising from macro-economic uncertainties such as Covid '19 and Brexit, and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the period of at least 12 months from the date when the financial statements were authorised for issue. In accordance withteh above, we have nothing to report in these respects.

Independent auditor's report to the members of City Building (Glasgow) LLP (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the LLP will continue in operation.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement set out on page 12, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; and for such internal control as they

Independent auditor's report to the members of City Building (Glasgow) LLP (continued)

determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <u>www.frc.org.uk/auditorsresponsibilities</u>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Andersen

Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Glasgow

Date

Profit and Loss Account for the year ended 31 March 2020

	Note	31 March 2020 £000	As Restated 31 March 2019 £000
Turnover Cost of sales	2	148,131 (135,877)	144,081 (132,195)
Gross profit Administrative expenses	3	12,254 (16,727)	11,886 (23,517)
Operating loss Other interest receivable and similar income Interest payable and similar charges	4 6 7	(4,473) 16 (2,742)	(11,631) 12 (1,921)
Loss for the financial year before members' remuneration		(7,199)	(13,540)
and profit shares Members' remuneration charged as an expense	8	(5,500)	(5,000)
Loss for the financial year available for discretionary division among members		(12,699)	(18,540)
All of the LLP's operations are classed as continuing			

Statement of Other Comprehensive Income for year ended 31 March 2020

	2020 £000	2019 £000
Loss for the year available for discretionary division among members	<u>(12,699)</u>	<u>(18,540)</u>
Other comprehensive income		
Actuarial gains/(losses) on defined benefit pension scheme	46,055	(22,716)
Other comprehensive income for the year	46,055	(22,716)
Total comprehensive income for the year	33,356	(41,256)

Balance Sheet

at 31 March 2020

at 31 March 2020			۸ -
	Note	2020 £000	As Restated 2019 £000
Fixed Assets Tangible Assets	9	735	1,025
Current assets Stock Debtors Cash in hand and in bank	10 11	2,353 23,867 6,765	2,186 21,741 4,359
		32,985	28,286
Creditors: amounts falling due within one year	12	(21,292)	(22,086)
Net current assets		11,693	6,200
Total assets less current liabilities		12,428	7,225
Creditors: amounts falling due after more than one year	13	(88)	-
Provisions for liabilities	14	(648)	(565)
Net assets before pension fund deficit		11,692	6,660
Pension fund deficit	16	(71,315)	(104,613)
Net liabilities attributable to members		(59,623)	(97,953)
Represented by: Loans and other debts due to members Other amounts		11,459	6,485
Members' other interests			
Members' capital classified as equity Members' other interests – other reserves classified as equity	16	2 (71,084)	2 (104,440)
Total Members' interests		(59,623)	(97,953)
Amounts due from members Loans and other debts due to members Members' other interests		(18,583) 11,459 (71,082)	(15,997) 6,485 (104,438)
		(78,206)	(113,950)

These financial statements were approved and authorised for issue by the members on xxxx and were signed on their behalf by:

CITY BUILDING (GLASGOW) LLP Members' report and financial statements For the year ended 31 March 2020

For and on behalf of Wheatley Housing Group Limited For and on behalf of Glasgow City Council

Registered number: SO30099

Statement of Members Interests

		Equity		De			
	Memb	ers' other int	erests	Loans and othe			
£000's	Members'	Other	Total	members'	oers Total	Total	
	wembers	Other	Total	wembers		Members'	
	Capital	Reserves		capital		Interests	
		classified		(classified as			
		as equity		other			
				amounts)			
Amounts due to members				(9,976)	(9,976)	(9,976)	
Amounts Due from Members				7,300	7,300	7,300	
Balance as at 1 April 2018	2	(63,184)	(63,182)	(2,676)	(2,676)	(65,858)	
Members' remuneration charged as an expense, including employment and retirement benefit cost				5,000	5,000	5,000	
Lloss for the financial year available for discretionary division among members		(18,540)	(18,540)			(18,540)	
Other Comprehensive Income		(22,716)	(22,716)			(22,716)	
Other movements				(11,836)	(11,836)	(11,836)	
Balance as at 31 March 2019	2	(104,440)	(104,438)	(9,512)	(9,512)	(113,950)	

		Equity		Deb	-	
	Memb	embers' other interests		Loans and other debts due to members		
£000's	Members Capital	Other Reserves classified as equity	Total	Members capital (classified as debt)	Total	Total Members Interests
Amounts due from members				(15,997)	(15,997)	(15,997)
Amounts due to Members				6,485	6,485)	6,485
Balance as at 1 April 2019	2	(104,440)	(104,438)	(9,512)	(9,512)	(113,950)
Members' remuneration charged as an expense, including employment and retirement benefit cost Profit/ (loss) for the financial		(12,699)	(12,699)	5,500	5,500	5,500 (12,699)
year available for discretionary division among members						
Other Comprehensive Income		46,055	46,055			46,055
Other movements				(3,112)	(3,112)	(3,112)
Balance as at	2	(71,084)	(71,082)	(7,124)	(7,124)	(78,206)
31 March 2020						

City Building (Glasgow) LLP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Cashflows from operating activities	_	2020 £000	2019 £000
Loss for the financial year available for discretionary division among members		(12,699)	(18,540)
Adjustments for: Depreciation of tangible assets Non cash movement in pension liability Increase/ decrease in stocks Increase/ decrease in debtors Increase / decrease in creditors Increase / decrease in provisions		410 12,757 (167) (2,126) 4,157 83	426 18,639 (198) (574) (1,487) 99
Net cash generated from operating activities	-	2,415	(1,635)
Cashflows from Investing Activities:			
Purchase of tangible assets		(120)	-
Net Cash from Investing Activities	-	(120)	-
Cashflows from Financing Activities:			
Repayment of finance lease obligations Cash payments for the reduction of the outstanding liabilities	120 (9)		-
Net cash used in Financing Activities		111	-
Net increase in cash and cash equivalents		2,406	(1,635)
Cash and cash equivalents at the beginning of the year	-	4,359	5,994
Cash and cash equivalents at the end of the year	-	6,765	4,359

Notes

1

(forming part of the financial statements) Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements. City Building (Glasgow) LLP is an LLP incorporated in Scotland, registered at 350 Darnick Street, Glasgow, G21 4BA.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and in accordance with the Statement of Recommended Practice 'accounting by limited liability partnerships' 2018 ("LLP SORP").

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The LLP has net liabilities of £71.1 million at the balance sheet date. These arise from its obligations in respect of the inclusion of Strathclyde Pension Fund liabilities of £71.3 million which fall due in future years in accordance with the accounting treatment required by FRS102. The net pension fund liability is dependent on market economic conditions and represents the specific circumstances as at the balance sheet date.

The LLP is, required to service the annual cash contributions payable to the pension scheme. These are determined every three years as a result of the formal triennial actuarial valuation. The last formal valuation was as at 31 March 2020. Based on the LLP's business plan for the short to medium term, management is of the view that the trading performance of the LLP will be such as to enable the LLP to continue to meet the annual contributions to the pension fund as they fall due. In the longer term, beyond the scope of the next triennial actuarial valuation, as the LLP participates in a multi-employer local government pension scheme, any actions to address the longer term funding position in respect of the LLP will necessarily be undertaken in conjunction with the parent members, Glasgow City Council and the Wheatley Housing Group Ltd, which are also a participant members in the Strathclyde Pension Fund.

Due to Covid 19, the LLP went into lockdown 23rd March, 2020 in line with Scottish Government guidance. During this period the LLP continued to provide an emergency life and limb repairs service however all planned works were suspended. The LLP has benefited from the UK Government's Job Retention Scheme (furlough). Glasgow City Council and the Wheatley Housing Group have jointly committed to deficit fund City Building (Glasgow) LLP based on forecasts prepared by management for the 12 months

from the date of signing these financial statements giving comfort that there is no going concern issue.

Accordingly, it has been considered appropriate to continue to adopt a going concern basis for the preparation of these financial statements because the members believe that the LLP will generate sufficient assets to meet its ongoing trading requirements.

1. Accounting policies

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

Cash & Cash Equivalents

Cash is represented as cash in hand and deposits with financial institutions

Provisions

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Members' remuneration and allocation of profits

In accordance with the members' agreement a discount provided to members on the services provided to them is accounted for as members remuneration charged as an expense, with unallocated profits and losses included within 'Other Reserves'. The members shall be entitled to share equally the other reserves classified as equity.

Members' capital

The capital requirements of the LLP are determined from time to time by the members. No interest is paid on capital.

Value added tax

The LLP is registered for VAT purposes. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Fixed Assets

In accordance with parent company guidelines, tangible assets purchased in excess of the de-minimis level of $\pounds 6,000$ are included in the balance sheet as fixed assets and held at cost less depreciation.

Depreciation is charged on a straight line basis and the useful life of an asset is deemed to be:

I.T. Systems	5 years
Plant and Equipment	10 years
Fixtures and Fittings	10 years
Buildings	10 years

Assets disposed of, or taken out of use, will be fully written off in year of disposal or removal from use.

Taxation

Taxation on all partnership profits is solely the personal liability of individual members. Consequently neither taxation nor related deferred taxation arising in the LLP are accounted for in these financial statements.

Turnover recognition

Turnover from contracts and other services rendered is included to the extent of the completion of the contract or service concerned. Income received in advance is included in the balance sheet within creditors: amounts falling due within one year. Turnover includes services provided to the LLP's sister partnership, City Building (Contracts) LLP.

Revenue Streams: WHG Repairs - Recognised when job is complete WHG Investment – Recognised when job is complete Manufacturing – Recognised when product is complete

Long-term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous accounting periods. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated as costs incurred, less those transferred to the profit and loss account, after deducting reasonable losses and payments on account not matched with turnover.

Stock

Stock is valued at the lower of cost and net realisable value.. Provision is made for items which are considered to be slow moving or obsolete.

Retirement benefits

All existing and new members of staff have the option of joining the defined benefit pension scheme; Strathclyde Pension Fund ("the Fund"). A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The LLP's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted which is valued in accordance with FRS102 fair value hierarchy. The LLP determines the net interest expense/ (income) on the net defined benefit liability/ (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/ (asset) taking account of changes arising as a result of contributions and benefit payments. Assets and liabilities of the Fund are held separately from those of the LLP.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Fund's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The LLP recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

2. Turnover

Turnover which is net of VAT and is recognised in the UK, is included to the extent of the completion of the contract or service supplied under the principal activities of the LLP.

Notes (continued) 3 Turnover by class

The activities of the LLP are broken down as follows:

		Repairs &			
	Construction	Maintenanc	Other		
		e			
	Activities	Activities	Activities	Manufacturin	Total
				g	
Year ended 31 March 2020	£000	£000	£000	£000	£000
Turnover					
Total Sales	33,819	78,535	5,966	32,475	150,795
Inter segment sales	-	-	-	(2,664)	(2,664)
Sales to third parties	33,819	78,535	5,966	29,811	148,131

	Constructio	Repairs &			
		Maintenanc	Other	Manufacturin	
	n Activities	e Activities	Activities	g	Total
Year ended 31 March 2019	£000	£000	£000	£000	£000
Turnover					
Total Sales	33,471	78,248	5,972	28,043	145,734
Inter segment sales	-	-	-	(1,653)	(1,653)
Sales to third parties	33471	78,248	5,972	26,390	144,081

CITY BUILDING (GLASGOW) LLP Members' report and financial statements For the year ended 31 March 2020

Notes (continued)

4 Operating loss

	2020 £000	2019 £000
Operating loss is stated after charging:		
Operating lease payments Depreciation and other amounts written off fixed assets	1,100	1,153
	410	426
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts Fees payable to the LLP's auditor for tax compliance	33	30
services	5	4

5 Staff numbers and cost

The average number of persons employed by the LLP during the year, analysed by category, was as follows:

	2020 Number	2019 Number
Direct operatives Administration	1,570 147 1,717	1,631 149 1,780
	2020 £000	2019 £000
Staff costs for the above persons were:		
Wages and salaries Social security costs Pension costs	55,216 4,963 <u>18,913</u> 79,092	53,437 4,868 25,352 83,657
6 Other interest receivable and similar income		
	2020 £000	2019 £000
Other interest receivable	<u> </u>	<u> </u>

Notes (continued)

7 Other interest payable and similar charges

	2020 £000	2019 £000
Finance leases Interest on defined benefit scheme obligation Expected return on pension assets	2 13,518 (10,778)	1 12,808 (10,888)
	2,742	1,921
8 Particulars of mombars		

8 Particulars of members

The number of members of the LLP for the year was two. Each members' remuneration was $\pounds 2.75m$ (2019: $\pounds 2.5m$)

9 Fixed assets

	Land & Buildings £000	Plant & Equipment £000	Total £000
Cost At 1 April 2019 and 31 March 2020 Additions	450	4,329 120	4,779 120
	450	4,449	4,899
Depreciation At 1 April 2019 Charge for the year	450 -	3,304 410	3,754 410
At 31 March 2020	450	3,714	4,164
Net book value At 31 March 2020		735	735
At 31 March 2019		1,025	1,025

Finance Lease

Fixed assets stated above include assets held under finance leases as follows:

	2020 £000	2019 £000
At Cost Depreciation	120 _	-
	<u>120</u>	Ē
10 Stock	2020 £000	2019 £000
Raw materials and consumables	<u>2,353</u>	<u>2,186</u>

88

88

Notes (continued)

11 Debtors

	2020 £000	2019 £000
Trade debtors	1,771	3,229
Amounts owed by members	18,583	15,997
Amounts owed by other related undertakings	990	853
Prepayments and accrued income	2,523	1,662
	23,867	21,741

12 Creditors: amounts falling due within one year

		As restate d
	2020	2019
	£000	£000
Trade creditors	9,571	9,740
Amounts owed to other related undertakings	16	27
Other taxation and social security	3,115	4,191
Other creditors	1,075	1,307
Accruals and deferred income	7,515	6,821
	21,292	22,086
13 Creditors: amounts falling due after one year		
	2020 £000	2019 £000

Obligations	under	finance	lease

14 Provisions for liabilities

	2020 £000	2019 £000
Balance at beginning of period Additions during the period Released to profit and loss account	565 83 	466 99 -
	648	565

Provisions relate to warranty on certain works and estimates for potential holiday obligations arising from changes to the Employment Rights Act 1996.

-

Notes (continued)

15 Operating lease commitments

At 31 March 2020, the LLP has commitments under operating leases as follows:

	2020	As Restated 2019
	£000	£000
For leases expiring: Within one year Within two to five years Over five years	1,042 489 <u>-</u>	1,050 1,304 =

<u>1,531</u> <u>2,354</u>

Prior year restatement required to reflect breaks lease agreements. The members previously showed figures without reflecting rent breaks. Now only include rent breaks, previous total of £20.935m, now £2.354m.

16 Pension costs

The information disclosed below is in respect of the LLP's share of assets and liabilities within the Strathclyde Pension Fund, in which it is a participating employer. The latest full actuarial valuation was carried out as at 31 March 2020. The next triennial valuation will be 31 March 2023.

	2020 £000	2019 £000
Present value of funded defined benefit obligations Fair value of plan assets	(479,784) 414,493	(527,037) 429,493
Present value of unfunded defined benefit obligations	(65,291) (6,024)	(97,544) (7,069)
Net liability	(71,315)	(104,613)

Notes (Continued

16 Pension costs (continued)

Movements in present value of defined benefit obligation

	2020 £000	2019 £000
At 1 April Current service cost Interest cost Contributions by scheme participants Actuarial (gains)/losses arising from changes in financial assumptions Actuarial (gains)/losses arising from changes in demographic assumptions Other experience losses Past service cost (including curtailments) Estimated benefits paid	534,106 18,853 13,518 2,786 (53,364) (19,562) (2,198) - (8,331)	464,827 16,774 12,818 2,759 35,710 - 96 8,748 (7,626)
At 31 March	485,808	534,106

Notes (continued)

16 Pension costs (continued)

Movements in fair value of plan assets were as follows:

	2020 £000	2019 £000
At 1 April Interest Income Re-measurement: return on plan assets less interest income Contributions by employer Contributions by members Benefits paid	429,493 10,778 (29,069) 8,836 2,786 (8,331)	401,568 10,888 13,091 8,813 2,759 (7,626)
At 31 March	414,493	429,493
Expenses recognised in the profit and loss account:	2020 £000	2019 £000
Current service cost Past service cost Net interest on defined benefit pension plan obligation	18,853 - 2,740	16,774 8,748 1,930
At 31 March	21,593	27,452

The total amount recognised in Other Comprehensive Income in respect of actuarial gains and (losses) is £46,055k (2019- (£22,716k)).

Fair value

Notes (continued)

16 Pension costs (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2020 £000	2019 £000
Equities Corporate bonds Property Other	274,068 60,995 37,528 41,902	283,987 63,202 38,886 43,418
	414,493	429,493
Actual return on plan assets	(29,069)	13,091

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2020 %	2019 %
Discount rate	2.3	2.5
Expected rate of return on plan assets	2.6	2.5
Future salary increases	2.9	3.6
Inflation/pension increase rate	1.8	2.4

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below.

Last full actuarial valuation was performed on 31 March 2020.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

• Salary increases are expected to be 2.9% p.a.

The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Category	2019/20		2018/19	
	Male	Female	Male	Female
Current Pensioner aged 65	20.7	22.9	21.4	23.7
	years	years	years	years
Future Retiree upon reaching 65	22.2	24.6	23.4	25.8
	years	years	years	years

Notes (continued)

16 Pension costs (continued)

History of plans

The history of the plans for the current and prior periods is as follows:

	2020	2019	2018	2017
	£000	£000	£000	£000
Present value of scheme liabilities	(485,808)	(534,106)	(464,827)	(483,159)
Fair value of scheme assets	414,493	429,493	401,568	431,888
Net asset	(71,315)	(104,613)	(63,259)	(51,271)

The LLP expects to contribute approximately $\pounds 8,561,000$ to its defined benefit plan in the next financial year.

Sensitivity Analysis

Change in assumptions at 31 March 2020	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	61,212
0.5% increase in the Salary Increase Rate	3%	13,053
0.5% increase in the Pension Increase Rate (CPI)	10%	47,047

17 Related party transactions

During the year the LLP entered into the following transactions with related parties:

	Sales	5	Purchas	ses
	2020	2019	2020	2019
	£000	£000	£000	£000
Entities with joint control or significant influence:-				
Glasgow City Council & other ALEO's	56,377	53,044	11,707	8,023
Wheatley Housing Group Limited	75,189	75,634	2,750	2,500
City Building (Contracts) LLP	21,715	25,267	7,378	5,952
	153,281	153,945	21,835	16,475

The following amounts were outstanding at the reporting end date:

	Amounts ow related par		Amounts ov related pa	
	2020	2019	2020	2019
	£000	£000	£000	£000
Entities with joint control or significant influence:-				
Glasgow City Council & Other ALEO's	5,517	3,979	8,725	4,012
Wheatley Housing Group Limited	14.056	12,914	2,750	2,500
City Building (Contracts) LLP	3,987	4,562	2,721	1,509
	23,560	21,455	14,196	8,021

18 Capital Commitments

There were no capital commitments as at 31 March 2020 or 31 March 2019

19 Accounting estimates and judgements

Key sources of estimation uncertainty:

The LLP believes that there is estimation uncertainty within the defined benefit pension liability which may materially affect the financial results. This uncertainty includes life expectancy, rate of inflation, returns the plans generate, discount rate. Independent actuarial advice is used to assist see note 16.

The pension scheme trustees appointed [XYZ] as an independent expert to independently value property assets held by the pension scheme of £6,476k as at 31 March 2020. The members have used the independent expert's report to determine the fair value of those property assets as at the year end.

The independent expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of the property assets held by the pension scheme than would normally be the case. The members have considered the material valuation uncertainty included in the independent expert's report, and while less certainty and a higher degree of caution needs to be attached to the valuation can still be relied upon. The members therefore consider the valuation included in the independent expert's report to be an accurate reflection of the property assets held by the pension scheme's fair value.

Critical accounting judgements in applying the LLP's accounting policies. There are no key judgements in the opinion of the members.

20 Financial Instruments

Financial Assets

	2020	2019
	£000's	£000's
Financial Assets that are debt instruments measured at amortised cost	30,331	25,695

Financial Liabilities

	2020	2019
	£000's	£000's
Financial Assets liabilities measured at amortised cost	29,724	24,380

Financial assets that are measured at amortised cost comprise cash, trade debtors, other debtors, accrued income, and amounts due from members.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and amounts owed to members.

20. Controlling Party

The LLP is a 50/50 joint venture between the Wheatley Housing Group and Glasgow City Council. All decisions are taken by the members with no single controlling party.

21. Post Balance Sheet Event

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. As this is a non-adjusting event, management has not adjusted the financial statements for the year ended 31 March 2020. Management is closely monitoring the evolution of this pandemic, including how it may affect the LLP, the economy and the population.

Due to the construction and maintenance activity the LLP is involved in being classed as essential, the LLP is still operational. The impact of Covid 19 on the LLP's operational and financial performance will depend on future developments, including the duration of movement restrictions and the effect these have on suppliers and customers. Management has estimated the financial effects taking account of recovery plans from clients for the financial year 2020/21 and this situation will continue to be monitored closely.

22. Financial Risk Management

The LLP has exposure to two main areas of risk – Liquidity Risk and Customer Credit Exposure.

Liquidity Risk

The objective of the LLP managing liquidity risk is to ensure that it can meet its financial obligations and when they fall due. The LLP expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the LLP has credit facilities available. The LLP is in position to meet its commitments and obligations as they become due.

Customer Credit Exposure

The LLP may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The LLP is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the fact that the majority of sales are to related parties and therefore the risk is significantly reduced.



Group Statement on Environmental, **Social and Governance** 2019/20

Making Homes and Lives Better



The social and environmental impact of housing associations upon our communities is significant, and it is critical we have robust

governance structures in place to ensure our customers, staff and investors are protected.







The continued shortage of affordable homes across the UK is well-documented. The Scottish Government made a strong commitment to address this in 2016 with a five-year target to deliver 50,000 affordable homes, of which 35,000 should be for social rent. The Scottish Government's most recent update was published in January 2020, covering progress to FY 2018-19¹ (the third year of the five-year target), with progress towards the 50,000 homes targets reported as follows:

Financial year	2016-17	2017-18	2018-19	3-year total
Social rent	4603		6564	16,459
Other affordable rent	2756	-	2990	9014
Total affordable completions	7359		9554	25,473
Wheatley contribution	498	815	907	2220
Wheatley %	6.8%	9.5%	9.5%	8.7%

Wheatley, as the UK's largest builder of socially rented homes in 2017, 2018, 2019 and 2020², completed 802 new homes during 2019/20. We were scheduled to complete 913 prior to the construction lockdown caused by Covid-19 on 23 March this year. There is much work still to be done, and Wheatley will play a key role in this delivery.

¹https://www.gov.scot/publications/affordable-housing-supply-programme-out-turn-report-2018-2019/ ²https://www.insidehousing.co.uk/insight/top-50-biggest-builders-2020-67141







Figure 1. GHA homes in Barmulloch, Glasgow.

Our trajectory to decarbonise the organisation began in 2012 when undertaking our first Carbon Footprint assessment. Our corporate operations aim to be zero-carbon by 2026, and we are targeting 'net zero GHG emissions' by 2030 — a full 20 years ahead of the UK Government goal. This objective forms a core part of our Sustainability Strategy, which is modelled on the UN Sustainable Development Goals, with a particular focus on improving the lives of the communities we serve, thereby furthering the reciprocal benefits to Wheatley as a corporate entity as well as to staff, customers and communities throughout Scotland.

Wheatley operates across 19 local authority areas in central and south-west Scotland, with many of our homes in areas of the highest deprivation. The pandemic has had a disproportionately negative impact on those communities, and our award-winning³ Wheatley Foundation was already positioned to mobilise, expand and accelerate support to our most vulnerable customers when the pandemic hit.

³Wheatley Foundation won Best Foundation award in June 2019 at the Corporate Engagement Awards https://www.corporateengagementawards.com/the-2019-winners/











This critical nature of this emergency provision received recognition and financial support from the First Minister, Nicola Sturgeon, who announced at one of her Covid-19 daily briefings: *"We have announced £350,000 of extra funding for the Wheatley Group to provide 8500 food deliveries across 17 local authority areas. Each delivery will supply food to people in need for seven days."*

We have robust governance structures in place throughout Wheatley Group with experienced and diverse Boards providing oversight, with highly competent executive and leadership teams across the organisation.

Our agile staff and Boards were able to respond extremely quickly to the lockdown conditions imposed towards the end of this financial year, with clear leadership, communication and a seamless transition to moving staff to work from home where possible, and in communities where safe to do so. We are proud of our staff (3000 direct employees and 2000 as joint owners of City Building (Glasgow) LLP) for the resilience they have shown in recent months and the commitment they have to Wheatley Group and to our customers.

Figure 2. Wheatley Group delivering EatWell food packages to tenants

Making Homes and Lives Better

Eat Well Delivering direct to your door

1 mars



PAGE 5

Wheatley Group



Environmental

We take our role as an innovator in housing seriously. Wheatley Group subsidiaries have continually invested and improved the energy and carbon emissions performance of our homes. This investment not only benefits householders, who enjoy lower energy consumption and higher thermal standards with each improvement, but also fits within our ethos as a conscientious champion of a sustainable built environment.

Housing energy and carbon performance

Wheatley Group performs better than the published average housing carbon emission standards across all tenures⁴ and average energy consumption⁵. With the Scottish average housing carbon emissions being 78kg/m² compared with Wheatley Group's 47kg/m² and an average primary energy demand for Scottish homes being 281 kWh/ m², Wheatley Group homes require 278kWh/ m² for an equal sized average home.

Wheatley Group has consistently exceeded the social housing sector in progress towards the Scottish Government's legislation for Energy Efficiency Standards in Social Housing⁶.

	2016	2017	2018	2019	2020
Scottish EESSH average	68%	75%	80%	85%	88%
Wheatley average	93%	94%	96%	97%	98%

⁴Scottish House Condition Survey 2017: Key Findings, section 3.5.2, https://www.gov.scot/publications/scottish-housecondition-survey-2017-key-findings/pages/5/#s3_5. ⁵https://www.gov.uk/government/statistics/national-energy-efficiency-data-framework-need-consumption-datatables-2019

⁶https://www.gov.scot/publications/energy-efficiency-standard-social-housing-eessh-scottish-government-guidancesocial-landlords-revised-february-2019/pages/8/ (Note – data excludes DGHP which joined Wheatley in December 2019)

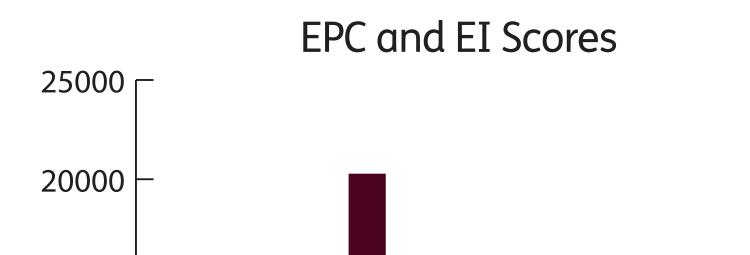






Wheatle

Wheatley also performs above the Scottish average for Energy Performance Certificate (EPC) and Environmental Impact (EI) rating scores. We hold over 39,000 compliant EPCs in our catalogue of certificates which have been compiled over the past 11 years – some of which will under-report their scores as a result of subsequent energy efficiency investment, such as the biomass district heating project in Cube's Wyndford community in Glasgow which directly benefited over 800 households.



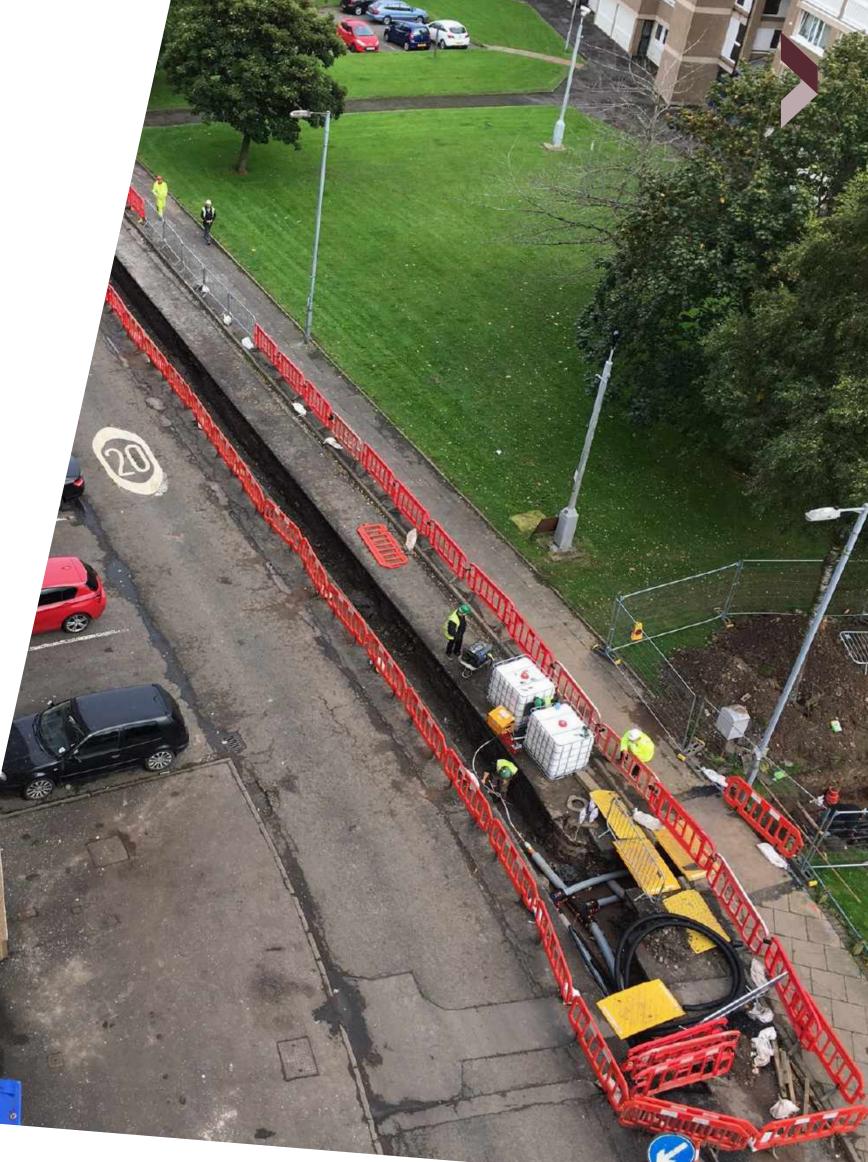
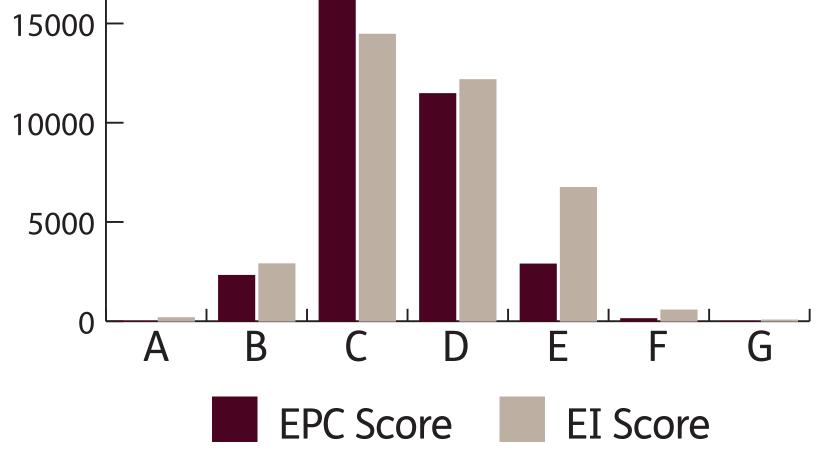


Figure 3 Installation of district heating system



In anticipation of the UK Government's Carbon Zero target by 2050, Wheatley Group is on a trajectory to implement a range of low and zero-carbon energy generation assets throughout our stock. Wheatley Group already owns and operates the largest number of district heating network connections in Scotland, with over 4131 properties linked to low or zero carbon energy centres, served by a variety of technologies from biomass pellet to the UK's largest air source heat pump. at Hillpark Drive, Pollokshaws in Glasgow



Figure 4 District Heating Network in Pollokshaws, Glasgow – providing 350 homes with heating and hot water





The built environment and our ecology

In anticipation of circular economy legislation, we are reducing the use of virgin material within our operations, placing obligations on our network of suppliers to provide sustainable alternatives at no extra cost. We currently recycle 98% of our demolition waste streams and are working in conjunction with Heriot-Watt University to achieve 100%, which would close the loop on building construction and demolition.

We have a strong focus on the land quality and habitat security of our shared environment across our neighbourhoods. For example, Wheatley supports Glasgow City Council's flood prevention strategy by sharing land as 'green infrastructure' surface drainage, thereby ameliorating impacts of climate change and protecting our assets from localised flooding. We are also changing our grounds maintenance strategy to share space with wildlife supporting biodiversity. We measure the effectiveness of our efforts to improve our environmental standard by working with the charity Keep Scotland Beautiful (KSB) who undertake annual inspections of all our communities and advise on metrics for improvement, with a project in Dunedin Canmore receiving 5 Stars, based on the criteria applicable to the KSB National Award for Environmental Excellence⁷. Other projects include:

Figure 5. Dicks Hill development in Stranraer (DGHP)

We are also addressing inequalities arising from environmental contamination including air quality, noise pollution and the internal environmental health of our households. Our work on this area includes undertaking a long-term study of the internal microbial and pathogenic environmental quality of new-build developments with the Mackintosh School of Architecture in order to improve future

- In the second second
- providing horticultural apprenticeships in partnership with the Botanic Gardens; and
 installing a network of free-mileage electric vehicle car clubs throughout our

design to benefits the health of our tenants in Wheatley homes.

Our corporate approach

Wheatley Group operates within the regulatory requirements of the Energy Savings Opportunity Scheme. Our periodic reporting to the Scottish Environmental Protection Agency, calculated and validated by a third-party consultant, shows our continued improvement in terms of energy and carbon emissions. We are also accredited by Planet Mark, which confers an internationally recognised marque confirming our efforts to promote sustainability, environmental, social and economic improvements throughout our activities and in support of our various stakeholders.

Wheatley is committed to making our progress throughout the journey to







⁷https://www.keepscotlandbeautiful.org/media/1563447/ksb-the-wheatley-group-case-study-2019-final.pdf





Figure 6. Community event for GHA tenants

Social

Wheatley is not simply about bricks and mortar. Our mission is to "Make Homes and Lives Better". Our impact upon our communities is vital to the success of the organisation and the improvement of life outcomes for our customers.

Upon completion of our 2015-20 strategy 'Investing in Our Futures', we asked the Housing Associations' Charitable Trust (HACT) to value the social impact the Group has delivered within our neighbourhoods⁸. Their valuation⁹ methodology found:

- >evidenced improved wellbeing was measured at £15.1m (2015-20);
- > public sector efficiency savings of £0.46m (2015-20); and
- >economic value of £181m from the

development programme in 2018-19 alone.

Affordability

To assess the affordability of Wheatley's social housing rents, we employ the Scottish Federation of Housing Associations (SFHA) rent affordability tool. This uses the lowest 30% of earnings in the Office for National Statistics' Annual Survey of Hours and Earnings ("ASHE") for each Local Authority area, and applies a weighting for household composition to take account of household size in recognition that larger households often have more earnings/income and eligibility for Tax Credits and Child Benefit.

There is no nationally agreed maximum affordability ratio for rent. However, Shelter

⁸"Wheatley Housing Group: Investing in our futures 2015-20; Assessment of social and economic impact" published March 2020

⁹For valuation methodology, see information from HACT here: https://hact.org.uk/hact-value











suggests any household that spends more than 35% of its income on rent (and service charges) may experience a disproportionate impact from housing costs. The SFHA suggests using a low affordability ratio of 25% of income spent on rent for families, since families in particular may struggle to afford their non-housing costs after paying their rent.

The table below show the results of applying the SFHA tool to GHA using latest available data, for 2019/20. The shading is green if the rent is less than 25% of moderate income for that household type in that Local Authority area, amber at 25-30% and red at 30%+. This last level is, however, still well below the Shelter guideline of 35% of income spent on rent.

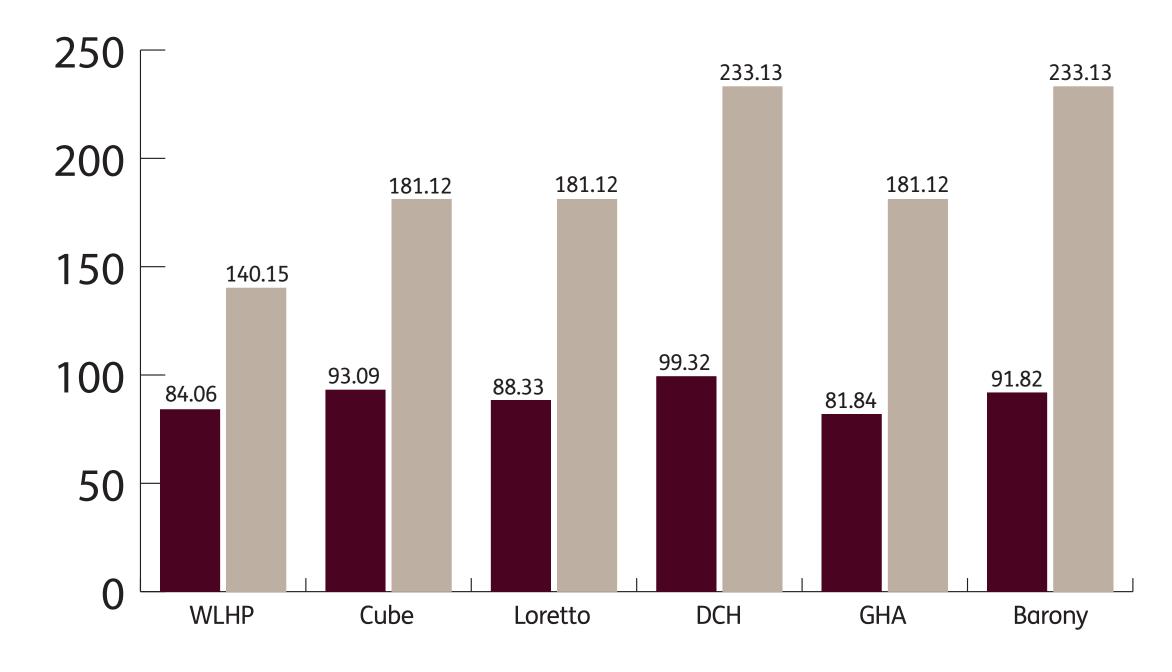
There is necessarily a lag on this data, with 2018/19 information being used. The results show that based on this latest available information, our rents are generally well within the 35% guideline.

GHA rents in Glasgow:

	% of moderate income and spend on rent							
Size	Rent	Single person	Couple (1 x PT, 1 x FT)	Single		Single parent + 1 child	Single parent + 2 children	Single parent + 3 children
Bedsit	£69.95	24.5%	16.3%	22.3%	16.3%			
1 bedroom	£79.45	27.8%	18.6%	25.3%	18.6%			
2 bedroom	£84.54					22.8%	14.1%	
3 bedroom	£98.84						16.5%	14.4%
4 bedroom	£108.26						18.1%	15.8%

We have employed this tool across all our subsidiary companies, with broadly consistent results:

Private rent vs Social in Wheatley's housing universe













Our customers

All direct tenants in Wheatley socially rented properties have Scottish Secured Tenancies¹⁰. This provides them with secure occupancy rights¹¹ for life, with the ability to succeed that tenancy to their husband, wife or civil partner, an opposite-sex or same-sex partner, provided they have lived with the primary tenant for at least 12 months, or other joint tenant.

We run customer satisfaction surveys annually, and these are reported to the Scottish Housing Regulator¹². In our most recent return (summer 2019), the following above sector average ratings were recorded for our social housing subsidiary companies (including Dumfries and Galloway Housing Partnership (DGHP), albeit DGHP was not part of Wheatley Group when these surveys were reported):

Social housing Charter	GHA	Cube	Loretto	Dunedin Canmore	WLHP	Barony	DGHP
Overall service	88%	86%	84%	96%	95%	96%	95%
Kept informed	88%	86%	76%	95%	92%	99%	96%
Opportunities for participation	80%	80%	64%	94%	93%	99%	95%
Quality of home existing tenants	87%	89%	89%	95%	92%	91%	93%
Repairs and maintenance	94%	95%	93%	95%	94%	94%	92%
Neighbourhood maintenance	82%	80%	75%	89%	91%	97%	93%
Rent as value for money	79%	73%	77%	88%	89%	84%	90%
Factoring service	80%	41%	67%	87%	N/A	N/A	N/A

Customer Service Excellence (CSE) is the national standard for excellence in customer service in public sector organisations overseen by the UK Government's Cabinet Office¹³. Wheatley achieved full compliance in all aspects of the standard with 23 elements rated as Compliance Plus. The assessors commented: *"All parts of the Group demonstrated a passionate commitment to the delivery of customer focused services. The Group is to be particularly congratulated this year for achieving full compliance in all aspects of the Standard, with 23 elements rated as Compliance Plus, which is outstanding."*

¹⁰There are different arrangements in place for indirect tenants (i.e. customers who are staying in Wheatley accommodation, where the tenant is living in supported housing or where the tenancy is paid for by a local authority and/or HM Government as may be the case for the homeless, asylum seekers and refugees).
¹¹https://scotland.shelter.org.uk/get_advice/advice_topics/renting_rights/council_housing_association_and_housing_co-op_tenancies/your_rights_as_a_scottish_secure_tenant
¹²https://www.housingregulator.gov.scot/landlord-performance/landlords/wheatley-housing-group-ltd
¹³https://www.customerserviceexcellence.uk.com/

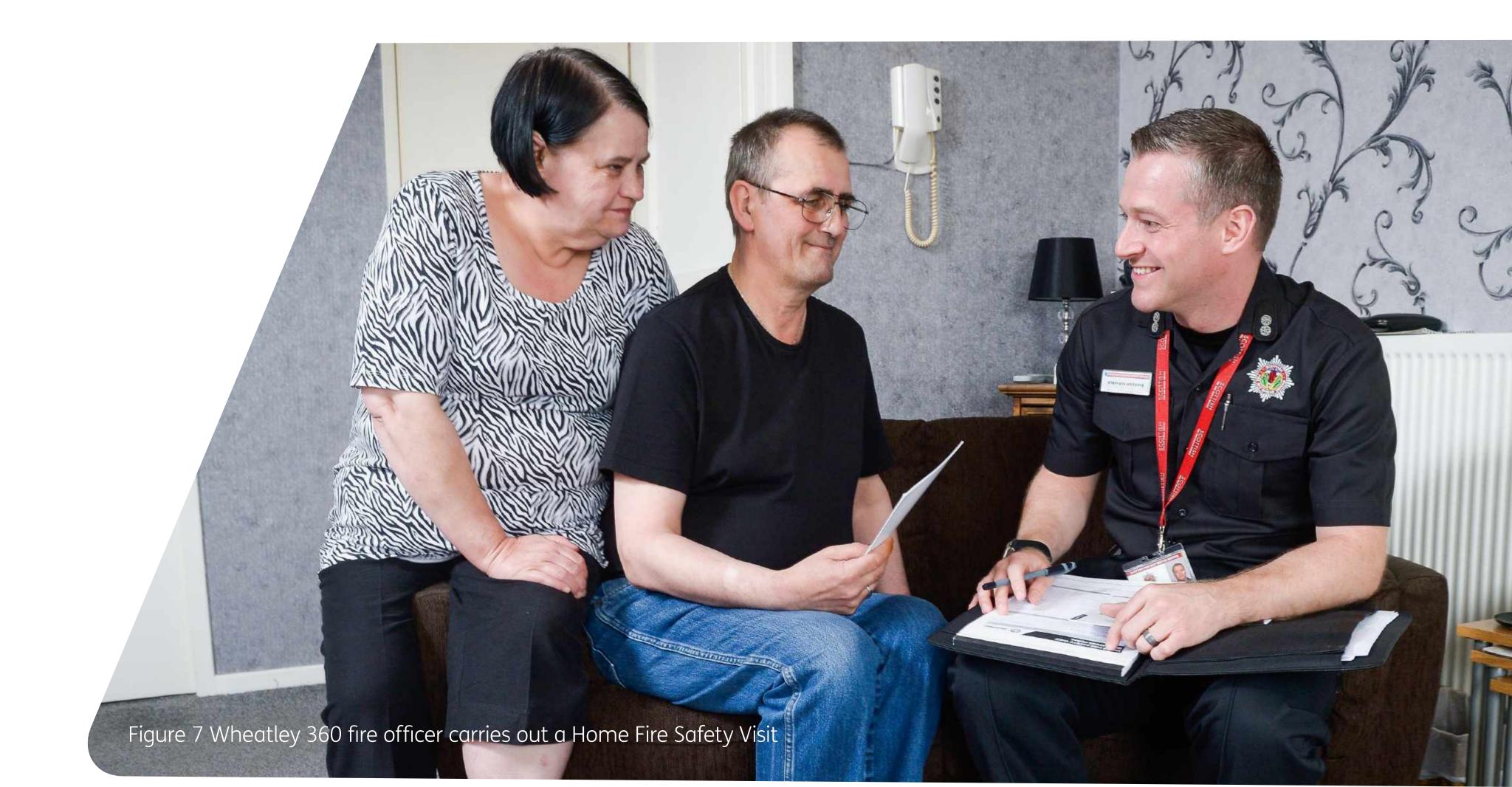




As well as being secure in their tenancies, we continue to prioritise the safety of our customers in their homes and communities. We deliver wraparound services, including seconded police officers, fire officers and our own staff to tackle anti-social behaviour, other crime and to improve fire safety in our neighbourhoods as part of our Wheatley 360 initiative. This includes the provision of a 24/7 concierge service for our multi-storey flats and the promotion of home safety and fire awareness.

In 2019/20 the Group's Fire Safety Operating Model, which is aimed at reducing accidental dwelling fires, increased Home Fire Safety Visits to over 3000 homes, which contributed towards a further 10% reduction in accidental dwelling fires since 2018/19. The Group Fire Safety Operating Model was recognised as a Fire Prevention Exemplar by the Scottish Government's 'Building Safer Communities Group'¹⁴ **customerserviceexcellence.uk.com** In the last two years the Group has reduced accidental dwelling fires by 21%.

We have created an independent living block for older people by refurbishing flats at 415 Nitshill Road in the south of Glasgow. The block, which has 42 flats, is exclusively for older tenants aged 55+ and the first floor has been converted to provide a social space for the residents. The new facility has a garden room, a lounge and kitchen, a fitness and wellbeing suite, a visitor room and room for a hairdresser. This specialised provision, coupled with our Livingwell service provision, delivered by Wheatley Care to 29 locations across our communities, helps build confidence for older people to live independent and fulfilled lives.



¹⁴https://harmandinjuryhub.scot/practice-exemplars/wheatley-fire-prevention-and-mitigation-framework









Homelessness

The most recent Scottish Government bi-annual bulletin on homelessness applications covered the period 1 April to 30 September 2019 and was published on 28 January 2020¹⁵. This is before the worst impacts of the Covid-19 pandemic were felt.

Wheatley plays an active role in tackling homelessness in conjunction with local authority partners and other support agencies to make a sustainable difference and we are proud to be a partner in the Housing First initiative. Housing First is a partnership set up to tackle rough sleeping by giving secure mainstream tenancies to people who are currently sleeping rough or living in hostels and other temporary accommodation.

Wheatley announced the commitment of 200 homes to Housing First following Social Bite's 'Sleep in the Park' fundraising event in December 2018, of which 120 homes have already been provided in our neighbourhoods. In response to the pandemic, we took concrete measures to support the most vulnerable in our communities by providing 300 empty homes to local authority partners for use as temporary accommodation for homeless people - and pledged an additional 100 homes to Housing First.

Sustaining a tenancy can be challenging for the long-term homeless, and we work closely with our Housing First tenants, providing a starter pack that can include food, recycled furniture and fire-retardant bedding to welcome them to their new home. Ongoing support, provided by our housing officers, care staff and the Wheatley Foundation team, provide advice and assistance on everything from saving money on energy bills and help to set up gas, electricity and bank accounts, to arranging a Home Fire Safety Visit. Figures show 92% of tenancies have been

Figure 8 William Smith, Housing First tenant, and Olga Clayton, Group Director of Housing and Care

sustained so far, making a material difference to the lives of these tenants.

Wheatley 100 Housing First homes

Wheatley Group

"Since moving in here I have come on leaps and bounds. Having my own home and my own front door is a good feeling. I feel safe. I feel a lot of hope for the future. It is slow but I am on the right track."

William Smith, Housing First tenant

Our people

Our most important assets are our dedicated staff across Wheatley Group, from frontline housing officers, care staff, environmental teams, corporate support functions and our investment and new-build teams. We were delighted to welcome around 300 new staff when DGHP joined the Group during the course of the year and we also launched the Ignite graduate

¹⁵https://www.gov.scot/publications/homelessness-scotland-update-30-september-2019/







Government, Aileen Campbell, meets Wheatley Ignite graduates

programme, welcoming over 20 future leaders into the organisation.

Our joint venture repairs business, with City Building (CBG), is a key provider of apprenticeships in Glasgow and also supports those with disabilities through their manufacturing division, Royal Strathclyde Blindcraft Industries (RSBi). RSBi is committed to providing opportunities for people with disabilities and currently has 240 employees.

Our commitment to supporting employment opportunities to people with disabilities is significant given the disadvantage faced in the labour market - with disabled people 28.6% less likely to be in employment than non-disabled people¹⁶. Wheatley is a Living Wage Employer and has a clear commitment to developing staff and supporting their wellbeing. We conduct an annual staff survey and seek external accreditation to cement our place as a marketleading employer to ensure we continue to attract, develop and retain the best employees. We were particularly pleased to add Wheatley Group to the list of companies holding the Investors in People Platinum award (GHA, Wheatley Care and Loretto Housing) in 2019.

INVESTORS IN PEOPLE[™] We invest in people Platinum

¹⁶https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/bulletins/ disabilityandemploymentuk/2019





EFQM EFQM Global Excellence Award 2019 A A A A A A A and Outstanding Achievement for Society Dresented to Wheatley Group Figure 10 Alistair MacNish, Chair of Wheatley Group, receives our seven-star accreditation from EFQM

Major themes delivered by the Foundation during 2019/20 included:

The charitable trust was set up in 2016 and is

funded by our Group and subsidiary companies

with £13.7m of external funding since inception,

of which £2.3m was secured in 2019/20. The

University of Strathclyde's Professor of Global

Health. From 2005 until 2014, Dr Burns served

as Chief Medical Officer for Scotland, where his

responsibilities included public health policy.

Foundation is chaired by Sir Harry Burns,

> My Great Start – over 2000 new and vulnerable customers provided with tenancy and money advice. This helps to ensure rent arrears are kept within target and therefore tenancies sustained (target 93% of tenancies sustained);

A major highlight this year was our assessment by the European Foundation of Quality Management (EFQM) which awarded Wheatley the highest seven-star grading. There are only six businesses in the world which have received seven-star accreditation, with Wheatley being the first UK organisation to gain such an honour. The Group was also awarded 'Best in Class for Outstanding Contribution to Society'¹⁷.

Wheatley Foundation

The key objectives for the Wheatley Foundation are to tackle poverty and improve employability, primarily to our customer base, but also into our wider communities across central Scotland and Dumfries and Galloway. The Foundation has supported c.10,000 people in 2019/20.

- >My Money advice programme delivered to 800+ people in workless, lone parent and inwork poverty households to assist with money management and debt reduction;
- >digital inclusion we enabled 5000 people to get online for social, learning and community opportunities;
- >education 100 bursaries for tenants to pursue higher or further education, 3000 qualifications achieved and 2800 books provided to over 500 children in our communities;
- >EatWell providing fresh food to our most vulnerable customers, delivered to their homes; and

>employment and training opportunities – with statistics set out below:

	Totals	Customer update	% customers
Training opportunities	441	304	69%
Apprenticeships	144	65	45%
Jobs	316	204	65%







¹⁷https://www.efqm.org/index.php/efqm-recognition/efqm-global-excellence-award/efqm-award-2019/



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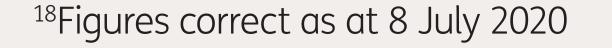




The evaluation undertaken by the HACT measured the social and economic impact of activities delivered by the Wheatley Foundation. Since inception, and to March 2020, HACT estimated the Foundation created £10,211,254 in terms of wellbeing value.

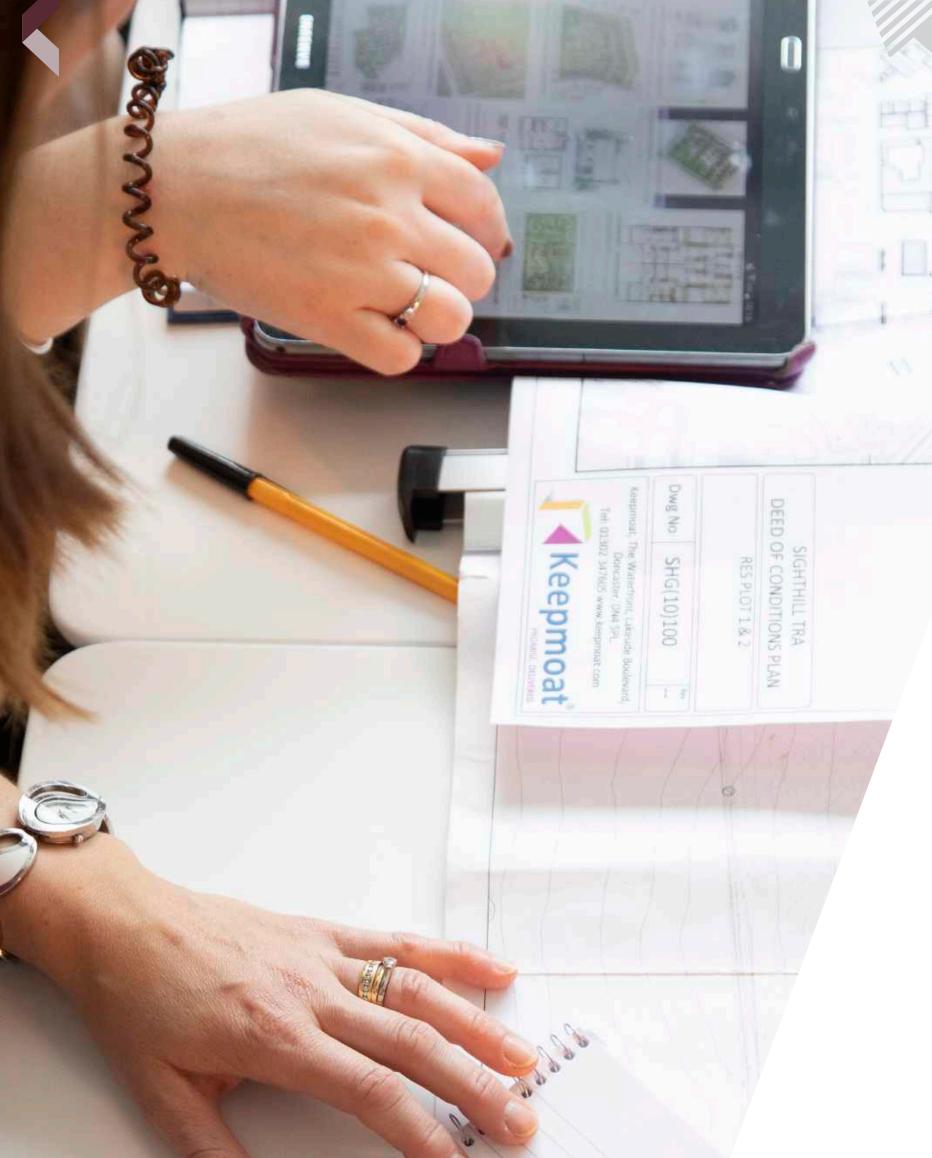
While the impacts of the pandemic were not felt until the very end of the financial year, the Foundation has been vital in delivering support; primarily through our EatWell services where over 25,000 food parcels have been delivered to self-isolating and otherwise vulnerable customers. Our existing infrastructure was expanded to address this critical need.

"Our EatWell service has been a lifeline to so many individuals and families facing continuing hardship. It's been one of the most important ways we've been able to help our most vulnerable customers in these difficult times." Sir Harry Burns, July 2020 Figure 11 Modern Apprentices from across Wheatley Group companies









Governance

All members of the Group work collaboratively to ensure that each member can achieve more for their customers and communities through being part of the Group than they could on their own. We were delighted to welcome DGHP into the Wheatley Group in December 2019, with their new Chair, Maureen Dowden, joining the main Group Board in May 2020.

The Group and each of our Registered Social Landlord subsidiary companies is regulated

by the Scottish Housing Regulator (SHR) and complies with the SHR's Regulatory Framework ("the Framework") and Regulatory Standards of Governance. A revision to the Framework was introduced in April 2019, creating a number of new obligations on the Group and changes in approach including:

- It is a requirement for RSLs (including Groups) to provide a 'Self-Assurance Statement' on their compliance with the Framework;
- >the introduction of public 'Regulatory Judgements' by the SHR setting out their view of an RSL;
- Additional Regulatory Standards in relation to organisational changes and disposals; and
- a more prescriptive requirement for RSLs to embed equality and human rights in their decision making.

Board and trustees

The Wheatley Board comprises up to eight Non-Executive Directors, up to six subsidiary Chairs

¹⁹https://www.iod.com/services/information-and-advice/resources-and-factsheets/details/Board-Effectiveness







and the Group Chief Executive. The Board meets every two months and holds an annual twoday strategy workshop. Non-Executive Directors are recruited based on a rolling three-year succession plan which is reviewed and approved annually and aligns the skills and experience of the Board with both our strategic priorities and the legal and regulatory duties of the Board.

The Group Board has a gender split of 53% male and 47% female; with the Non-Executive Directors split 50/50. The average age of Board Members is 58. There are currently no Group Board members from BAME communities, although we do have BAME representation on subsidiary Boards. Since Wheatley's inception in 2014, there has been a 20% turnover of Board Members. We operate a tenure limit of nine years. The Group Chief Executive is the only Executive Directors by having a Continuous Professional Development programme in place which draws on a range of external experts, including the Institute of Directors, Quality Scotland and our external legal advisors. This allows our Non-Executives to refresh and maintain the key skills and experience they require to carry out their duties.

Systems and risk management

The Board of Wheatley Housing Group is responsible for ensuring that an effective system of internal financial control is maintained within all members of the Group. The Board has established a framework for providing effective internal financial control including:

>documented, up-to-date corporate Governance arrangements including regular meetings of the Board, and subsidiary Boards, which have a schedule of matters that are specifically reserved for approval and are the subject of regular standard reports as required; > written policies and procedures including Standing Orders setting out delegated authorities across Group subsidiaries and organisational structure to support business processes and with clear lines of responsibility; >employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme; adoption of a risk-based approach to internal control and maintenance of risk registers which evaluate the likelihood and impact of identified corporate risks, designate responsibility for monitoring and reporting progress against the Group's key risks; and Inancial plans and budgets supporting strategic and operational financial targets, monitoring and forecasting performance against targets and key performance indicators,

Executive Team member of the Board with the remaining Board (currently 93%) being Non-Executives.

While all subsidiary RSLs are registered charities, the Group Parent (Wheatley Housing Group Limited) is not, and is a private company limited by guarantee without share capital. The shareholders are the members of the Board, who each hold a single share with equal voting rights. The percentage of voting rights will change from time to time depending on the number of Board members but will generally be 7.15% (with 14 Board members).

The Board was most recently independently reviewed by the Institute of Directors¹⁹ in August 2017 and will be reviewed during the course of 2020/21 in accordance with our three-year review cycle. Our Auditors, KPMG, were appointed in September 2016.

Our Non-Executives are subject to an individual annual appraisal process to monitor their

performance and identify any areas for continuous improvement. We support our Non-

all of which are reviewed by the Board.

The Group Board is supported in carrying out its









duties by three sub-committees: Remuneration, Appointments, Appraisal and Governance; Group Audit; and Group Strategic Development. The sub-committees are made up from members of the Group Board. Key responsibilities of the sub-Committees include:

Remuneration, Appointments, Appraisal and Governance Committee is responsible for approving the process for recruitment, selection, succession planning and appraisal of Board members and for ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles. The committee evaluates and reviews the Group's governance framework on an ongoing basis. The committee makes recommendations to the Group Board regarding the terms and conditions of the Group Chief Executive; Group Audit Committee is responsible for oversight of the Group's system of internal control, compliance assurance and risk management. It is responsible for approving the Internal Audit plan and ongoing monitoring of its implementation. It also oversees the external audit process, including agreeing the annual external audit plan and undertaking a detailed review of financial statements. The committee is responsible for reviewing the effectiveness of the overall risk strategy and reviews the strategic risk register. Our Group Audit Committee is chaired by a Chartered Accountant, who is a retired Finance Director in the banking sector. Additionally, the Committee has a business economist and banking solicitor who specialises in leveraged finance transactions. In total this represents 60% of the Committee;

Individual subsidiaries each have their own Board which is responsible for setting their strategy which aligns with the overall Group strategic direction and reflects their unique circumstances and customer priorities. Each subsidiary Board is composed of Non-Executive Directors based on its own individual skills matrix and across the Group. Of our governing body members, 25% are tenants who live in our communities.

In addition to tenants on subsidiary Boards, an independent group of tenants make up a Scrutiny Panel which considers performance in a number of key service areas. We also run Local Housing Committees and Community Forums to ensure the views of our tenants and priorities influence and inform decision-making across the Group.

Group Strategic Development Committee is responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board, in particular fundraising and strategic partnerships.

Risk Management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process. Risk Management forms an integral part of the culture and the way the Group is run. Risk Management plans are incorporated and embedded into business plans of all departments of the organisation.

The Wheatley Housing Group Board approved this statement at its meeting on 26 August 2020









Classified as

Wheatley Housing Group Internal Audit Annual Report and Opinion 2019/20 (Approved by Audit Committee :

6 May 2020)

Contents

- 1. Introduction
- 2. Annual Internal Audit Opinion
- 3. Summary of Findings
- 4. Summary of other IA work
- 5. Follow Up of Audit Actions
- 6. Performance of Internal Audit Team
- App 1 Limitations and Responsibilities
- App 2 Assurance Opinion Definitions
- App 3 Risk Rating Definitions

Group Assurance Mission Statement

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

"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

1. Introduction

The purpose of Internal Audit, as a function of the Assurance Team, is to provide independent, objective assurance and advice, which adds value and assists the Group in achieving its objectives in an effective and efficient manner. It provides appraisal of the Group's internal control system and provides Accountable Officers and Board Members with continued assurance that the Group's governance, risk management and internal control arrangements are adequate and effective.

Our professional responsibilities as Internal Auditors are set out in 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.

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 relevant to our 2019/20 Annual Assurance Plan. The 2019/20 Annual Assurance Plan was approved by the Group Audit Committee on 13 February 2019 and progress against this plan has been reported to the Group Audit 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 Group Audit Committee throughout 2019/20. Reporting to Subsidiary Boards and the Group Board has taken place 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 course of the year.

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 2019/20.

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 2020;
- 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;
- we have placed reliance on the internal audit work performed by the Dumfries and Galloway Housing Partnership Internal Auditors (Beever & Struthers) during the year to 31 March 2020;
- whether or not any Critical recommendations have been made, and the resulting Management action;
- 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.

Annual Internal Audit 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 2019/20. 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. As reported to the 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.

Based on our Group-wide work undertaken in 2019/20 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. However, some weaknesses in the design and or consistent application of controls exist (See **Appendix 2** for Assurance Opinion Definitions). Management has agreed to the improvements to the control environment and the progress of implementing these additional controls will be reported to the Group Audit Committee.

Due to the Covid-19 pandemic, in March 2020 the Group followed UK Government advice and implemented virtual working arrangements while moving to an emergency service delivery model. The opinion expressed in this report applies to the period before the emergency service delivery model was implemented.

Annual Internal Audit Plan 2020/21

3. Summary of Findings

We have completed the following audits within the 2019/20 Annual Plan, the results of which are shown below. We did not identify any critical internal control weaknesses which would require to be reported as part of the Statement of Internal Controls within the Group Financial Statements. Definitions of the report classifications and audit finding ratings are set out in **Appendix 3**.

Assurance Activity	Entities covered	Report	Number of findings per rating				
		Classifications	Critical	Important	Moderate	Minor	
RSM audit of Performance Management and Reporting		Minor	-	-	2	-	
Governance – Annual Assurance Statement		Minor	-	-	-	2	
Risk Management		Moderate	-	-	2	3	
Housing: Service Innovation and Improvement		Moderate	-	-	3	4	
Care: Service Innovation and Improvement		Minor	-	-	-	7	
Core Financial Systems-Budget Management		Minor	-	-	1	2	
Joint Venture Partnership Working		Minor	-	-	1	1	
Project Management Methodology		Minor	-	-	2	-	
Talent Management		Minor	-	-	1	2	
Business Planning		Minor	-	-	-	2	
External Stakeholder Engagement		Minor	-	-	-	2	
Universal Credit Management		Minor	-	-	1	2	
Dumfries and Galloway Housing Partnership		Moderate	-	-	3	3	

Group (inc W Solutions)	GHA	Cube	DC	WLHP	Loretto Housing
Loretto Care	Barony	Commercial	W. Foundation	DGHP	CBG

Classified as Public

4. Summary of other Internal Audit Work

In addition to the 14 audits shown on the previous page, the Internal Audit team has completed work in the following areas, as part of the 2019/20 Internal Audit Plan.

- 1. We completed the following reviews:
 - MyHousing post-implementation review
 - Benefits realisation
 - Internal stakeholder engagement

The findings of these three reviews were reported in Audit Visit Memo format, with the actions arising reported as part of the Strategic Project Management audit.

- 2. We completed our annual service evaluations for RSLs and Care. The results were shared with management, with suggested areas for development and further investigation of the themes identified as a result of our analysis.
- 3. We undertook a two-stage validation of management's self-assessment of implementation of actions arising in a Care Inspectorate report. This confirmed that there was evidence in place to support management's assessment of all actions as complete.
- We worked with an external provider to facilitate a Group-wide Digital Maturity Assessment. The Group's maturity was assessed as "Level 2-Digital Beginner" and a 2025 target digital maturity score of "Level 4 – Digitally Progressive" was set.

- 5. We completed an advisory review of Wheatley Solutions contribution to the Group's new Performance Framework, to support development of the Wheatley Solutions Performance Framework. The review assessed the level of direct and indirect involvement Wheatley Solutions teams have in the delivery of Strategic KPIs and Strategic Projects.
- 6. We monitored the development of the Group Repairs Performance Framework and provided assurance on completed KPIs in stages through the year. We reported our findings in Audit Visit Memo format, highlighting areas where management could develop controls to protect the completeness and accuracy of the data reported.
- 7. We rolled out use of IDEA data analysis software to:
 - enable more efficient and effective testing of controls during audits, and
 - develop enhanced exception reporting for use by management as part of their controls.

5. Follow Up of Audit Actions

The Internal Audit team follows up internal audit actions each month, reporting on progress to Departmental Management Team (DMT) meetings and Executive Team meetings. This includes validating the updates provided by management by:

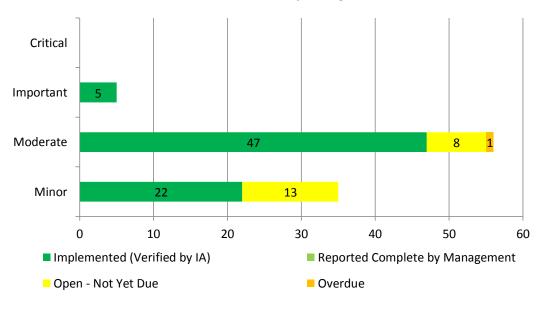
- · reviewing the action updates provided by Management,
- obtaining evidence that actions have been completed as described, and
- assessing the effectiveness of actions taken to address the findings of our audits.

The following table provides a summary of follow up activity during 2019/20:

As at 31 March 2019	2019/20 Actions
Actions brought forward (no. overdue shown in brackets)	15 (1)
New actions added during year	81
Total actions followed up	96
Actions implemented during year	74
Actions carried forward (no. overdue shown in brackets)	22 (1)

We have verified the completion status of all 76 audit actions closed by Management during 2019/20. The following chart shows the status of all actions at 29 February 2020, split by the risk rating of the original finding.

One Moderate action remains overdue, which relates to the development of a revised Customer Service Centre performance framework. The Group Audit Committee has received regular updates on the progress towards completion of this action.



Action Status by Rating

6. Internal Audit Performance

The Assurance Team is responsible for delivering the Group's Internal Audit Service through the provision of independent, objective assurance and advice which adds value and drives improvement across the Group and its Subsidiaries. The high performance of the team is ensured through the following measures

Internal Audit compliance with professional standards

We employ a risk-based approach to determine the audit needs of the Group at the start of each year and use a risk-based methodology to plan and conduct our work. 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. All Assurance Staff have confirmed their independence in year.

Conflicts of Interest

Each member of the Internal Audit team is required to confirm their independence annually. Independence Statements were confirmed by each team member in August 2019 and the exercise will be repeated in August 2020.

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. The EQA process reported in February 2019 included consideration of the Group's arrangements for confirmation of the Director of Assurance's independence and found them to be generally conformant with the requirements of the standards.

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

The table below sets out the Internal Audit team's performance against its agreed KPIs for 2019/20:

КРІ			Target	Status		
Overall C	ustomer Satist	faction Survey Rating	Average feedback score of 8 out of 10	Green		
Audits ar timescale		ine with agreed	100% of audits	Green		
	lan agreed bef hich it relates	ore start of financial	At February Group Audit Committee	Green		
	eport issued ir ation of Annual		At August Group Audit Committee	Green		
timescale Arrangeme time of CO	e and budget (F Ints Review - field	in line with agreed Fire Risk Management lwork was underway at ore unable to complete n return to work.)	100% of audits	Amber		
Percentage of time utilised on Internal Audit Plan delivery (based on 200 days)			100% utilisation	Green		
Key:	Red	More than 15% away from target				
	Amber	Within 15% of target				
	Green Target met / on track for year					

7. Internal Audit Quality Assurance

In order to ensure the quality of the work we perform, we have a programme of quality assurance measures in place which include:

- Supervision of staff conducting audit work;
- Review of working papers, audit files and reports by the Assurance Manager and the Director of Assurance;
- The use of satisfaction surveys and feedback for Internal Audits;
- Annual and on-going appraisal of Assurance staff through the My Contribution tool, linking into staff personal development and training plans;
- Sector specific training for staff alongside technical training such as attendance at Institute of Internal Auditors workshops, in-house Internal Audit Training and Financial Reporting Standards updates;
- The maintenance of an Internal Audit Manual and Charter; and
- External Quality Assessments undertaken every 3 years.

In years where an External Quality Assessment is not completed, the team completes a self-assessment against the International Internal Auditing Standards.

Internal Quality Assessment Results

The 2019/20 self-assessment concluded that the Internal Audit team continues to be "Generally Conformant" with the standards (the highest available rating).

Each year, our review against the standards identifies areas in which we can continue to improve our service. In 2019/20, we have completed the following actions from our Improvement Action Log:

- The Assurance Map and Universe has been revised and refreshed.
- We introduced bi-annual meetings with all senior managers to update them on the work of Internal Audit team. These sessions include discussion to understand management risks, concerns and opportunities, which facilitates our Agile, risk-based internal audit approach.
- We have refreshed the Internal Audit intranet pages and worked with Care managers to deliver training sessions that provide staff with information and learning about Risks, Controls and the role of Internal Audit.
- We have redesigned our Customer Satisfaction Survey and used this to gather feedback on the Internal Audit service.

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 Annual Assurance 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 Annual Assurance 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

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

Appendix 3: Risk Rating Definitions The following definitions are intended to be used a guide to describe areas which derive the risk rating to be applied to an audit finding and overall report rating. The Director of Assurances professional judgement will be the ultimate basis for the report rating:

Report Classification:

Each report is assigned a classification based on the sum of the ratings of individual findings within the report:

Critical	Important	Moderate	Minor
•40+ points	•26 – 39 points	•8 – 25 points	•7 points or less

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

Findings ratings:

Each finding within the report is assigned a priority rating, based on the level of risk associated with the identified control weakness:

Critical 40 Points

•A report where a fundamental business critical control weakness has been identified. Failure to resolve any such findings immediately could result in loss of a business critical system that would have significant adverse impact to the organisation

Important 10 points

 Control weakness that has a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to the efficient and effective use of resources; the safeguarding of assets; the preparation of reliable financial and operational information and compliance with laws and regulations.

Moderate 3 points

• Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, while high impact for the system, function or process under review it does not have a significant impact on the achievement of the overall organisation's objectives.

Minor 1 point

• Control weakness that does not impact upon the achievement of key system, function or process objectives. However, implementation of the recommendation would improve overall control and is in line with good practice.



Report

То:	Wheatley Housing Group Board
By:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Strategic Risk Register Update
Date of Meeting:	26 August 2020

1. Purpose

1.1. To recommend and seek approval for updates to the Strategic Risk Register.

2. Authorising context

2.1. The Group Board is responsible for agreeing any changes to the Group Strategic Risk Register.

3. Risk appetite and assessment

3.1. Our agreed Group risk appetite in relation to Board Governance is "cautious", meaning that tolerance for risk taking is limited to events where there is little chance of any significant repercussion should there be a failure.

4. Background

4.1. The Strategic Risk Register is subject to regular review, including at each Group Audit Committee meeting. Following a review at the last Group Audit Committee meeting on 5 August 2020, amendments are proposed to the Strategic Risk Register.

5. Discussion: Strategic Risk Register – responding to COVID19

- 5.1. Following the Group Audit Committee's review of the Group Strategic Risk Register review at its last meeting, it agreed to recommend changes.
- 5.2. Many have viewed the COVID19 crisis as a "black swan" incident owing to its rarity, extreme impact and retrospective predictability. From a risk perspective, historically, many organisations have been reluctant to include such rare events on risk registers, since they can seem remote, unlikely and therefore not worthy of significant time and resource. However, following this experience most organisations will now classify "low likelihood" but "high impact" risks as high overall risks.
- 5.3. What is clear is that managing risk in a dynamic, agile way has never been more important. Organisations need to be able to manage risk in real-time, to inform the decisions management teams make as they recover from the crisis and rethink their business going forward.

- 5.4. As COVID19 continues to evolve and pose challenges for the Group, we will continue to horizon scan for opportunities and the emerging risks associated with the next phase, ie the successful remobilisation of the Group. Effective risk management has a crucial role to play as we rethink how the Group establishes new ways of operating.
- 5.5. In normal operating environments, risk registers are traditionally seen as helpful tools to identify, evaluate and prioritise key risks. However, during unusual times, such as the current period created by COVID19, traditional tools need to be adapted and regularly updated in order to stay relevant.
- 5.6. To reflect this unforeseen position, the proposed Strategic Risk Register will become a "working risk register" to manage current risks in the reactive phase and will used to identify emerging risks during the period of returning to the "new normal".
- 5.7. The proposed Strategic Risk Register now forms part of the Group's operational daily risk management process. This supports building resilience into our business, reflecting the differing appetites for risk as we move through the crisis and recovery states, without losing focus on either one. This approach will help us drive through the different phases, supporting clear and well informed decision-making.
- 5.8. While it did not include the risk of a global pandemic before March, the Strategic Risk Register did include and address many of the risks which have arisen as a result of COVID19, even if they were initially added to it for different reasons. For example:
 - Increasing rent arrears the impact on rental income of increasing numbers of customers moving on to Universal Credit was already a key risk on our register, and although the numbers of customers have accelerated (and will continue to), the key mitigants of our housing officer model (1:200 patch sizes), GoMobile and Customer Relationship Management system technology which allows housing officers to work remotely and understand customer profiles, dedicated Universal Credit team (including links into DWP through secondee arrangements), welfare benefit advisors and prudent business plan assumptions have helped contain the increase so far to well within business plan parameters.
 - Business continuity arrangements our business continuity plans already set out well-tested protocols for enabling staff to move to home working at short notice. While these anticipated this applying to perhaps a small number of offices rather than the entire group, staff were still ready and able to adapt quickly, allowing us to maintain a high degree of functionality without interruption through the initial lockdown period. Importantly, we were also confident that this could be done at scale without compromising our cyber security protocols.
 - Credit rating and funding the mitigants on ensuring strong liquidity and cash availability, such as our financial golden rules, meant we were well funded and not in a position where we required to access the funding markets in a time of economic crisis. While some of the mitigants were initially designed to address a no-deal Brexit context, they were also an important factor in Standard & Poor's view of how well positioned we were to withstand the economic shock arising from the pandemic, helping maintain funder and investor confidence in the Group.

- 5.9. Nevertheless, it is important that we reflect on our response to the pandemic, learn any lessons and identify other risks we may want to prepare for in future. This will help us to be in the best position possible to address similar future situations, whether from other epidemics or further waves of the current COVID19 virus. It is therefore proposed that an external evaluation be carried out of how effectively the Group responded to the pandemic, including what other mitigating actions we may want to put in place. This would be reported back to the Group Audit Committee.
- 5.10. The Board is asked to review and agree the Strategic Risk Register, a tracked version of the full Strategic Risk Register is attached to this paper at **Appendix 1**.
- 5.11. The following table summarises the proposed changes:

Previous risk	New risk reference	Proposed change
reference		
SSR01	SRR01	Risk extended wider than the original repairs service to cover service remobilisation post COVID19
N/A	SRR02	New risk – potential threat of a second wave of COVID19
SRR02	SRR03	Risk extended from complying with Fire Safety Regulations to cover all health and safety requirements for our customers and staff
SRR03	SRR04	Risk associated with transforming our ICT services to cover our new operating model
SRR04	SRR05	Care and Support Services risk updated to reflect post COVID19 working arrangements
SRR05	SRR06	Customer experience risk updated to reflect changed expectations of customers' requirements
SRR06	SRR07	Welfare Reforms risk extended to cover post COVID19 rental income implications
SRR07	SRR08	No change
SRR08	SRR09	Slight change to reflect Subsidiary Board structures.
SRR09	SRR10	No change
SRR10	SRR11	No change
SRR11	SRR12	Change of Group Director owner
SRR12	SRR13	No change
SRR13	SRR14	No change
SRR14	SRR15	Change of Group Director owner
SRR15	SRR16	No change
SRR16	SRR17	Slight wording changes
SRR17	SRR18	Brexit risks updated to reflect wider supply chain implications
SRR19	N/A	Funding risk removed – the Withdrawal Agreement from the EU addressed the default risk issue in the EIB loan
SRR20	N/A	Loan security risk removed – no longer a strategic risk due to our loan security and cash position having strengthened significantly since the start of the year
SRR21	SRR19	Change of Group Director owner
SRR22	SRR20	Risk updated to reflect risk of delivering DGHP partnership promises and change of risk owner
SRR23	SRR21	Slight wording changes

6. Value for money implications

6.1. There are no value for money implications arising from this report.

7. Impact on financial projections

7.1. There are no direct financial implications arising from this report. Any actions taken by management to mitigate risks that have financial implications are detailed within the Strategic Risk Register (**Appendix 1**).

8. Legal, regulatory and charitable implications

8.1. The effective management of risk satisfies the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management which requires governing bodies to identify and mitigate risks to the organisation's purpose.

9. Partnership implications

9.1. There are no direct partnership implications arising from this report.

10. Implementation and deployment

10.1. The update of the strategic risk register results from the operation of the ongoing risk management process. No additional implementation or deployment arises from this report.

11. Equalities impact

11.1. There are no equalities impacts arising from this report.

12. Recommendation

12.1. The Board is asked to approve the amendments to the Strategic Risk Register.

List of Appendices

- Appendix 1 Wheatley Group Strategic Risk Register
- Appendix 2 Risk Scoring Definitions
- Appendix 3 Risk Appetite Definitions



Appendix 1

Wheatley Group Strategic Risk Register as at 5 August 2020

Risk Code & Title	Description	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
SRR01 Implementation or My RepairsService remobilisation posi Covid-19 Risk Owner: Group Director of Property and Development (Tom Barclay)CEO (Martin Armstrong)	 Financial and operational performance — Failure to achieve agreed financial performance targets could lead to increase operational and financial risk to the Group. Operating environment and cultural change — The new repairs operating model may bring operational risk in time taken to embed new operating processes, different ways of working and trade union relationships through the change process. Clarity on roles, responsibilities and access rights — A lack of clear planning, coherence and communication with staff and customers in our service remobilisation planning as we move through the Scottish Government's Covid recovery phases could lead to: poor or inconsistent service outcomes customer and staff confusion and frustration, including an increase in complaints risks to customer and staff health and safety (for example if PPE requirements are not properly understood and delivered) deterioration in trade union and stakeholder relationships 	Likelihood	Financial monitoring by Group Board quarterly.Monitoring of operational effectiveness by JVSenior Management and JV Assurance team.Organograms detailing operating and reporting structures to be developed and made available to all staff.Rigorous governance and oversight of operational and financial performance.JV HR personnel regularly meet with Trade Union representatives to discuss staff satisfaction, morale and concerns which need addressed.Meetings with Trade Unions are minuted and actions addressed in a timely manner. Outcomes are subject to robust monitoring by JV HR.Service remobilisation plans must meet strict criteria and be approved by the Exec Team. Governance oversight is provided by all Boards. Services cannot move between different stages of remobilisation without a full review of lessons learned from the previous stage and a further gateway approval from the Exec Team.The following are key components of each service's remobilisation plans and must be approved by the Exec Team at each stage: 		HungryC autious



<u>Risk Code & Title</u>	<u>Description</u>	<u>Inherent Risk</u> Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> Score	<u>Risk</u> Appetite
SRR02	impacting on both customers and staff. The risk of a second wave of Covid-19 along with		 Furloughing implications are agreed and understood Customer views from the previous stage service model have been assessed and any lessons learned understood Trade union partners have endorsed the proposals for remobilisation 		Cautious
Potential of second wave of Covid-19 Risk Owner: Group CEO (Martin Armstrong)	the risk of a second period of lockdown; potentially through winter months.	ਹੁੱਛ ਦੂ Likelihood	<u>and remobilisation, services are planning for a second wave.</u> In addition, business continuity plans are being revisited to plan for a second wave.	ਹੁੰਦੇ ਹੈ। ਸ਼ੁਰੂ ਦੁੱਧੇ ਹੈ। ਦੁੱਧੇ ਹੋ। ਦੁੱਧੇ ਹੋ। ਦੂ ਹੋ। ਦੁੱਧੇ ਹੋ। ਦੂ ਹੋ। ਦੁੱਧੇ ਹੋ। ਦੂ ਹੋ ਹ ਦੂ ਹੋ। ਦੂ ਹੋ ਹ ਹ ਦੋ ਹੋ ਹ ਦ ਹ ਹ ਦ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ ਹ	
SRR032 <u>Financial cost of</u> <u>complying with any</u> <u>new-Fire-Safety</u> <u>Regulations</u> Buildin <u>g safety</u> <u>Risk Owner: Group</u> <u>Director of Finance</u> <u>(Steven</u>) <u>Henderson)Propert</u> <u>y and Development</u> <u>(Tom Barclay)</u>	The risk that the health and safety of our customers and staff is put at risk through failure to comply with all relevant building health and safety rules. Changes to building safety / fire safety regulations / Fire Services advice (e.g. changes to evacuation guidelines) results in (i) financial strain in complying with new additional fire safety regulations, (ii) strain on bond and loan covenant ratios and (iii) significant financial costs in terms of potential penalties as well as costs to comply with new regulations. The continuously changing nature of regulations and guidance in this area, for example in relation to fire safety, elevates the risks in	Likelihood	Business Planning to provide for any additional costs. External review, commissioned by the Assurance Team, -of our Fire Safety arrangements every 2xx years. Community Improvement Partnership focused on fire prevention and education. Business Continuity Plans. Fire Prevention Fire Prevention And Mitigation Fine Prevention Fire Prevention And Mitigation Fine Prevention And Mitigation Fine Prevention And Mitigation Fine Prevention Business Continuity Plans.		Averse



<u>Risk Code & Title</u>	<u>Description</u>	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
SRR043 Information and Communications Technology-New operating model implementation Risk Owner: Group Director of Resources (Elaine Melrose)CEO (Martin Armstrong)	relation to continuing compliance. Failure to transform services by the innovative use of Information and Communications Technology to keep pace with the changing demands of internal and external service users and Business Plan requirements.—The implementation of a new operating model as we emerge from the Covid-19 crisis, including changing staff patterns/places of work, reducing the number of offices and placing greater reliance on technology could be poorly implemented and communicated, leading to staff disengagement and lack of support from our trade union partners.	Likelihood	Once the Group Board agrees any changes, aThe Group IT & Digital Strategy (2017 - 2020) is in place. Infrastructure and project management disciplines are now embedded with key elements of the strategy having already been implemented (e.g. Go Mobile, new Group and Subsidiary websites, and My Housing). The ET and Wheatley Board continue to monitor the delivery of the Strategy. A digital maturity assessment is being undertaken. detailed implementation and communications plan will be developed prior to starting any change process. Trade union partners will be consulted in detail and changes will only proceed with their support.	Likelihood	<u>Open</u>
SRR054 Care and sSupport Services Risk Owner: Group Director of Housing and Care (Olga Clayton)	Care and support services roles and responsibilities relating to care and support services monitoring and the care political and financial landscape are not well understood by officers across the Group and the Group Board. This could have a detrimental effect on the guality of care offered to the People We Work For, contribute to external regulatory compliance failure and impact on both the retention and sustainability	ਹਿੰਦੂ ਹਿੰਦੂ Likelihood	Care and support services governance arrangements, including the authorising environment, are clear and have been approved. These include regular reviews of service financial positions and processes to hand back services which cannot be delivered in a financially viable manner. Care Assurance Framework (which includes monitoring the results from Care Inspectorate	Likelihood	<u>Cautious</u>



Risk Code & Title	Description	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> Score	<u>Risk</u> Appetite
	of staff, existing service contracts and acquiring new contracts. A failure in the care of an individual could result in serious personal harm, leading to risk to life and limb, financial liability and loss of future work due to reputational damage. With the increase of self-directed support available to service users, there is a risk that People We Work For leave to use alternative services. The commissioning environment relating to care and support services creates risks that funding is insufficient to allow services to break-even while paying staff fair wages.		service visits and Group Assurance inspections) in place which assesses the quality of care and adherence to Care policies and procedures across Group. Regular management review of service users' care packages to monitor where people are leaving the services and how to redeploy resources or attract new users. The Protecting People Policy Framework sets out arrangement for protecting the People We Work For, including those considered to be vulnerable. Work to deliver against the Framework (including creation of Wheatley 360)-is reported to the Loretto Wheatley Care Board.		
SRR065 Implementation of Customer Experience StrategyCustomer satisfaction Risk Owner: Group Director of Resources (Elaine Melrose)Housing & Care (Olga Clayton)	Customers do not feel our homes and services meet their needs and/or the standards they expect, leading to declining cChanging internal and external factors influence the customer profile and needs across the Group. This includes all areas of our business (e.g. housing, care, commercial operations and support services). If all these areas are not well understood by the Group, then service development and growth opportunities may be pursued which may not reflect the needs of our customers. ustomer satisfaction.	Likelihood	Customer service excellence is a key element of the 2015-20 group strategy, with annual customer satisfaction surveys to help us understand customer views and detailed action plans to address feedback every year. This will continue as part of our 2021-26 strategy, augmented by a range of new approaches to improve satisfaction among particular target groups such as young families. Small housing officer patch sizes of 1:200 allow housing staff to deliver personalised services under the ThinkYes approach. Our housing stock investment programme <u>Customer insight research project led by the</u> <u>Strategic Policy and Development Team. This is</u> <u>further informed by our customer segmentation</u>	Likelihood	Hungry



Risk Code & Title	<u>Description</u>	<u>Inherent Risk</u> Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
SRR07 6 Welfare ReformsRent arrears including Universal Credit Risk Owner: Group Director of Housing and Care (Olga Clayton)	Welfare Reforms such The impact of Covid-19, as well as the continued expansion of as UUniversal Credit, continue to impact on our reduce our guaranteedrental -income stream and increase our arrears. from Housing Benefit and potentially the overall percentage of rent collected, which may adversely impact the Group's cash flow, leading to a reduction in lenders' confidence and This also has negative impacts for customers, with increasing financial hardship increased poverty and affordability issues for our customers.	to the line of the	 model, drawing live external data from a range of sources. In terms of specific areas, Housing Officers collect customer data in customer conversations which are logged on the CRM system. Care Managers have ongoing discussions with People We Work For, the commercial strategy considers the economic landscape and Group support services meet with internal customers to better understand their needs and have setup frameworks to monitor customer feedback and satisfaction. A new Customer Value Delivery Plan is being developed which will set out action plans relating to customer experience from 2020-25 in line with our new group strategy. includes provision for addressing customer priorities. The Group continues to oversee and coordinate activities across the Group to mitigate the impact of welfare reform. Staff across the Group – including frontline housing teams, the customer service centre and communications – run ongoing campaigns and programmes of contact with customers affected by financial hardship and with problems in paying their rent, whether caused as a result of Covid-19, the wider issues with Universal Credit team, use of GoMobile for staff to assist customers with online transactions and working with partners to influence the UK and Scottish policy and funding 	9	Cautious



Risk Code & Title	Description	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> Score	<u>Risk</u> Appetite
SRR087 Compliance with funders' requirements Risk Owner: Group Director of Finance (Steven Henderson)			environment. Our small housing patch sizes provide a key mitigation, allowing staff to work proactively with customers before their debts become unmanageable, drawing in Wheatley 360 support services such as welfare benefits advice, as required. The Group business plan also contains a significant buffer within its assumptions for risk in relation to bad debts and rent arrears. Regular meetings with funders and investor representatives to update on financial status of the Group. Financial performance monitored monthly and covenant compliance reviewed quarterly by the Group Board, before being submitted externally to funders. Covenant compliance monitoring tool introduced by Finance. Financial performance is monitored on an ongoing basis through monthly reporting cycle and Group/subsidiary Board review of management accounts. Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards. In addition, ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risks of unexpected rating changes.		Cautious



<u>Risk Code & Title</u>	<u>Description</u>	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> Score	<u>Risk</u> Appetite
SRR098 Governance Structure Risk Owner: Martin Armstrong (Group Chief Executive Officer)	The governance structure is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively. Failure of corporate governance arrangements could lead to serious service and financial failures.	Likelihood	The Group's authorising environment has been agreed. The Corporate Strategy highlights the importance of the need for continual Board development enabling the Board and Committee members to remain strategically focused. Governance training is provided as appropriate. Formal succession planning for tenant Board members is being developed in place. Governance arrangements regularly reviewed by the Scottish Housing Regulatorex, external consultants, internal and external audit functions. Subsidiary Board structures may be rationalised from time to time to reduce complexity, eg as has been done with Wheatley Care and Lowther/YourPlace. The commercial and care elements of our governance structure are being rationalised to reduce complexity.	Likelihood	Cautious
SRR1009 Group Credit Rating Risk Owner: Group Director of Finance (Steven Henderson)	The Group's credit rating is downgraded, adversely impacting our ability to raise funds on the capital markets or potentially impacting on the cost of debt to the Group. External factors such as a no deal Brexit could lead to a down grade in the Group's credit rating. This could trigger potential prepayment of our European Investment Bank loans if the rating falls to BBB+ or below.	Likelihood	The Group's business plan is designed to maintain a strong stand alone credit rating, for example excluding build for sale. Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks. Ongoing dialogue is maintained with relevant credit rating agencies in order to mitigate the risk of unexpected rating changes which are controllable. <i>Mitigation drafting used in legal clauses</i> in the event the rating fell to BBB+, the legal clauses are specific that this is not an event of default (thereby avoiding cross-default). <i>Negotiation period</i> the legal clauses provide for a	Likelihood	<u>Cautious</u>



<u>Risk Code & Ti</u>	le Description	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	Residual Risk Score	<u>Risk</u> Appetite
			period to negotiate with EIB on mitigating measures, such as revisions to covenants or posting of increased security/collateral. Standby funders to replace EIB if necessary - A strong relationship is maintained with EIB to mitigate future risk from external factors causing a credit rating downgrade. Strong investor/lender relationships are maintained with a number of other organisations at all times in case of unanticipated funding need.		
SRR110 Securing new funding and adverse market changes Risk Owner: Gru Director of Finar (Steven Henderson)		Likelihood	Our strategy is to diversify funding sources and relationships, providing a range of options for future funding in the event of adverse funding market changes. Our liquidity Golden Rules are designed to ensure that we have sufficient cash available for 15 months + 25% contingency, and this rule is re- assessed annually by the Group Board. Compliance with these is reported to the Group and WFL Boards quarterly. We do not borrow in currencies other than sterling to reduce exchange rate risks, including in the event of a potential future change in currency, nor do we borrow from non-UK domiciled investors (with the exception of the EIB). The Group's Internal Rate of Return (for appraising and approving projects) will be revised when finance costs increase to ensure new build projects do not become loss-making.	Likelihood	<u>Open</u>



Risk Code & Title	<u>Description</u>	<u>Inherent Risk</u> Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
SRR12 <u>1</u> Business Continuity / Disaster Recovery Risk Owner: Group Director of Resources (Elaine Melrose)Property & Development (Tom Barclay)	The Wheatley Housing Group does not have adequate or tested Business Continuity / Disaster Recovery Plans in place for key business activities (for example: repairs service, care provision/staff cover, customer payment systems/technology) including those with significant contractors, resulting in significant disruption to service and avoidable reputational damage.	ਸ਼ੁੱਛੂ ਦੂ Likelihood	A business continuity implementation group is responsible for collating, reviewing and designing the Group's Disaster Recovery and Business Continuity Plans. A programme to annually test these plans has been developed. Group Assurance continue to monitor progress and robustness of plans.	Likelihood	<u>Minimal</u>
SRR132 Commercial Operations Risk Owner: Group Director of Property & Development (Tom Barclay)	Failure to achieve financial growth returns in our commercial operations such as Lowther Homes and YourPlace. This results in reduced surpluses available to support the Group's charitable activity, in particular through the Wheatley Foundation.	Likelihood	Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives; and Levels of performance are monitored by Divisional Management Teams (DMTs), Executive Team (ET) and the relevant Boards as well as Group Board.	Likelihood	<u>Open</u>
SRR14 <u>3</u> Political and Policy Changes Risk Owner: Martin Armstrong (Group Chief Executive Officer)	The risk that political and policy changes (within Scotland and the UK) affect the ability of Wheatley Housing Group to deliver strategic objectives resulting in significant adverse reputational impact. For example: Brexit will result in the withdrawal of EU grant funding which will affect the Group's total income.	Likelihood	The current policy and national political environment (e.g. Brexit) brings a degree of uncertainty.The Group has an established stakeholder management framework in place and relevant Managers will be focussed on responding to changes in policy and administration as they arise.The Group's policy of not building homes for sale also mitigates potential property market risk.	Likelihood	<u>Cautious</u>



<u>Risk Code & Title</u>	Description	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
SRR154 Failure to recruit, develop, retain, and succession plan Risk Owner: Group Director of Resources (Elaine Melrose)CEO (Martin Armstrong)	Failure to recruit, develop, retain and succession plan for high quality / qualified staff, resulting in reduced levels of service provision, staff not competent to perform their job to expected standard and achieve strategic objectives.	Likelihood	<u>MyContribution process for all staff / training logs</u> for all staff / training courses at the Academy and online / leadership development programme / succession planning and talent management programme / HR policies on recruitment and selection / employee satisfaction surveys.	Likelihood	<u>Open</u>
SRR165 Laws and Regulations Risk Owner: Group Director of Finance (Steven Henderson)	Non-compliance with statutory laws and regulations, including but not limited to: (i) Scottish Housing Regulator and Care Inspectorate regulations, (ii) Financial Conduct Authority (FCA) regulations, (iii) compliance with Health and Safety Building Regulations (iv) Freedom of Information (Scotland) Act, and (v) General Data Protection Regulations resulting in adverse feedback and loss in confidence from Regulator, the Scottish Information Commissioner, funders, customers and potential partners, as well as potential fines and penalties.	Likelihood	A Group wide Scottish Housing Charter Assurance process is being established supported by the Tenant Scrutiny Panel reviewing outcomes. FCA regulations are considered when new products and services are developed. Qualified personnel undertaking capital improvement works as well as suitable sign off and compliance checks of new installations (e.g. external wall coverings), to ensure these meet relevant building standards. New product offerings follow a clear route to governance, with approval required from the Executive Team before formal approval is requested from the Group Board. Legal and financial advice is obtained for all financial offerings to customers. Compliance Plan monitored on an on-going basis and any issues raised to Executive Team and Audit Committee on an exceptions basis. The Group has	Likelihood	Averse



Risk Code & Title Desc	<u>cription</u>	Inherent Risk Score	<u>Risk Existing Controls / Monitoring & Check</u>	<u>Residual Risk</u> Score	<u>Risk</u> <u>Appetite</u>
			on-going relationship management with Regulator. Group wide approach to how the Group manages information. Privacy Impact Statements to be implemented across the Group. Changes to existing legislation are identified and implemented by identified responsible officers across the Group.		
Pension Deficiteentributione	eases in the required pension deficit tributions for all Group pension funds may ₇ as to potential cost pressures for the Group if itional contributions to these funds are required.	Likelihood	The Group's Pensions Policy sets out a range of measures to manage pension costs. We have established a Wheatley Group defined contribution scheme which is will be the default arrangement for new joiners and auto-enrolment in future for most subsidiaries, except where prior approval of the RAAG Committee is received.		<u>Averse</u>
Supply ChainBrexit A po trade deal deala Risk Owner: Group of, or Director of Property adver & Development cost of (Tom Barclay) This and p (i) Re	opply Chain otential no-deal land/ or poor Brexit deal could result in the end or service restrictions to free trade, which could ersely impact the Group and its contractors' ply chains. Specific risks relate to availability / t of materials and / or availability of trades. s could result in increased costs for new build property investment works.in: Repairs service delays in completions; Investment programme delays / cost	Likelihood	GeneralProcurement procedures include assessment of suppliers' financial health. Proactive monitoring of supply chains by Operational leads with regular contract management meetings.Regular engagement with Scottish Government on cost or delay impact as potential issues emerge. In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers.Repairs Service Manage stock levels of components and materials.		Cautious



Risk Code & Title	<u>Description</u>	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	Residual Ris Score	<u>k Risk</u> Appetite
	increases (ii) New builddelays to meet delivery targets / increased costs: (iv) Operational Suppliesdelays in delivery / cost increases		Engagement with key suppliers. Specific contingency plans for key services e.g. lifts. Local staff directly employed by CBG or DCPS. Investment Programme Manage stock levels of components and materials. Engagement with key suppliers. New Build Procurement with fixed tender costs for 2019/20 site starts. New framework in procurement to maintain competitiveness. Engagement with SG on cost increase impact on grant applications. Monthly project monitoring to identify early issues relating to materials availability. Consideration of long term mitigation e.g. change of specification to locally sourced materials and components where practicable. Monitor availability of trades on site – consider increased site monitoring to ensure quality of workmanship. Operational Supplies Utilisation of Group and 3rd party frameworks to minimise price increase risk. Engagement with key suppliers on stock levels.		



<u>Risk Code & Title</u>	<u>Description</u>	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
<u>SRR19</u> <u>Funding Availability</u> <u>Risk Owner: Group</u> <u>Director of Finance</u> <u>(Steven</u> <u>Henderson)</u>	Our new £185m EIB loan has a clause that means it may no longer be available should the EIB's treaty privileges and immunities not be continued post Brexit. These are contained in the draft Withdrawal Agreement so may be at risk in a no- deal scenario.	Likelihood	Legal mitigations agreed in contract — cancellation of the loan is not automatic, EIB has the right to negotiate alternative mitigations if it wishes. We have drawn £85m of the £185m facility. We consider the risk to cancellation of availability to be higher than cancellation of drawn funds. Maintenance of strong relationship with EIB — we maintain regular contact and support EIB widely, e.g. in events in other member states, to cement our status as potentially a special case/relationship and our new relationship manager is known to the WHG finance team. Significant alternative funding streams put in place late 2018 to provide a liquidity buffer — this includes c£150m of new funding to provide c2 years of cash requirement even without EIB, and this funding boost was a key determinant in the S&P upgrade from negative to stable outlook.	Likelihood	<u>Averse</u>
<u>SRR20</u> Loan Security Risk Owner: Group Director of Finance (Steven Henderson)	Loan security In the event of a significant housing market downturn, the value of our assets held as security for our loans could fall. This principally affects properties valued at the Market Value Subject to Tenancy ("MV-ST") basis. We have £794m of security valued at MV-T, and £1,135m at the lower, discounted cash flow basis of Existing Use Value Social Housing ("EUV-SH").	Likelihood	 We currently have £128m of unencumbered stock on an EUV SH basis available to charge as additional security (which would take 6-9 months to legally secure). MV T borrowing requires a higher asset cover ratio than EUV SH borrowing, so depending on any fall in value we may "flip" some stock to an EUV SH basis. We continue to discuss any valuation impacts with our valuer JLL and have run a number of scenarios which show that we could reallocate existing stock and secure unencumbered stock (albeit with a time lag) to mitigate even the Bank of England's no-deal downside case of a 26% fall in 	Likelihood	<u>Averse</u>



<u>Risk Code & Title</u>	<u>Description</u>	<u>Inherent Risk</u> Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> <u>Score</u>	<u>Risk</u> Appetite
SRR19821 Cyber Security Risk Owner: Group Director of Resources (Elaine Melrose)Finance (Steven Henderson)	The Group's approach to Cyber Security is not robust and staff are not actively engaged due to culture or poor staff understanding; or knowledge of the subject, the Group's response to it or their individual role. A lack of compliance with the approach and arrangements made could lead to greater opportunity for cyber-attack, resulting in unplanned system downtime, data loss, reputational damage, customer dissatisfaction and potential legislative or regulatory breach.	Likelihood	house prices.IT cyber security live tests undertaken and results reported to ET and Group Board.Group IT has an information and cyber security approach that covers i) overall Information Security Policy for Group, and ii) staff engagement and training across 5 key learning themes.Established processes across key risk areas: Information Security Response / Access Controls / Secure Disposal / Group Data Protection Policy /IT Cloud Services Policy / Vendor Security Assessments.Group IT is externally assessed annually on information security and IT general controls via 3rd party auditors.A Bi-Annual cyber security assessment is conducted by NCC across 20 key control areas.An internal Information Security Working Group has been established within technical teams across Group IT.		Minimal
SRR202 Group growth and the DGHP partnershipImplem entation of DGHP partnership promises Risk Owner: Group	<u>Group growth and the DGHP partnership, which</u> <u>may lead to the diversification of services provided</u> <u>by the Group is entered into without proper risk</u> <u>assessment leading to the Group not achievingWe</u> <u>may fail to deliver the tenant promises made in the</u> DGHP partnership ballot, including achieving compliance with regulatory standards (such as the <u>Scottish Housing Quality Standard)</u> . <u>-the expected</u> <u>benefits which could result in loss of confidence</u>	Likelihood	Strategic growth framework which requires risk assessment of opportunities. Due diligence review to be completed in a standard format for approval by both Wheatley Board and the Regulator in advance of any new partnerships. A DGHP implementation plan is in place and is subject to ongoing review and monitoring at both Wheatley and DGHP Board	Likelihood	<u>Open</u>



Risk Code & Title	<u>Description</u>	Inherent Risk Score	Risk Existing Controls / Monitoring & Check	<u>Residual Risk</u> Score	<u>Risk</u> Appetite
<u>CEO (Martin</u> <u>Armstrong)Director</u> of Resources (Elaine Melrose)	with Board, Investors, Regulator and DGHP. This could lead to increased regulatory scrutiny, as well as falling customer satisfaction due to failure to deliver on promises made.		Ievel. <u>Robust_performance_monitoring_arrangements_in</u> <u>place to agree expected outcomes.</u> <u>Performance will be monitored by the Group Board.</u>		
	Tailling to think deliver the new billing broarsmme and	Likelihood	Wheatley Group staff are meeting with Scottish Government representatives regularly to proactively present the case for housing investment to Ministers and senior officials directly and through our representative bodies SFHA and CIH. Financial scenario planning in place to understand potential impact on the new build programme and other investment requirements of a variety of reduced grant allocation scenarios.	Likelihood	<u>Cautious</u>



Appendix 2

Risk Scoring Definitions

Impact scoring for strategic risks

Risk Rating Score	Impact Classification	Reputation	Health, Safety and Welfare	Finance
1	Insignificant	Managed/reported to Business Unit Local media (short term duration)	Minor injury cleared with first aid treatment	Up to £100,000
2	Minor	Managed/reported to Departmental Management Team Local media (short/medium term duration)	Reportable dangerous occurrence (near misses)	£100,001 to £500,000
3	Moderate	Managed/reported to Team and Board Members Regional media (short/medium term duration)	Reportable over three day injuries or reportable diseases	£100,001 to £500,000
4	Significant	Regional/National media coverage (medium/long term duration)	Major reportable injury or injuries	£500,001 to £1M
5	Catastrophic	Third Party intervention Public Interest Group National/international media (long term duration)	Fatality or permanent disability	Over £1M

Likelihood scoring

Risk Rating Score	Likelihood Classification	Risk Description
1	Remote	Likely to occur greater than 10 years
2	Unlikely	Likely to occur within 5 to 10 years
3	Possible	Likely to occur within 3 to 5 years
4	Likely	Likely to occur within 1 to 3 years
5	Very Likely	Likely to occur within 1 year

Impact

Likelihood



Appendix 3

Risk Appetite Definitions

	1 Averse Avoidance of risk and uncertainty is a key Organisational objective.	2 Minimal Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a	3 Cautious Preference for safe delivery options that have a low degree of inherent risk and may only have limited	4 Open Willing to choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for	5 Hungry Eager to be innovative and to choose options offering potentially higher business rewards (despite greater
Risk Category	Example behaviours when tak	potential for limited reward. king key decisions	potential for reward.	money etc.).	inherent risk).
Reputation and credibility	 Minimal tolerance for any decisions that could lead to external scrutiny. 	• Tolerance for risk taking limited to those events where there is no chance of significant repercussion.	• Tolerance for risk taking limited those events where there is little chance of any significant repercussion should there be a failure.	• Appetite to take decisions with potential to expose us to additional scrutiny but only when appropriate steps have been taken to minimise any exposure.	 Appetite to take decisions that are likely to bring external scrutiny but where potential benefits outweigh the risks.
Operational and Policy delivery	 Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision making authority. General avoidance of systems / technology developments. 	 Innovations always avoided unless essential. Decision making authority held by senior management. Only essential systems /technology developments to protect current operations. 	 Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations. 	 Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments considered to enable operational delivery. Responsibility for non-critical decisions may be devolved. 	 Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational activity.
Financial / VFM	 Avoidance of financial loss is a key objective. Only willing to accept the low cost option. Resources withdrawn from non-essential activities. 	 Only prepared to accept the possibility of very limited financial loss if essential. VFM is primary concern. 	 Prepared to accept the possibility of some limited financial loss. VFM still the primary concern but willing to also consider the benefits. Resources generally restricted to core operational targets. 	 Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on potential opportunities. 	 Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.
Compliance – legal / Regulatory	 Avoid anything which could be challenged, even unsuccessfully. Play safe. 	• Want to be very sure we would win any challenge.	 Limited tolerance for "sticking our neck out". Want to be reasonably sure we would win any challenge. 	• Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	 Chances or losing are high and consequences serious. But a win would be seen as a great coup.



Report

То:	Wheatley Housing Group Board
By:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Finance report
Date of Meeting:	26 August 2020

1. Purpose

1.1 To provide an update on the Group's financial performance for the period to 30 June 2020.

2. Authorising 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 2020/21 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. Risk appetite and assessment

- 3.1 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".
- 3.2 Delivery of financial results within approved budgetary limits is a key element in delivering our strategy and maintaining the confidence of investors.

4. Discussion

Financial performance to 30June 2020

4.1 The results for the period to 30 June are summarised below.

	Year	Year to Date (Period 3)					
£m	Actual	Budget	Variance				
Turnover	84.6	90.5	(5.9)				
Operating expenditure	(65.1)	(75.2)	8.1				
Operating surplus	19.5	17.3	2.2				
Operating margin	23.0%	19.1%					
Net interest payable	(17.8)	(18.2)	0.4				
Surplus	1.7	(0.9)	2.6				
Net Capital Expenditure	(7.8)	(38.4)	30.6				

5. Key issues and conclusions

- 5.1 The Group is reporting a statutory surplus for the three months to June 2020 of £1.7m, £2.6m higher than budget for the year. The favourable variance is driven by the changes in the operating model implemented in response to the Covid-19 pandemic including the introduction of a "life and limb" repairs service, changes to our frontline operations and the suspension of all but essential works in the investment programme. Key variances against budget include:
 - Grant income is £5.7m lower than budget due to the suspension of work on new build developments and the resulting delay to completion since the Scottish Government instruction to close all construction sites. This has also had an impact on net rental income in the RSLs and Lowther, which is £0.3m lower, as new build social and mid-market properties are not yet available to let.
 - Other income is £0.2m favourable to budget; this is principally due additional income received by the Foundation from Scottish Government to support the provision of emergency food packages. Lower service charge income recorded in YourPlace and lower levels of Care contract income have offset. In Care contract costs are being managed to help manage the financial impact.
 - In expenditure, staff costs are £2.6m lower driven by a claim made under HMRC's job retention scheme for employees primarily in Wheatley Solutions. Similar claims have been made for investment and repairs staff and this is reflected in capital expenditure and repairs costs respectively.
 - Running costs are reporting a favourable variance against budget of £0.5m with lower levels of spend across the majority of subsidiaries as a result of the changes to the operation with a number of staff working at home and lower levels of expenditure on office running and staff related expenditure. In YourPlace lower levels of factoring income is linked to lower costs of sale reported through this line.
 - Repairs and maintenance costs are £4.3m lower for the three months to June 2020. The service has been operating on a "life and limb" basis since late March driving the lower levels of spend. In our "in-house" repairs services in Dunedin Canmore and DGHP, costs include a claim for staff under the job retention scheme. A similar claim has been made by City Building for services provided to Wheatley subsidiaries in the west.

- Interest and financing costs are £0.4m lower, linked to a lower level of net debt than expected due to the reduced levels of activity in our capital and new build programme. The group has cash balances available of £148.1m following a drawn down in April from EIB.
- 5.2 Net capital expenditure is £30.6m lower than budget. Within this new build spend is £22.6m lower. Spend reported of £5.0m relates to fees and retention payments and valuation invoices received in the period for Cube's Queens Quay site of £1.2m.
- 5.3 The core investment programme on existing stock is £15.4m lower than budget due to the completion of essential investment works only such as boiler replacements, major roofing repairs and cladding works. The other fixed assets line includes spend on IT equipment purchased to enable home working for staff.

	Q1 Forecast					
£m	Budget	Forecast	Variance			
Turnover	391.3	374.9	(16.3)			
Operating expenditure	(294.8)	(293.1)	1.7			
Operating surplus	96.4	81.8	(14.6)			
Operating margin	24.6%	21.7%				
Gain on sale	1.1	-	(1.1)			
Net interest payable	(73.2)	(70.8)	2.4			
Statutory surplus	24.3	10.9	13.4			
Net Capital Expenditure	148.9	91.8	57.1			

Q1 Forecast

- 5.4 The full year forecast for the group statutory surplus is £10.9m, £13.4m lower than budgeted. The variance is largely driven by the majority of income and expenditure lines reporting variances to budget owing to the changes in the operation of the business during the lockdown. Key variances include:
 - Within turnover, grant income is expected to be £13.0m lower than budget. The forecast includes the impact of the grant recognised on the delayed 2019/20 handovers across the borrower group sites which had been budgeted to complete in Q4.
 - Total expenditure is expected to be £1.7m favourable to budget. This is driven by the forecast reduction to employee costs from furlough claims expected to be made through to October (£3.8m) and an additional provision for ER/VR of £8.4m included in the updated financial projections. This helps accelerate changes to the operating model achieved through greater use of digital technology and mobile working driving the earlier achievement of efficiencies.
 - Running costs, are expected to be £440k lower than budget, reflecting savings made in the year to date, continuation of home working for a number of employees until December 2020 and an additional provision for PPE costs in the remaining months of the year.
 - Savings of £5,184k are expected in repairs with a phased increase in the level of work over the summer and autumn period.

- Provision for a higher level of bad debts costs has been included in the forecast, increasing the charge by £1.4m for the year. This reflects higher numbers of tenants moving onto Universal Credit in the year to date, and an expectation that this trend will continue in the coming months as customers' ability to pay is impacted by the Covid-19 crisis.
- 5.5 Net capital investment is expected to be £57.1m lower than budgeted with a reduction in grant income claimed of £29.8m in the year. The core investment programme is expected to recommence with external investment and compliance works being prioritised initially, resulting in a forecast reduction of £27.5m to budget. The new build development spend is expected to be £59.0m lower than budget, deferring these costs into 2021/22.

6. Value for Money implications

6.1 Delivery of our cost efficiency targets is a key element of continuing to demonstrate value for money. The underlying results for the period to 30 June 2020 were favourable to budget ensuring that these efficiency targets are met.

7. Impact on financial projections

- 7.1 The results for the period to date have a positive impact, generating a surplus of favourable to budget.
- 7.2 Interest cover is a key covenant measure and, for the period to 30 June, reported a strong performance in line with the financial results. Across the RSL borrower group and DGHP, full year interest cover is forecast to be favourable to the financial projections which were approved by the Board in February on which the budget for 2020/21 is based
 - In the RSL borrower group, interest cover to 30 June is 210% compared to a target of 110%. The financial projections reported interest cover of 144% with 177% forecast for the full year out-turn
 - In DGHP, interest cover is 434% to 30 June against a target of 110%. The financial projections prepared in February reported interest cover of 226% with 277% forecast for the full year out-turn
 - [redacted]

8. Legal, regulatory and charitable implications

8.1 No implications.

9. Equalities impact

9.1 Not applicable.

10. Recommendation

10.1 The Board is asked to note the financial performance to 30 June 2020.

Appendix 1: Wheatley Group Financial Report to 30 June 2020



Appendix 1: Wheatley Group Financial Report To 30 June 2020 (Period 3)

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1a) Wheatley Group – Year to date



YTD (£k)	Ye	Year to 30 June 2020		
	Actual £'000	Budget £'000	Variance £'000	Full Year Budget £'000
INCOME				
Net Rental Income	74,426	74,775	(349)	302,233
Grant income	61	5,783	(5,722)	47,100
Other Income	10,134	9,946	188	41,776
Gain on Business Combination	-	-	-	-
Total Income	84,621	90,504	(5,883)	391,108
EXPENDITURE Employee Costs ER/VR Running Costs Repairs & Maintenance Other Group running costs Irrecoverable VAT & bad debts Depreciation Demolition Programme	19,736 358 10,447 8,588 - 2,797 23,195 -	22,300 450 10,961 12,918 - 3,130 23,209 232	2,564 92 514 4,330 - 333 14 232	88,592 1,249 46,661 51,863 - 12,600 92,932 930
Total Expenditure	65,120	73,199	8,079	294,825
			-,	
NET OPERATING SURPLUS	19,501	17,305	2,196	96,284
	23.0%	19.1%		
Gain/(loss) on sale of fixed assets	1	2	(1)	1,060
Net interest payable	(17,823)	(18,202)	379	(73,194)
STATUTORY SURPLUS/(DEFICIT)	1,679	(895)	2,574	24,150

Key highlights year to date:

The Group operating surplus for the 3 months ended 30 June was £19.5 m, £2.2m favourable to budget. At the statutory surplus level, a surplus of £1.7m is reported showing a favourable variance of £2.6m to budget. The majority of variance in both income and expenditure lines are a result of the changes in the operation of the business during the lockdown.

Total income at £84.7m is £5.9m lower than budgeted:

- Net rental income is £0.3m unfavourable to budget and includes the impact of delays in new build completions within all
 of the RSLs, with work suspended on the new build programme following the instruction by Scottish Government to close
 all construction sites on 23 March. As well as higher void levels although across the Group a number of properties have
 been provided to local authorities to provide temporary homeless accommodation.
- The suspension of the new build programme has also resulted in an unfavourable variance of £5.7m in grant income with, amongst others, 25 units at Auchinlea, 19 units at Kennishead and 4 units at Linkwood budgeted to complete by end of June. The £61k relates to grant on medical adaptations only.
- Other income is £188k higher than budget at June 2020. The Foundation has received additional funding from Scottish Government for emergency food packages, this is offset by lower levels of income from owners for factoring services, with reduced cleaning and maintenance services being provided as well as lower levels of common repairs activity, a reduction of £160k in the costs of providing services is included in running costs.

Total expenditure of £66.3m is £8.2m favourable to budget:

- Employee costs are £2,564k favourable to budget mainly as a result of the claims received for staff under the Government job retention scheme.
- Running costs are £514k favourable to budget with the variance largely linked to the change in the operation of the business during lockdown which has resulted in lower than expected costs in a number of areas against budget which have helped create provision for unbudgeted spend on PPE for staff across the Group.
- Revenue repairs and maintenance expenditure is £4,330k favourable to budget. The service is being delivered on a "life and limb" only basis. Reductions are seen across all areas of repairs expenditure. Repairs costs are reported after taking account of furlough claims for in house repairs staff in Dunedin Canmore and DGHP.
- Irrecoverable vat and bad debts are £333k favourable to budget across the Group.
- The net capital position is £30.6m lower than budget. Capital investment income of £3.7m has been received from Allia for the Dargavel site. Lower levels of capital expenditure is driven by the postponement of new works and closure of new build construction sites during the lockdown. Core programme spend also includes essential works on boilers, major roofing works and cladding work. New Build spend relates to professional fees and site certificates.
- Other capital expenditure of £950k, is in line with budget, and reflects additional IT spend to support staff to work at home during the Covid-19 lockdown.

INVESTMENT]
Total Capital Investment Income	3,667	10,967	(7,300)	63,626	
Core Investment Programme	5,524	20,934	15,410	84,710	
New Build Programme	5,005	27,557	22,552	121,824	
Other fixed assets	950	919	(31)	5,943	
Total Capital Investment Expenditure	11,479	49,410	37,931	212,478	
NET CAPITAL INVESTMENT SPEND	(7,812)	(38,443)	30,631	(148,852)	



Wheatley Group Financial Report To 30 June 2020 (Period 3)

RSL Borrower Group

Classified as Internal

3

2a) RSL Borrower Group – Year to date



YTD (£k)		RSL BORROWER Year to June 20		Full Year
	Actual £'000	Budget £'000	Variance £'000	Budget £'000
INCOME				
Net Rental Income	60,119	60,260	(141)	242,714
Grant income	61	5,783	(5,722)	45,733
Other Income	2,589	2,546	43	12,442
Gain on Business Combination	-	-	-	-
Total Income	62,769	68,589	(5,820)	300,888
EXPENDITURE Employee Costs ER/VR Running Costs Repairs & Maintenance Other Group running costs Irrecoverable VAT & bad debts Depreciation Demolition Programme	12,947 7 5,813 6,176 - 2,586 20,508 -	14,879 193 6,748 9,870 - 2,864 20,522 232	1,932 186 935 3,694 - 278 14 232	59,117 773 28,025 36,929 - 11,465 82,184 930
Total Expenditure	48,037	55,308	7,271	219,422
	40,037	33,308	1,211	213,422
NET OPERATING SURPLUS	14,732	13,281	1,451	81,467
Gain/(loss) on sale of fixed assets	1	2	(1)	13
Net interest payable	(15,671)	(16,027)	356	(64,088)
STATUTORY SURPLUS/(DEFICIT)	(938)	(2,744)	1,806	17,392

INVESTMENT				
Total Capital Investment Income	3,667	10,967	(7,300)	60,210
Core Investment Programme	5,505	15,208	9,703	59,486
New Build Programme	5,005	24,032	19,027	108,819
Other fixed assets	950	919	(31)	4,515
Total Capital Investment Expenditure	11,209	40,159	28,950	172,820
NET CAPITAL INVESTMENT SPEND	(7,542)	(29,192)	21,650	(112,610)

Key highlights year to date:

The RSL Borrower group operating surplus for the first 3 months was £14.7m, £1.5mm favourable to budget. At the statutory surplus level, a deficit of £0.9m is reported showing a favourable variance of £1.8m compared to the budget. Similar to the Wheatley Group, the majority of variances in income and expenditure lines are due to the changes in the operation of the business during the lockdown.

Total income is £5.8m lower than budgeted:

- Net rental income is £141k unfavourable to budget across the RSLs. Rental incomes includes the impact of delays in new build completions within all of the RSLs, and a higher level of voids in most RSLs although a number of properties have been let as temporary homeless accommodation.
- No grant income has been recognised in first three months related to new build completions, the budget included 25 units at Auchinlea, 19 units at Kennishead and 4 units at Linkwood which were previously expected to complete by end of June.
- Total expenditure is £7.3m favourable to budget. All operating cost lines are reporting lower than budgeted spend in the year to date largely linked to the change in the operation of the business during lockdown which has resulted in lower than expected costs in a number of areas against budget.
- Employee costs are £1,932k favourable to budget mainly as a result of the claims received for staff under HMRC's job retention scheme. Claims have been received for totalling £1.8m for the borrower group including the claims for Wheatley Solutions employee recharges.
- Total running costs are £935k favourable to budget with lower than expected costs in a number of areas such as office running costs, staff related expenditure, training and travel. The year to date spend includes additional costs of PPE for staff.
- Revenue repairs and maintenance expenditure is £3,694k favourable to budget. The service is being delivered on a "life and limb" only basis. Reductions are seen across all areas of repairs expenditure. Repairs costs of £6,176k include the full cost of in house repairs staff in Dunedin Canmore Property Services after taking account of the claim for furloughed employees.
- Net capital expenditure is £21.7m lower than budget. Lower levels of capital expenditure have been driven by the postponement of non essential investment work and the ongoing closure of construction sites. during the lockdown. Activity in both investment and new build has now recommenced on a phased basis
- No grant claims have neem submitted for HAG on new build, the £3.6m income relates to funding from Allia for the Dargavel project. . The one-off donation is from Allia.

2b) GHA – year to date

	Yea	r To June 202	20	Full Year	
	Actual	Budget	Variance	Budget	
	£ks	£ks	£ks	£ks	
INCOME					
Rental Income	£45,483	£45,502	(£19)	£183,732	
Void Losses	(£402)	(£316)	(£86)	(£1,275)	
Net Rental Income	£45,081	£45,187	(£105)	£182,457	
Other Income	£2,140	£2,033	£108	£8,648	
Grant Income	£0	£5,730	(£5,730)	£34,259	
Total Income	£47,222	£52,950	(£5,728)	£225,364	
EXPENDITURE					
Total Employee Costs	£9,925	£11,631	£1,706	£46,149	
ER / VR	£0	£193	£193	£773	
Running Costs	£4,003	£4,767	£764	£18,919	
Revenue Repairs and Maintenance	£4,811	£7,531	£2,720	£27,511	
Irrecoverable VAT and bad debts	£2,447	£2,590	£144	£10,362	
Depreciation	£15,408	£15,408	£0	£61,632	
Demolition and Tenants Compensation	£0	£232	£232	£930	
TOTAL EXPENDITURE	£36,594	£42,353	£5,759	£166,274	
NET OPERATING SURPLUS / (DEFICIT)	£10,628	£10,597	£31	£59,090	
Net operating margin	22.5%	20.0%	2.5%		
RTB Income	£0	£0	£0	£C	
Interest payable & similar charges	(£11,630)	(£12,319)	£689	(£49,553)	
STATUTORY SURPLUS / (DEFICIT)	(£1,002)	(£1,722)	£720	£9,537	
INVESTMENT	Yea	Year To June 2020			
	Actual	Budget	Variance	Budget	

INVESTIVIENT	rea	r to June 202	0	Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
Total Capital Investment Income	£0	£3,849	(£3,849)	£17,668
Total Expenditure on Core Programme	£4,545	£12,249	£7,704	£47,045
New Build & Other Investment Expenditure	£2,752	£14,179	£11,426	£44,959
Other Capital Expenditure	£875	£814	(£61)	£3,257
TOTAL CAPITAL EXPENDITURE	£8,172	£27,242	£19,070	£95,261
NET CAPITAL EXPENDITURE	£8,172	£23,393	£15,220	£77,593
NET CAFITAL EXFENDITORE	10,172	123,393	115,220	£77,595

Key highlights year to date:

- Operating surplus of £10,628k is broadly in line with budget largely due to the lower levels of grant income as a result of the delay in new build completions and lower costs resulting from the current Covid-19 restrictions. After taking account of financing costs, the statutory deficit of £1,002k is favourable to budget by £720k. The majority of expenditure lines are reporting variances favourable to budget owing to the changes to the operation of the business during the lockdown.
- Net rental income of £45,081k is £105k adverse to budget. Void losses are £86k higher than budget, with a number of properties let to GCC and the re-letting of other void properties actively under way. Rental income includes the impact of delays in new build completions at Auchinlea, Bellrock and Linkwood, with work suspended on all sites on 23 March. All sites under construction have now restarted, with Covid-19 related measures in place.
- No grant income has been recognised in first three months. A total of 84 units for the first three months (plus 25 delayed from March 2020) were budgeted to complete. Work has recently recommenced with 8 completions at Linkwood completed in July with the balance due for completion in August.
- Total employee costs are £1,706k favourable to budget mainly driven by the claim received for staff under the Coronavirus job retention scheme. Included are employee recharges from Solutions which are £282k favourable to budget.
- Total running costs are £765k favourable to budget with the variance largely linked to the change in the operation of the business during lockdown. This has resulted in lower than expected costs in a number of areas against budget. Unbudgeted PPE costs of £329k are reflected through running costs.
- Revenue repairs and maintenance expenditure is £2,720k favourable to budget. The service is being delivered on a "life and limb" only basis. Reductions have been seen across all areas of repairs expenditure.
- Interest costs are £689k lower linked to a reduction in borrowing as a result of lower capital expenditure levels to date.
- $^\circ$ The net capital position of £8,172k is £15,220k below budget. No grant income has been claimed to date.
- Core capital investment programme spend on existing stock is £7,704k lower than budget, driven by the postponement of new works during the lockdown. Costs incurred to date are for gas and lift servicing, boiler and cladding repairs are included in the costs to date.
- New build spend is £11,426k lower than budget following the closure all construction sites on 23 March. Spend relates to mainly site certificates and professional fees. Sites are now open from July.

2c) Cube – Year to date

	Period	To 30 Ju	ne 2020	Full Ye	ar
	Actual	Budget	Variance	Budge	et
	£k	£k	£k	£k	
INCOME					
Rental Income	4,828	4,846	(18)	19,3	383
Void Losses	(83)	(107)	24	(42	28)
Net Rental Income	4,745	4,739	6	18,9) 55
Other Income	83	118	(36)	e	5 3 6
Grant Income	30	35	(5)	1	139
Total Income	4,857	4,892	(35)	19,7	/30
EXPENDITURE					
Employee Costs - Direct	825	877	52	3,5	508
Employee Costs - Group Services	206	222	16	8	388
ER / VR	0	0	0		C
Direct Running Costs	455	473	18	1,9) 09
Running Costs - Group Services	132	142	11	5	567
Revenue Repairs and Maintenance	581	845	264	3,1	183
Bad debts	56	135	79	5	543
Depreciation	1,820	1,820	0	7,3	349
TOTAL EXPENDITURE	4,075	4,514	439	17,9	946
OPERATING SURPLUS / (DEFICIT)	782	378	404	1,7	784
Interest Payable	(1,281)	(1,282)	1	(5,14	47)
STATUTORY SURPLUS / (DEFICIT)	(498)	(904)	406	(3,3	63)
EBITDA	2,602	2,198	404	9,1	132
EBITDA (excluding grants)	2,573	2,163	410	8,9) 93

	Period	To 30 Ju	ne 2020	Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INVESTMENT				
Total Capital Investment Income	30	1,092	(1,062)	9,827
Investment Works	113	1,059	945	4,235
New Build	1,316	1,240	(76)	11,082
Other Capital Expenditure	47	47	(1)	187
TOTAL CAPITAL EXPENDITURE	1,477	2,345	869	15,505
NET CAPITAL EXPENDITURE	1,447	1,254	(194)	5,678

Key highlights year to date:

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Cube

- Both operating surplus of £782k and statutory deficit of £498k are favourable to budget by £404k and £406k respectively for the 3 months to end June 2020. All expenditure lines are favourable to budget as a result of current Covid-19 restrictions.
- Rental income is £18k lower than budget, as a result of 24 new build properties at Westcliff that were not completed due to the closure of construction sites in March 2020. These properties were handed over in July 2020.
- Void losses are running at 1.7% against the budget rate of 2.2% generating a positive variance of £24k. Since lockdown Cube have provided 32 properties to GCC for use as temporary homeless accommodation.
- In other income, the adverse variance of £36k at June relates to District Heating income with the temporary suspension of charges for tenants through the Covid-19 crisis.
- Employee costs are £52k favourable to budget in the year to date owing to the claim made under the Job Retention Scheme. Employees recharged from Group Services for Cube's share of Wheatley Solutions staff is also showing favourable to budget of £16k, also as a result of similar claims.
- Direct Running Costs are favourable to budget by £18k, due to small savings across a number of office and staff related items. Running Costs - Group Services of £132k represents Cube's share of Wheatley Solutions running Costs and include a share of the costs of unbudgeted PPE for staff.
- Revenue repairs and maintenance expenditure is £264k favourable to budget, due to a lower level of responsive repairs being carried out as a result of lockdown, with work being delivered on a "life and limb" only basis.
- Bad debts are £79k favourable to budget. An additional provision was made in period 12 of 2019/2 for tenants on Universal Credit.
- Net capital expenditure of £1,447k is £194k higher than the budgeted spend of £1,254k. Capital investment income reported of £30k is for medical adaptations from for the year to date.
- Investment works expenditure of £113k mainly relates to £30k spend for adaptations, £40k of capitalised repairs and staff, £31k of void repairs and £11k boiler installation.
- New build expenditure is reported above budget by £76k at June, due to valuation invoices received in the period for Queens Quay for £1.2m.
- Other capital expenditure of £47k relates to Cube's share of group wide IT investment. 6

2d) West Lothian Housing Partnership – Year to date

	Year	to 30 June 20)20	Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INCOME				
Rental Income	750	901	(151)	3,664
Void Losses	(6)	(28)	22	(112)
Net Rental Income	744	873	(129)	3,552
Other Income	0	0	1	22
HAG Recognised in the Year	0	0	0	11,263
TOTAL INCOME	745	873	(128)	14,836
EXPENDITURE				
Employee Costs - Direct	104	137	33	546
Employee Costs - Group Services	23	23	0	72
Direct Running Costs	65	103	38	367
Running Costs - Group Services	14	14	0	46
Revenue Repairs and Maintenance	43	135	93	582
Bad Debts	10	12	2	49
Depreciation	371	426	55	1,702
TOTAL EXPENDITURE	629	850	221	3,364
NET OPERATING SURPLUS / (DEFICIT)	116	23	93	11,472
Net Operating Margin	16%	3%	13%	77%
Interest receivable	0	0	(0)	2
Interest payable	(251)	(297)	45	(919)
STATUTORY SURPLUS / (DEFICIT)	(135)	(273)	138	10,554

	Yea	r to 30 June 20	020	Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INVESTMENT				
Total Capital Investment Income	-	2,092	(2,092)	8,659
Total Expenditure on Core Programme	19	161	142	645
New Build & Other Investment	181	4,025	3,844	18,138
Other Capital Expenditure	0	0	0	27
TOTAL CAPITAL EXPENDITURE	199	4,186	3,987	18,809
NET CAPITAL EXPENDITURE	199	2,094	1,895	10,150

Better homes, better lives

Classified as Internal

Key highlights year to date:

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- Net operating surplus of £116k is £93k favourable to budget. Statutory deficit for the year to date is £135k, £138k favourable to budget.
- The original budget assumed that the units transferring from Barony HA would do so on 1 April 2020. The transfer was delayed and took place on 17 May 2020. A number of the variances in the year to date relate to the revised timing of the transfer from Barony HA and the delay in the completion of 8 units at Dixon Terrace which are now due to complete in July.
- Gross rental income of £750k is £151k adverse to budget. The majority of this variance (£147k) relates to the delay in the transfer of the Barony properties. Void losses are £22k favourable to budget.
- Total expenditure of £629k is £221k favourable to budget. Of this variance £113k relates to the Barony units. The largest variance in expenditure relates to revenue repairs and maintenance expenditure which is £93k favourable to budget and £32k if the underspend relates to the Barony properties with the remaining variance due to the operation a 'life and limb' repairs service up the end of period 3 which has resulted in lower than expected costs.
- Group services charges for staff and running costs of £37k represent West Lothian's share of Wheatley Solutions' staff and service costs.
- Gross interest payable of £251k represents interest due on the £18.75m of loans due to Wheatley Funding Ltd 1.
- Core investment expenditure of £19k is £142k lower than budget. Of this variance £42k relates to the Barony units and the remaining variance is attributable to the postponement of a number of planned investment works as a result of the Coronavirus epidemic.
 - New Build expenditure of £181k is reported at the end of period with the variance of £3,844k driven by the Scottish Government instruction to close all construction sites on 23 March. The main variances relate to Almondvale where spend of £86k has been incurred against a budget of £2,959k and Jarvey Street where there has been spend of £35k against a budget of £789k.



2e) Loretto Housing – Year to date

	Period	To 30 Ju	ne 2020	Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INCOME				
Rental Income	2,054	2,056	(2)	8,224
Void Losses	(50)	(66)	16	(266)
Net Rental Income	2,004	1,990	15	7,959
Other Income	71	71	1	283
Grant Income	31	18	13	72
Total Income	2,107	2,078	28	8,314
EXPENDITURE				
Employee Costs - Direct	320	335	14	1,338
Employee Costs - Group Services	61	67	6	269
ER / VR	0	0	0	0
Direct Running Costs	371	409	38	1,531
Running Costs - Group Services	37	43	6	172
Revenue Repairs and Maintenance	198	350	152	1,388
Bad debts	15	55	40	221
Depreciation	918	918	0	3,701
TOTAL EXPENDITURE	1,920	2,176	256	8,620
OPERATING SURPLUS / (DEFICIT)	186	(98)	284	(306)
Interest Payable	(502)	(495)	(7)	(1,978)
STATUTORY SURPLUS / (DEFICIT)	(315)	(593)	278	(2,284)
EBITDA	1,104	820	284	3,394
EBITDA (excluding grants)	1,073	802	271	3,322

	Period	l To 30 Ju	ne 2020	Full Year
	Actual	Budget	Variance	Budget
	£k	£k	£k	£k
INVESTMENT				
Total Capital Investment Income	3,637	1,610	2,027	8,889
Investment Works	95	381	286	1,525
New Build	266	1,721	1,456	11,036
Other Capital Expenditure	18	45	27	179
TOTAL CAPITAL EXPENDITURE	379	2,148	1,769	12,741
NET CAPITAL EXPENDITURE	(3,259)	537	3,796	3,851

Key highlights year to date:

 Operating surplus of £186k and statutory deficit of £315k are both favourable to budget by £284k and £278k respectively. The key driver for the variances is the change to the operating model during the Covid-19 pandemic which has resulted in savings in all expenditure lines.

Loretto Housing

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- Void losses in the year to date are 2.5% against a budget of 3.3%. In total 10 void properties have been let to GCC and Renfrewshire Council for homeless lets.
- Grant income relates to £31k for medical adaptations only. There is no other grant income budgeted for the year since there are no expected completions for New Build until financial year 2021/22
- Employee costs report a favourable variance of £14k, owing mainly to vacant positions and the claim made under the Job Retention Scheme. Employees recharged from Group Services for Loretto's share of Wheatley Solutions staff is also showing favourable to budget.
- Direct running costs are £38k favourable to budget, on various lines due to phasing of the budget, and lower spend on office and staff related expenditure since the lockdown.Group Services Running Costs of £37k represents Loretto's share of Wheatley Solutions running costs and include a share of the costs of unbudgeted PPE for staff.
- Revenue repairs and maintenance expenditure is £152k favourable to budget due to lower levels of spend in reactive repairs and cyclical maintenance, with the operation of the "life and limb" service.
- Bad debts are £40k favourable to budget. A prudent approach was taken when setting the budget due to the anticipated impact of Universal Credit.
- The net capital position which shows net capital income of 3,259k is £3,796k favourable to budget due to the unbudgeted receipt of funding of £3,606k for Dargavel site from Allia. This will be released to the P&L when the site is complete. As a result of lockdown no spend has taken place on the Dargavel site.
- Investment works expenditure of £95k relates to voids, capitalised repairs and staff and £31k spend on medical adaptations. There are no other works currently taking place generating a favourable variance against budget of £286k.
- New build expenditure of £266k mainly relates to Eriboll Street for a settlement agreement which has in turn been reclaimed from GCC and was received in month of July. The budget for April to June provides for spend at the Dargavel and Hallrule sites which were closed due to the lockdown.
- Other capital expenditure of £18k relates to Loretto contribution to Wheatley Group IT. The budget figure of £179k for the full year includes £108k budgeted for office refurb and conversion of housing properties previously used as offices by Wheatley Care and work is yet to start.

2f) Dunedin Canmore – Year to date



	Year	to 30 June 20	020	Full Year
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INCOME				
Rental Income	7,298	7,564	(266)	30,153
Void Losses	(114)	(92)	(22)	(363)
Net Rental Income	7,184	7,472	(289)	29,791
HAG Recognised in the Year	0	0	0	0
Other Income	314	671	(357)	2,853
TOTAL INCOME	7,498	8,144	(646)	32,643
EXPENDITURE				
	1 1 0 0	1 1 6 7	67	4 667
Employee Costs - Direct ER/VR	1,100 7	1,167	(7)	4,667
Employee Costs - Group Services	369	- 420	50	- 1,679
Direct Running Costs	792	420 857	50 65	3,398
Running Costs - Group Services	240	268	28	1,071
Revenue Repairs and Maintenance	493	1,009	28 516	4,279
Bad Debts	495	1,009	11	4,279
Depreciation	1,895	1,950	55	7,801
Depreciation	1,055	1,550	55	7,001
TOTAL EXPENDITURE	4,957	5,743	786	23,186
NET OPERATING SURPLUS / (DEFICIT)	2,541	2,400	140	9,457
Net Operating Margin	34%	29%	4%	29%
Interest receivable	1	3	-	13
Interest payable	(2,007)	(2,008)	1	(7,891)
STATUTORY SURPLUS / (DEFICIT)	534	395	139	1,579

	Yea	Year to 30 June 2020			
	Actual	Budget	Variance	Budget	
	£ks	£ks	£ks	£ks	
INVESTMENT					
Total Capital Investment Income	-	2,341	(2,341)	15,135	
Total Expenditure on Core Programme	589	1,359	770	5,437	
New Build & Other Investment	357	2,867	2,509	23,925	
Other Capital Expenditure	10	13	3	350	
TOTAL CAPITAL EXPENDITURE	957	4,238	3,281	29,712	
NET CAPITAL EXPENDITURE	957	1,896	940	14,577	

Classified as Internal

Key highlights year to date:

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- Net operating surplus of £2,541k is £140k favourable to budget. Statutory surplus for the period to 30
 June is £534k which is £139k favourable to budget.
- The original budget assumed that the transfer of engagements from Barony HA would do so on 1 April 2020. As this transfer has not yet occurred, a number of the variances in the year to date relate to expected income and costs from the Barony HA units.
- Net rental income is reporting a £289k adverse variance. The majority of this variance (£243k) relates to rental income expected from the units due to be transferred from Barony. The remaining variance reflects lower than expected new build completions in P12 of 2019/20 at Beaverbank, Fountainbridge, Greendykes and Lang Loan, following the Scottish Government instruction to close construction sites from 23 March.
- Other Income is £357k adverse to budget. This is largely as a result of DC Property Services ("DCPS") generating a loss of £302k in the YTD against a budgeted profit of £19k due to a lower level of repairs activity against which to recover staff time. In addition, MMR lease income is lower following the delays to completion of new build properties in the latter half of March 2020.
- Total expenditure is £786k favourable to budget. Of this variance £116k is linked to the Barony properties which have not yet transferred. Direct staff costs include a claim of £87k from the Job retention scheme and also include additional staff costs for the Harbour.
- The largest favourable variance relates to repairs and maintenance costs which are £516k favourable to budget. Of this variance £31k relates to Barony and the remaining variance is a result of the 'life and limb' operating model which has resulted in a lower number of repair jobs. While the lower activity levels result in a reduction to costs recorded for the work undertaken, the costs of the in-house repairs staff not allocated to repair jobs is reported as a loss within other income. When these are combined along with the repairs variances in West Lothian and Barony, both of which are services by DCPs, the net position shows a favourable variance in repairs activities of £320k. The volume of reactive repair jobs is 47% lower than the same period last year.
- Investment expenditure on existing properties is £770k lower than budget. Of this variance £84k relates to Barony and the remaining variance reflects the postponement of a number of non essential work types in the investment programme.
- New build spend of £357k is £2,509k lower than budget as a result of site closures. Spend to date is for retention payments due at Craigmillar and Dewarpark.

2g) Barony – Year to date

	Year t	o 30th June	2020
BARONY - HOUSING	Actual	Budget	Variance
	£ks	£ks	£ks
INCOME			
Rental Income	382	390	(8)
Void Losses	(21)	(17)	(4)
NET RENTAL INCOME	361	373	(12)
Other Income	7	0	7
TOTAL INCOME	368	373	(5)
EXPENDITURE			
Employee Costs - Direct	14	17	3
Employee Costs - Group Services	0	0	0
Direct Running Costs	32	43	11
Running Costs - Group Services	0	0	0
Revenue Repairs and Maintenance	50	63	13
Bad Debts	(1)	2	3
Depreciation	96	96	0
TOTAL EXPENDITURE	191	221	30
NET OPERATING SURPLUS / (DEFICIT)	177	152	25

INVESTMENT			
Total Capital Investment Income	0	0	0
Total Expenditure on Core Programme	26	126	100
New Build	0	0	0
Other Capital Expenditure	0	0	0
TOTAL CAPITAL EXPENDITURE	26	126	100
NET CAPITAL EXPENDITURE	(26)	(126)	(100)

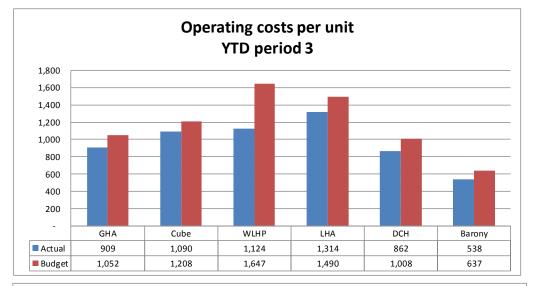
Key highlights year to date:

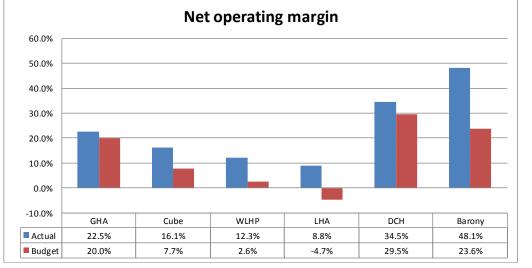
Net rental income of £361k is £12k adverse to budget. Rental income (including service charges) is £8k adverse to budget, with void losses £4k unfavourable to budget in the year to date, linked to supported properties. The stock transfer to WLHP and the transfer of engagements to Dunedin Canmore were both assumed to take place on 1 April 2020 and budget provision is included in these RSLs. The budget figures presented here are for monitoring purposes only and are for the units transferring to West Lothian up to 17 May and for the remaining properties to 30 June.

barony

- Net rental income of £361k is £12k adverse to budget. Rental income (including service charges) is £8k adverse to budget, with void losses £4k unfavourable to budget in the year to date, linked to supported properties.
- Employee costs are £3k favourable to budget. Direct running costs are £11k favourable to budget for the month with lower property costs incurred.
 - Repairs and maintenance expenditure is £50k, £13k favourable to budget. Reactive and cyclical repairs work are carried our by colleagues in Dunedin Canmore Property Services. Reactive repairs are favourable to budget by £8k, with cyclical repairs £5k favourable. Included within cyclical repairs is £7k for Legionella Testing.
 - Core programme expenditure of £26k, is £100k favourable to budget. Core investment work has recommenced with external and compliance works taking priority and a phased return to full service over the coming months.

3) Summary of RSL operating costs and margin v budget





Operating costs per unit:

- At period 3 all RSLs are reporting favourable operating costs per unit for the year to date. All expenditure lines are reporting lower than budget owing to the changes in the operation of the business during the lockdown.
- 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 all subsidiaries for the year to date. Similar to operating costs, favourable variances across all expenditure lines is driving higher margins in all RSLs.





Wheatley Group Financial Report To 30 June 2020 (Period 3)

Dumfries & Galloway Housing Partnership (DGHP)

4a) Dumfries and Galloway Housing Partnership

	Yea	20	Full year	
	Actual £ks	Restated Budget £ks	Variance £ks	Budget restated
INCOME				
Rental Income	11,019	10,983	36	44,799
Void Losses	(303)	(232)	(71)	(890)
Net Rental Income	10,716	10,751	(71)	43,909
Grant Income		10,051	(55)	1,367
Other Income	659	542	117	1,677
TOTAL INCOME	11,375	11,293	82	46,953
	11,575	11,235	52	
EXPENDITURE				
Employee Costs - Direct	1,462	1,665	203	6,656
Employee Costs - Group Services	-	-	-	
Transformation budget	351	257	(94)	476
Direct Running Costs	1,113	1,211	98	4,844
Running Costs - Group Services	-	-	-	
Revenue Repairs and Maintenance	1,787	2,389	602	12,239
Bad debts	136	213	77	921
Depreciation	2,687	2,687	-	10,748
TOTAL EXPENDITURE	7,535	8,422	886	35,884
NET OPERATING SURPLUS	3,840	2,871	969	11,069
Net operating margin	34%	25%		
Interest receivable	51	56	(5)	241
Net Interest payable & similar charges	(1,489)	(1,489)	-	(6,451)
STATUTORY (DEFICIT)/SURPLUS	2,402	1,438	964	4,859
INVESTMENT				
				2 4 4 9
TOTAL CAPITAL INVESTIGEN FINCOME	•		-	3,449
Total Expenditure on Core Programme	118	5,480	5,362	25,105
New Build	133	3,525	3,392	13,056
Other Capital Expenditure				1,545
TOTAL CAPITAL EXPENDITURE	251	9,004	8,753	39,706
NET CAPITAL EXPENDITURE	251	9,004	8,753	36,257
NET ONFINE EXPENDITORE	2.31	5,004	667,0	50,237



Key highlights year to date:

- Net operating surplus of £3,840k is £969k favourable to budget. Statutory surplus for the period to 30 June is £2,402k, £964k favourable to budget.
- The budget has been restated for the change to the accounting policy for the useful lives of fixed assets to align with the Group policy. The depreciation charge has been updated and has been increased by £1,743k to £10,748k
- Net Rental income is £35k adverse to budget, due to higher void loss than budgeted. Letting activities had slowed due to Covid19 impact some income has been received from Dumfries and Galloway Council for homeless lets.
- Total expenditure of £7,535k is favourable to budget by £886k. Within staff costs of £1,462k, £158k credit has been received from the Coronavirus Job Retention Scheme, resulting in an overall favourable position to budget.
- Direct running costs savings are linked to the changes in the business and office based staff now working from home with less staff travel and general office expenses being incurred.
- Repairs and maintenance costs are £602k favourable to budget with the in house service delivery a "Safety First' repairs service rather than the full budgeted service. The full staff complement has not yet been reached in the In-House Repairs service and a claim of £162k has been made under the job retention scheme for furloughed repairs staff. Charges for grounds maintenance and gas contracts are included in this line and are provided under third party fixed contract arrangements.
- Core investment expenditure of £118k is £5,362k lower than budget. The variance is attributable to the postponement of a number of planned investment works as a result of the Coronavirus epidemic.
- New Build expenditure of £133k is £3,392k lower than budget due to postponement of new activity on construction sites in the period.



Wheatley Group Financial Report To 30 June 2020 (Period 3)

Care and Commercial

5a) Wheatley Care – Year to Date

	Year to 30 June 2020			Full Year
WHEATLEY CARE - COMPANY	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Care Projects	4,798	4,989	(191)	19,981
Head Office	11	12	(1)	47
TOTAL INCOME	4,809	5,001	(192)	20,028
CARE CONTRACT COSTS				
Employee Costs - Care Contracts	3,687	3,917	230	15,670
Running Costs - Care Contracts	461	595	134	2,379
TOTAL CARE CONTRACT COSTS	4,148	4,512	364	18,049
EXPENDITURE				
Employee Costs - Head Office	315	282	(33)	1,127
Employee Costs - Group Services	36	37	1	150
Head Office Running Costs	29	47	18	190
Running Costs - Group Services	23	24	1	94
Group recharges - PPE	184	-	(184)	-
Management fee payable to LHA	51	51	-	203
TOTAL EXPENDITURE	638	441	(197)	1,764
SURPLUS/(DEFICIT)	23	48	(25)	215

Wheatley Care

Key highlights to date:

- Net Operating surplus of £23k is £25k unfavourable to budget for the year to June 2020. Total income is £192k adverse to budget, offset by lower employee and running costs being favourable to budget in the period. Unbudgeted PPE costs of £184k are reported.
- Total care project income of £4,798k is £191k unfavourable to budget. This is due to service hours at SDS services being below budgeted levels in the year (£92k adverse to budget). In addition, £54k of income was budgeted for the new Edinburgh HST service, which has not commenced yet. This has been delayed due to the current situation with Covid-19.
- We have received rate uplifts (varying from 2% 3.4%) from 5 local authorities; Falkirk, South Lanarkshire, Fife, Renfrewshire and West Lothian. Glasgow have confirmed a 3.3% uplift however the local authority hasn't processed this and the backdated payment yet. Care Management are engaging with remaining local authorities to request uplifts.
- Running costs care contract costs of £461k are £134k favourable to budget. There is
 a budget of £10k for running costs for the new Edinburgh HST service, which as noted
 above has not commenced. Almost every service is reporting a favourable variance to
 budget for running costs. The drop-in Day Centres in Edinburgh and Fife are also
 currently closed, and are therefore incurring no day to day running costs.
- Employee costs care contracts expenditure of £3,687k is £230k favourable to budget. This relates to a number of services operating with staff vacancies vs budget. Staff savings are mostly linked to fewer hours being delivered at services, and management of customer vacancies. Staff levels are monitored monthly and adjusted to meet individual service needs. The Glasgow services contribute the largest positive variance to budget - £106k favourable to budget, linked to the reduction in SDS hours.
- Employee costs head office expenditure of £315k is £33k unfavourable to budget. Included within Head Office employee costs is a maternity cover post and an additional provision for salary uplifts.
- Head office running costs of £29k are £18k favourable to budget with savings in property costs and direct running costs including training.
- Group recharges PPE unbudgeted costs total £184k,. We have started the process to bring PPE costs for care staff into account. Claims have begun to be submitted to local authorities and the position will remain under review.

5b) YourPlace – Year to date



[redacted]

5c) Lowther – Year to date

LOWTHER HOMES.

[redacted]

6) Wheatley Solutions – Year to date

	Ye	ar to June 20		Full Year
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
EXPENDITURE				
Employee costs				
Executive Team	363	381	18	1,527
Employee Relations and WFP	493	466	(27)	1,870
Marketing and Communications	168	175	7	700
Finance	557	534	(22)	2,007
Assurance	338	333	(6)	1,303
Company Secretary	173	202	30	81
Business Growth	267	280	14	1,125
Information Technology	324	302	(22)	1,213
Wheatley Hub	970	989	19	3,914
Academy	172	187	15	750
Property	218	219	2	879
Wheatley 360	91	91	1	366
Furlough claim	(481)	0	481	(
Total employee costs	3,630	4,119	489	16,111
Duran in a sasta				
<u>Running costs</u> Executive Team	6	86	80	389
	148		19	720
Employee Relations and WFP	37	167 91	54	46:
Marketing and Communications	-			
Finance Assurance	84 29	105 61	21 32	44: 505
	29 41		-	
Company Secretary		68	27	400
Business Growth	44	101	57	404
Information Technology	938	1,037	100	4,148
Wheatley Hub	5 79	11	6	43
Academy	-	163	84	652
Property Wheatley 360	508 5	412	(95) 0	1,649
Total running costs	1,962	2,345	383	9,986
Regulated insurance activities	0	797	797	3,189
Head office costs	326	326	0	1,305
TOTAL EXPENDITURE	5,918	7,587	1,669	30,590
Income from recharges by subsidiary: GHA	4,243	1 996	(644)	19,733
Lowther	4,243	4,886 180		19,733
			(23)	
YP	367	283	84	1,142
Loretto Housing	95	109	(15)	441
Wheatley Care	54	62	(8)	250
Cube	313	361	(48)	1,455
WLHP	37	37	0	146
Dunedin Canmore	585	675	(90)	2,722
Wheatley Foundation	69	74	(6)	299
Total income from recharges	5,918	6,668	(750)	26,914
Regulated insurance activities	0	920	(920)	3,679
TOTAL INCOME	5,918	7,587	(1,669)	30,593
Profit before tax	0	0	0	3
Тах	(0)	(0)	0	(1
PROFIT BEFORE TAX	0	0	0	



Key highlights year to date:

The table presents the financial performance of Wheatley Solutions for the first quarter of the 2020/21 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 £5,918k. This is £1,669k lower than budget for the period with lower employee costs and the delay in the transfer of regulated insurance activity from YourPlace being the key drivers for the variance. Running costs are also favourable budget for the period.

- Employee costs of £3,630k are £489k favourable to budget due to a claim of £481k for furloughed staff for the period to June which is reported separately to the budgeted staff costs for each department.
 - Variance reported across departments either relates to changes made to budgeted structure as at 1 April 2020 or maternity leave cover for staff (Finance, Assurance, Employee Relations).
- Running costs of £1,962k is favourable to budget by £383k for the first three months.
 The key variances within this are:
 - Property expenditure of £508k is £95k higher than budget. This additional spend relates to PPE costs of £223k to support the Group's response to the Covid19 pandemic, with majority of costs in relation to Wheatley Care.
 - A number of the departments report lower costs with reduced activity across Wheatley Solutions with large number of staff working from home.
 - IT reports spend that is £100k lower than budget. This is expected to be a timing variance only as new support and maintenance contracts are added during the next few months.
- Regulated insurance activities continue to be provided by Your Place. FCA approval has been granted and intention is for this to transfer across to Wheatley Solutions in due course.
- Due to lower than budgeted costs, the income received from subsidiaries is less than budgeted. The only exception to this is Your Place, which has been adjusted to reflect the continued provision of regulated insurance activities by YourPlace..

7) Wheatley Foundation – Year to date

	June 2020		Full Year	
	Actual £ks	Budget £ks	Variance £ks	Budget £ks
INCOME				
Donations from Wheatley subsidiaries	734	734	-	3,924
Employability Grants	13	94	(81)	300
External income	782	115	667	710
Total Income	1,529	943	587	4,934
EXPENDITURE				
Overheads	174	269	95	1,094
Tackling Poverty & Social Inclusion	1,093	141	(952)	642
Education	-	-	-	210
Digital Inclusion				63
Employability	59	300	241	1,800
Sports / Arts				44
Money/Welfare Benefits advice	345	367	22	1,492
TOTAL EXPENDITURE	1,671	1,076	(595)	5,345
NET OPERATING SURPLUS / (DEFICIT)	(142)	(134)	(8)	(411)

	Foundation reserves £ks
Opening reserve 1st April 2020	1,156
Surplus / (Deficit) for YTD	(142)
Closing reserve 30th June 2020	1,013

Key highlights to date:

The table presents the financial performance of Wheatley Foundation for the first quarter of this financial year. The Wheatley Foundation reports a deficit of \pounds 142k for the period. This is adverse to budget by \pounds 8k. The Foundation is able to support this position since it started the year with a sufficient level of cash reserves and ends the period with a closing reserve of \pounds 1,013k.

Income of £1,529k is reported for the period, which is £587k higher than budget.

- Donations from Wheatley group subsidiaries total £734k and cover donations for the year as well as contributions for the costs incurred to deliver the money advice service for the group. Gift aid is due from Your Place will be received later in the year.
- Employability grants of £13k are lower than budget by £81k.
- External income of £782k is reported; the majority of income raised is in relation to Foundation activity in supporting the Group's most vulnerable customers through the impact of the Covid-19 outbreak. Notable donations and grants:
 - Scottish Government grants totalling £680k, of which £330k is from the Wellbeing Fund to support the emergency response fund and £350k from the Food Fund.
 - Other donations include: Dunedin Canmore Foundation donation of £20k, Energy Action Group (£10k), Shepherd & Wedderburn (£10k), Foundation Scotland (£9k), Wheatley supplier and private donations of £20k.

Expenditure of £1,671k is £595k higher than budgeted.

- Overhead costs of £174k are £95k lower than budget due to number of Foundation staff being placed on furlough for the YTD.
- In the Tackling Poverty & Social Inclusion category, spend of £1,093k is reported against a budget of £141k. The emergency food packages being delivered across the Group to support customers facing financial hardship are shown here. Over 19,000 have been delivered since this began in mid-March. Emergency response fund payments have also increased during the period. The main project spend for the period relates:
 - Home Comforts and Eat Well spend of £76k. This is for the core staff and running costs of project
 - Emergency food packages and emergency response payments of £955k
 - · Financial inclusion project costs of £45k.
- Employability expenditure of £59k is £241k lower than budget. The key items of expenditure for the period relate to modern apprentice programme costs of £44k and Wheatley Works costs of £15k. The majority of apprentices have been furloughed for the period.
- Cash reserves at the end of the quarter are £1,014k a net reduction of £142k



8) City Building (Glasgow) LLP



	Period to 19 June 2020		Full Year	
	Actual	Budget	Variance	Budget
	£ks	£ks	£ks	£ks
INCOME				
Customer & client income	£18,394	,	(£14,797)	139,800
TOTAL INCOME	£18,394	£33,191	(£14,797)	139,800
EXPENDITURE				
Employee Costs	£12,364	£13,208	£844	55,820
Premises Costs	£330	£655	£325	2,716
Transport Costs	£845	£1,410	£565	6,570
Supplies & Services	£3,275	£13,715	£10,440	59,486
Support Services (RSBi & Training)	£202	£222	£20	1,002
Inter Company Trading	£0	£0	£0	0
TOTAL EXPENDITURE	£17,016	£29,210	£12,194	125,594
GROSS MARGIN	£1,378	£3,981	(£2,603)	14,206
Gross margin	7.5%	12.0%	-4.5%	10.2%
OVERHEADS				
Employee Costs	£1,686	£1,833	£147	8,267
Premises Costs	£445	£433	(£12)	1,949
Transport costs	£68	£121	£53	544
Supplies & Services	£1,079	£942	(£137)	4,240
Recharge to CBC/RSBi/Training	(£1,900)	(£1,803)	£97	(8,127)
TOTAL OVERHEADS	£1,378	£1,526	£148	6,873
NET OPERATING SURPLUS/(DEFICIT)	£0	£2,455	(£2,455)	7,333
Redundancy costs	£0	£0	£0	0
NET OPERATING SURPLUS AFTER REDUNDANCY COSTS	£0	£2,455	(£2,455)	7,333

Key highlights to date:

- Results are presented for City Building (Glasgow) LLP, the joint venture entity between Wheatley
 and Glasgow City Council. The latest results are to the period ended 19 June 2020. City Building
 operates a different accounting cycle to the Wheatley Group.
- As a 50:50 joint venture, the results of City Building will be accounted for as an associate undertaking in the Group's statutory results.
- The net operating surplus reported here is stated before accounting for the discount to be given to the joint venture partners. The Group's share of City Building's budgeted discount is included in the Group repairs budget.
- City Building's operations have been impacted by the lockdown and levels of work have reduced by £19,439k compared to budget. Included in income is a claim for furloughed staff of £4,642k for the period to date. Given the restrictions that have been in place and the recommencement of work on a phased basis, it is likely that City Building will not be able to generate a surplus sufficient to meet the budgeted discount. This has been taken into account in the Q1 forecast full year outturn for the Group.
- Gross Margin generated to 19 June of £1,378k, is £2,603k unfavourable to budget. Overhead costs are £148k favourable to budget.

9) Wheatley Group – Consolidated Balance Sheet



Balance Sheet	Current Month	Previous yr end
	As at	As at
	30 June 2020 £ks	31 March 2020 £ks
Fixed Assets	2,227,490	2,231,905
Social Housing Properties Properties under construction	127,572	122,275
Other tangible fixed assets	60,083	59,541
Investment properties	222,299	222,779
Investments -other Fixed Assets	116 2,637,560	116 2,636,616
Fixed Assets	2,037,500	2,030,010
Debtors Due More Than One Year		
Development Agreement	20,478	20,478
Inter Company Loan Pension Asset	0 13,585	0 13,585
rension Asset	13,383	13,365
Current Assets		
Trade debtors	0	0
Rent & Service charge arrears less: Provision for rent arrears	18,400 (7,825)	13,548 (7,743)
Prepayments and accrued income	8,853	11,559
Intercompany debtors	(0)	0
Other debtors	18,124	16,360
	37,552	33,724
Bank & Cash	148,051	116,361
Current Assets	185,603	150,085
Current Liabilities		
Trade Liabilities	(7,307)	(8,456)
Accruals	(31,393)	(33,786)
Deferred income	(71,228)	(66,303)
Rents & service charges in advance Intercompany creditors	(11,138) 0	(10,288) 0
Other creditors	(10,767)	(12,855)
	(131,833)	(131,688)
Net Current Assets	74,248	38,875
Long Term Liabilities Contingent efficiencies grant	(34,915)	(34,915)
Bank finance	(1,272,161)	(1,236,725)
Bond finance	(300,000)	(300,000)
Development Agreement	(20,478)	(20,478)
Provisions Deferred income	<mark>(1,179)</mark> 57,701	<mark>(1,178)</mark> 57,701
Intercompany creditors	0	0
Other creditors	(3,159)	(3,957)
Pension liability	(4,943)	(4,943)
Long Term Liabilities	(1,579,134)	(1,544,495)
Net Assets	1,146,259	1,144,581
Funding Employed		
Capital & Reserves		
Share Capital	37	37
Retained Income b/fwd Income & Expenditure	708,048 1,679	708,048 0
Movement in Pensions Provision	0	0
Designated Reserves/gain on business	0	ō
Revaluation Reserves	436,496	436,496
Funding Employed	1,146,260	1,144,581

Key highlights:

- Group net assets stand at £1,145.9m at 30 June 2020.
- The Balance Sheet as at 31 March 2020 is in line with the 2019/20 financial statements and has been subject to final audit and the year end statutory adjustments for property and pension valuations as well as fair value calculation on the Scottish Government Ioan.
- The Group Balance Sheet incorporates the assets liabilities transferred through the acquisition of Dumfries and Galloway Housing Partnership ("DGHP") in December 2019.
- Current assets (excluding cash) are £3.8m higher than the year end position mainly driven by the lower levels of prepayments and higher balances for rent arrears, which fluctuate throughout the year depending on the timing of invoices.
- Current liabilities are in line with the year end position, with higher levels of deferred income offset by lower accruals and trade creditors. The movement on deferred income relates to the grant received in the current year relating to Dargavel (£3.6m).
- Long term liabilities are £34.6m higher with additional borrowings in WFL1 of £72m, offset with capital repayments to HSBC of £40m.
- Income and expenditure of £1,371k relates to the group profit for the year to date.

10) Wheatley Group – Q1 Forecast



Group - £k	FULL YEAR		
	Budget	Q1 Forecast	Variance
INCOME			
Net Rental Income	302,233	300,137	(2,096)
Grant Income	47,100	34,136	(12,964)
Other Income	41,926	40,637	(1,289)
Total Group Income	391,258	374,909	(16,349)
EXPENDITURE			
Employee Costs	71,978	68,841	3,137
Employee Costs - Group Services	16,614	15,935	679
ER/VR	1,249	9,600	(8,352)
Running Costs	28,917	28,447	471
Running Costs - Group Services	9,787	9,818	(31)
Repairs & Maintenance	51,863	46,679	5,184
Cost of Sales	7,956	7,194	762
Irrecoverable VAT & bad debt	12,600	13,952	(1,352)
Depreciation	92,932	91,737	1,194
Demolition	930	930	-
Toal Group Expenditure	294,825	293,133	1,692
			(
NET OPERATING SURPLUS	96,434	81,777	(14,657)
Net operating margin	24.6%	21.8%	-2.8%
Gain/(loss) on sale of fixed assets	1,060	-	(1,060)
Net Interest Payable	(73,194)	(70,831)	2,363
STATUTORY SURPLUS	24,299	10,946	(13,354)

NET CAPITAL INVESTMENT SPEND	148,852	91,785	57,067
Other fixed assets	5,943	5,518	425
New Build Programme	121,824	62,806	59,018
Core Investment Programme	84,710	57,248	27,462
Total Capital Investment Income	(63,626)	(33,787)	(29,839)
INVESTMENT			

Key highlights:

- The Group forecast full year out-turn at the end of Quarter 1 shows a net operating surplus of £81,777k, which is £14,657k unfavourable to budget and a statutory surplus of £10,946k, which is £13,354k lower than budget
- Adjusted EBITDA after excluding grant income on new build completions of £139,378k is forecast compared to an EBITDA of £142,267k budgeted.
- Net rental income is expected to be £2,096k unfavourable to budget and includes the impact of delays in new build completions within all of the RSLs. The forecast also reflects a higher level of voids across the majority of the RSLs. The forecast assumes new build handovers recommence in Q2 with rental income earned from September.
- Grant income is expected to be £12,964k lower than budget. The forecast is based on the updated profile of 2020/21 completions and the recognition of grant on March 2020 completions coming through in Q2.
- Other Income is forecast to be £1,289k lower than budgeted, largely as a result of lower factoring income in YourPlace driven by lower service charges billed in Q1 to customer and lower levels of repairs and building insurance services. This is offset by lower cost of sales, which are £762k favourable to budget.
- Total expenditure is expected to be £1,692k higher than budget. This is driven by an higher level of expenditure being set aside for ERVR bringing forward staff changes linked to the accelerated implementation of the new operating model, with efficiencies achieved through increased levels of mobile working and the use of digital technology to transform working practices.
- Employee costs are forecast to be £3,816k lower based on claims under the job retention scheme being made through to October 2020. Claims made for furloughed repairs and capital staff are reported through repairs and investment lines. Running costs are expected to be £440k lower than budget, reflecting savings made through Q1 in office and staff related expenditure creating capacity to absorb additional costs incurred for PPE across the Group..
- Savings of £5,184k are expected in repairs which reflects the lower costs to the end of Q1with work recommencing on a phased basis from Q2, expecting to be back at planned levels by January 2021.
- Additional provision for additional bad debts costs of £1,352k has been included in the forecast, increasing the charge for the year. This reflects the expected increase in the number of tenants moving onto Universal Credit, and for arrears balance s to remain outstanding for longer.
- The marketing for sale of supported properties in the east has been held up by the restrictions in place in Q1.
- Interest payments are forecast to be £2,363k lower than budget as a result of the revised investment and new build expenditure profile and the lower level of debt drawn to fund capital expenditure.
- The level of new build grant income claimed has been aligned with the revised new build spend profile, reducing investment income by £29,839k.
- The core investment programme is expected to recommence with external investment works and compliance works being prioritised initially.
- The new build development spend is expected to be £59,018k lower than budget, deferring costs into 2021/22.



Report

То:	Wheatley Housing Group Board
By:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Treasury Update
Date of Meeting:	26 August 2020

1. Purpose

- 1.1 The purpose of this report is to:
 - note the liquidity position of Wheatley Group as at 31 July 2020;
 - note the potential impacts of current macroeconomic events on our funding structure; and
 - note the covenants for quarter-end to 30 June 2020

2. Authorising 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, as well as the Group Authorise, Manage, Monitor Matrix, the Group Board is responsible for the on-going monitoring of performance against agreed targets. This includes the on-going performance of its finances.

3. Risk Appetite and assessment

- 3.1 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".
- 3.2 Our current liquidity risk is low given the significant steps the Board has agreed to put in place over the last 15 months to strengthen our funding position.

4. Background

4.1 This report sets out the cash availability as at the end of May, June and July 2020 to provide comfort to the Board that we are in a strong position at this time, with no requirement to raise new or replace existing committed terms until a minimum of 18 months prior to 2023/24 (when the £100m HSBC Revolving Credit Facility is due to expire). We are at the early stages of discussing refinancing the HSBC facility with Barclays and SMBC.

- 4.2 There are three major macroeconomic themes currently impacting financial markets; the Covid-19 economic contraction, Brexit and the impending transition from LIBOR. This paper sets out the potential impact on our funding position arising from these events and the mitigations we have in place.
- 4.3 Covenants are provided to our lenders at quarter-end to 30 June 2020, and are set out in the appended treasury pack. Please note that audited covenants from year-end to 31 March 2020 are provided to the Syndicate lenders (RBS, BOS, Nationwide) and the EIB alongside the provision of the statutory accounts.

5. Discussion

(i) Liquidity update

- 5.1 We have four main sources of liquidity:
 - a) Cash-at-hand and/or on term deposits
 - b) Committed Revolving Credit Facilities ("RCFs") and/or overdraft facilities
 - c) Undrawn committed term facilities ([redacted] remains to be drawn from EIB)
 - d) Bank of England CCFF scheme (once approved)
- 5.2 The table below shows the full Group position (WFL1, WFL2 and DGHP): [table redacted]
- 5.3 The variation in the balance for WFL1/RSL Borrower Group cash at 30 June 2020 is due to the quarter-end payment of £7.37m interest & fees and repayment of £1m capital on facility [redacted].
- 5.4 We continue to await formal acceptance onto the Bank of England CCFF scheme. The delay has resulted from an administrative change made by the BOE in the period after their receipt of our documentation, but prior to the review of our submission. The bank has changed their pro forma documentation and require a re-submission of the guarantee forms from WFL1 and the RSLs. This work is underway in conjunction with our lawyers.
- 5.5 Our liquidity position remains robust in the absence of funding from the CCFF scheme and we have placed £30m from WFL1 on a 6-month deposit (maturing 11/02/21) with [redacted] and £30m from DGHP on a 6-month deposit at [redacted]% (maturing 19/02/21). This leaves us with £15m minimum balances across WFL1/RSL Borrower Group plus £20m per quarter being the 'average' cash requirements when the development programme is fully operational, and adequate cash balances at DGHP.
- 5.6 We anticipate additional deposits to be placed when the CCFF scheme is approved. We will be able to access funding from the BOE funding line until May 2021.

(ii) Macroeconomic update & impact on our funding position

5.7 There are three major events influencing financial markets; 1. The economic shock caused by Covid-19 and the resultant government and central bank stimulus; 2. Brexit; and 3. LIBOR transition.

- 5.8 Economic activity, measured as Gross Domestic Product (GDP) experienced a significant shock caused by the worldwide lockdown. In March and April 2020, UK GDP suffered a 26% fall, with only a moderate recovery of a 1.8% increase in May 2020. Despite retail sales strongly rebounding, the expectation for the second quarter's GDP is -21%. The intervention by the UK government to support labour markets provided what may turn out to be a temporary measure; NatWest Markets anticipate a greater increase in unemployment in 4Q20 than we have seen so far as the job retention scheme comes to an end. The weak labour market will increase spare capacity in the economy and, combined with the temporary cut to VAT, is likely to result in low inflation (0% for CPI) into 2021.
- 5.9 It is unlikely that the unprecedented level of policy stimulus, by way of Quantitative Easing, will be inflationary at this stage due to the severity of the weak economic picture. Markets anticipate that central bank support will be pared back as underlying economic growth recovers, but this looks a number of years away, the timetable heavily influenced by an effective vaccine. One of the last fiscal policy levers available to the Bank of England is negative interest rates. We have seen this in other advanced economies (EU, Sweden, Switzerland, Japan), but never in the UK or US.
- 5.10 In this economically volatile backdrop, the UK is scheduled to complete its exit from the European Union by 31 December 2020. The prospects of a 'hard' Brexit (i.e. an exit without a free trade agreement in place) are increasing which presents numerous risks for the UK economy and Wheatley specifically, including the availability of labour (in particular, care staff), cost of materials for repair and new build (generally imported by wholesalers) along with the potential for trade friction and additional uncertainty. There is no direct impact on our funding position given our robust liquidity and committed facilities.
- 5.11 While many of the actions taken collectively by the world's central banks following the economic crisis in 2008 were swift and have proven decisive and helpful in recent times, such as the requirements for banks to 'ring-fence' their retail and investment banking activities and for all banks to add significantly to their capital holdings to protect against any future major economic shocks (which has proven effective so far in this current crisis), there has been a significant lag in delivering a reform to LIBOR. Trillions of dollars, pounds, yen and euro loans and investments and derivative products reference some form of 'IBOR' rate; Inter-Bank Offer Rate. For GBP, this is LIBOR; London Inter-Bank Offer Rate. Most Wheatley banking facilities include some reference to LIBOR, although we pay fixed rates on the bulk of our drawn debt. All of our RCFs reference LIBOR and our Syndicate term loans will revert to LIBOR + margin following the maturity of their fixed rate arrangements.
- 5.12 In 2012, it transpired that a number of the banks on the LIBOR submission panels had been manipulating the rate-setting process, potentially since 1991, to make profits and to artificially lower the rates to make their bank appear financially strong during the credit crisis. These banks, which included Barclays, RBS, HSBC, Deutsche bank, JP Morgan, UBS and Citibank, were subject to multi-billion pound/dollar fines. Given the complete breakdown of trust in the LIBOR-setting process resulting from this fraudulent activity, all G7 central banks and their respective financial regulatory bodies, resolved to transition away from LIBOR to a new, transparent replacement rate.

- 5.13 In the UK, the replacement rate for LIBOR will be the Sterling Overnight Index Average, referred to as 'SONIA'. This is the weighted average rate paid by banks for unsecured transactions in the GBP market for overnight deposits (the Sterling OverNight Interest Average). The BOE publishes the rate daily at 9am, referencing the prior day's overnight rate. As this rate is based on actual trades, it is considerably less prone to manipulation. However, SONIA is a backwardlooking rate (from the previous day), and most debt transactions are based on forward-looking term rates such as 3 or 6 month LIBOR. The methodology for determining 'term' SONIA rates to enable Wheatley and other borrowers to ascertain their quarterly interest payments in advance, has not yet been finalised.
- 5.14 The transition away from LIBOR has various deadlines:
 - a) The FCA/BOE to provide more guidance on 'term' SONIA rates by the end of 2020
 - b) Banks will no longer be permitted to provide new lending facilities linked to LIBOR from the end of March 2021
 - c) The regulatory support for LIBOR (which is derived via submission of estimated rates from a panel of banks for a series of term rates) will be withdrawn at the end of 2021
- 5.15 The bulk of our drawn debt (96%) is on a fixed rate basis. In all cases, our contracted fixed rates are higher than current rates available in financial markets today. This means that we would face substantial costs if we terminated the fixed rate arrangements ahead of maturity. However, the business plan is predicated on the contracted fixed rates and we will continue to service interest at these rates. Therefore, any breakage cost (known as a mark-to-market cost) is theoretical as we do not (at this point) intend to terminate any fixes prior to their scheduled expiry date.
- 5.16 For all borrowers in the Wheatley Group (WFL1, WFL2, Dunedin Canmore and DGHP) the long-term fixed rate is embedded in the loan arrangement. This has proven to be a sensible, straight-forward approach which largely shields us from the potential issues surrounding LIBOR transition.
- 5.17 During the course of 2021, the majority of our banking facilities will be subject to amendment & restatements to change the reference from LIBOR to the term SONIA rate. SONIA is generally lower than LIBOR as SONIA is a risk-free overnight rate whereas LIBOR includes an adjustment to reflect the credit risk associated with the submitting banks and an adjustment based on the term of the interest period. It is potentially the case that the rate payable will change from the current LIBOR plus lending margin to SONIA + lending margin + an adjustment to reflect the spread between LIBOR and SONIA. While there have been examples of large corporates borrowing on SONIA-linked loans during 2019 and 2020, these relate solely to new facilities. There is not yet consensus between banks, borrowers, the Loan Market Authority (LMA), the International Swaps and Derivatives Association (ISDA) and other market participants on how to change the wording on legacy facilities. We will take advice from our banking lawyers, Pinsent Mason, with respect to the re-drafting to ensure our position is protected.
- 5.18 There will be no change to rates payable on the fixed rate debt which currently represents 96% of our drawn debt.

- 5.19 Our loan agreements are all subject to LIBOR floors at zero per cent. This means that, in the event LIBOR (or its replacement rate) was negative, we would pay a minimum rate of 0% plus the relevant lending margin. Again, in the vast majority of cases (96%), we are not impacted by this change due to the contracted fixed rate. On the remaining 4% of debt which is on a floating rate basis, we anticipate the 0% floor would apply to the term SONIA rate, which means we would be in an equivalent position to the current agreement(s).
- 5.20 The 2021 Rent Increase and Updated Financial Projections paper also presented to this Board includes forward-looking covenants which show that the Group remains compliant both with the bank covenant levels, and the headroom required for our Golden Rules.

(iii) Covenant position across WFL1, WFL2, DGHP

- 5.21 The appended treasury pack sets out the covenants for WFL1, WFL2 and DGHP to 30 June 2020. These will be submitted to the respective lenders in line with our loan agreements.
- 5.22 [paragraphs 5.22 and 5.23 redacted]

6. Key issues and conclusions

- 6.1 The liquidity position remains robust and will be further enhanced following formal approval under the CCFF scheme.
- 6.2 The high percentage of fixed rate loans and the interest rate risk management by way of embedded fixes has resulted in the Group's funding being in a largely protected position against current macroeconomic volatility, including the forthcoming changes resulting from the transition from LIBOR to SONIA. We will take a proactive approach in amending the loan documentation to market standard wording for SONIA once this has been agreed by the BOE/FCA and the market during the course of 2021.
- 6.3 Our covenant position remains robust across our lending agreements and we have successfully taken action to amend the interest cover covenant with DGHP to allow additional headroom following the delays to the investment programme.

7. Value for money implications

- 7.1 Not applicable.
- 8. Impact on financial projections
- 8.1 As noted above.

9. Legal, regulatory and charitable implications

9.1 The transition from LIBOR will necessitate amendments to loan documentation across WFL1, WFL2 and DGHP during the course of 2021.

10. Partnership implications

- 10.1 As a reminder, the CCFF will be in the name of Wheatley Funding No.1 Limited, therefore the liquidity provided by this facility will be for the direct benefit of the RSL Borrower Group only (GHA, Cube, Loretto, DCH and WLHP).
- 10.2 Loan documentation will be amended during the course of 2021 to reflect the changes from LIBOR to a term SONIA rate for WFL1, WFL2, Dunedin Canmore and DGHP. We will take external legal advice on these changes and expert assistance from our treasury risk consultants, Chatham Financial, if required.

11. Implementation and deployment

11.1 The covenants on year-end audited results will be submitted to the Syndicate and the EIB following the approval of the statutory accounts and review by KPMG.

12. Equalities impact

12.1 Not applicable.

13. Recommendations

- 13.1 The Board is requested to:
 - 1) Note the liquidity position for the Group;
 - 2) Note the current macroeconomic climate and the impact on our debt position; and
 - 3) Note the covenant compliance across WFL1, WFL2 and DGHP.

List of Appendices

Appendix 1 – Wheatley Group Treasury pack [redacted]



Report

То:	Wheatley Housing Group Board
Ву:	Steven Henderson, Group Director of Finance
Approved by:	Martin Armstrong, Group Chief Executive
Subject:	Governance update
Date of Meeting:	26 August 2020

1. Purpose

- 1.1 To seek Board agreement in relation to a number of governance and risk related matters, namely:
 - 2020 Annual General Meeting arrangements;
 - 2020 partner General Meetings
 - Constitutional updates;
 - Recruitment and succession planning; and
 - 2019/20 Modern Slavery Statement;

2. Authorising context

- 2.1 Under the Articles, the Board 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 The members, who are also the Board, are responsible for agreeing any amendments to the Articles of Association

3. Risk appetite and assessment

- 3.1 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".
- 3.2 Our Group strategic risk register recognises the risk associated with our governance structure, that is, the risk of a service or financial failure if our governance "is not clearly defined, is overly complex and lacks appropriate skills at Board and Committee levels to govern the Group effectively".
- 3.3 We mitigate this risk by maintaining governance under review at Board level, including throughout the pandemic. The proposed changes to our articles allow us to mitigate the risk to Board continuity and succession planning.

4. Background

- 4.1 The Board have a rolling 3-year succession plan in place. The updates to our plan, within the context of the pandemic, were agreed by the Board at its meeting on 8 April 2020.
- 4.2 A key element of this was offering 12 month extensions to all Non-Executives and/or Office Bearers due to step down at the 2020 AGMs. The Group Remuneration, Appointments, Appraisal and Governance ("RAAG") Committee considered the implications of these extensions to our 3-year Board succession plan at its meeting on 24th June and agreed to make recommendations to the Board.

5. Discussion

2020 Annual General Meeting

- 5.1 The 2020 AGM was initially planned as part of a Group event on 30 September. Due to the pandemic, this event can longer be held.
- 5.2 The UK wide Corporate Insolvency and Governance Bill received royal assent on 25 June and is now an Act. The measures in this Act were designed to 'relieve the burden on businesses during the coronavirus (COVID-19) outbreak and allow them to focus all their efforts on continuing to operate'.
- 5.3 Part of the Act allows organisations, including us, to hold General Meetings virtually, even where this is not expressly permitted in the constitution. This provision was in recognition that unnecessary gatherings should be avoided and that the facilities may not be available to do so even if permissible.
- 5.4 It is therefore intended that the 2020 AGM will be held virtually (via Zoom) on **30 September 2020 at 17.10**. Papers will be issued to members in the normal electronic way.
- 5.5 Under the current Articles of association no Non-Executives are required to retire having served their fixed term. Sheila Gunn would have been required to step down having reached her 9-year tenure limit. The Board agreed to extend Sheila's tenure for a further 12 months on the basis that:
 - We wish to maintain Board continuity;
 - Sheila's annual appraisal confirms she continues to perform her duties to a high standard; and
 - The Board is satisfied that Sheila remains independent.

On this basis, we are satisfied that we meet the regulatory requirement that:

"any non-executive member seeking re-election after nine years' continuous service demonstrates continued effectiveness"

5.6 The constitutional amendment required to allow Sheila's tenure to be extended is set out later in the report.

Partner General Meetings

- 5.7 Each of our RSL partners will also hold their AGMs and, where applicable Special General Meetings, virtually. 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.
- 5.9 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:
 - Martin Armstrong GHA;
 - Olga Clayton Barony (if necessary), Loretto Housing and West Lothian Housing Partnership;
 - Steven Henderson Dumfries and Galloway Housing Partnership
 - Elaine Melrose Dunedin Canmore Housing and Cube;
 - Anthony Allison Group Company Secretary; and
 - Stephen Wright Deputy Group Company Secretary.
- 5.10 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.

Constitutional updates

- 5.11 The Board agreed revised Articles of Association at its meeting on 12 May. We have now, taking into account external legal advice, made some nonmaterial further technical adjustments such as the provisions for holding virtual general meetings and reflecting our actual Group borrowing levels. A copy of the final tracked changed version is attached at Appendix 1.
- 5.12 It is intended we call a Special General Meeting for **30 September 2020 at 17.00** to pass a resolution to adopt these Articles. The revised Articles will allow Sheila's tenure to be extended. In addition to this, it removes the 5-year restriction on the Chair's tenure.
- 5.13 The Board agreed to remove this restriction to extend Alastair MacNish as Chair for a 12-month period. In agreeing this extension, the Board agree that:
 - We wish to maintain continuity in the Chair as we establish our strategic response to the pandemic;
 - Alastair continues to perform her duties to a high standard; and
 - The Board is satisfied that Alastair remains independent.
- 5.14 We have continued to work through the constitutional updates for our partners with the relevant Boards. The timing of the changes has now been aligned to ongoing business activity rather than being driven by aligning the changes with our AGM cycle.

- 5.15 For example we require to take into account the impact of the Barony Transfer of Engagements and commitments given to existing members in the timing of any changes. In DGHP, the Board agreed the constitutional changes would be best aligned with the reprofiled governance stream of the DGHP Transformation Programme.
- 5.16 One issue the DGHP Board did consider was how they responded to the feedback they received from members and tenants' groups they engaged with extensively as part of the partnership process. As previously advised, a consistent theme in this feedback was that a large number of the members DGHP spoke to and their tenant groups were strongly of the view that the membership of the Company should reflect the people it exists to serve DGHP tenants. They were strongly of the view that decisions about the organisation (in this instance by the membership) should be taken by those who are impacted by them.
- 5.17 The Board agreed it wished to act on this feedback and in order to do so it is proposed that we exercise the Parent power in the DGHP constitution to end the membership of any members who are not a current DGHP tenant or a Board member. We have received legal advice which confirms this is within our power via a written notification. The DGHP Board were of the view this will send a clear message that DGHP and the wider Group are responding to the feedback of our wider membership and particularly tenant Groups.
- 5.18 This does not in any way preclude those individuals affected from continuing to engage with us in other ways in future. Indeed, a key element of our future engagement approach currently being finalised will be increasing the ability of all stakeholders to engage with us via digital platforms. It is recognised that how we communicate the ending of membership should seek to emphasise this point.

Recruitment and succession planning

- 5.19 Following the Board agreement to offer a 12-month extension to any Non-Executive and/or office bearer scheduled to retire at the 2020 AGM we have now confirmed the following 12 month extensions with the individuals on this Board:
 - Alastair MacNish as Group Chair (and Chair of the RAAG and Strategic Development Committee) until the 2021 AGM
 - Sheila Gunn as Vice-Chair and Non-Executive (and all other existing intragroup appointments on the same terms) until the 2021 AGM
 - Peter Kelly as Cube Chair and Group Board member
 - John Hill as WLHP Chair and Group Board member
 - James Muir as Wheatley Care Chair and Group Board member
- 5.20 In addition to this, Martin Kelso agreed to extend his tenure to 2022 to allow us to identify his successor as Group Audit Committee Chair as part of our 2021 recruitment.
- 5.21 The Group RAAG Committee considered the impact of this on our Board 3 succession plan. An issue identified is that the extensions agreed this year which are essential to continuity in our response to the pandemic have the unintended consequence of our succession plan having 7 retirees in 2021. As this included Bernadette Hewitt and Mary Mulligan this means we would have 5 partner Board Chairs due to retire in a single year.

- 5.22 In order to support a more orderly transition of partner Board Chairs the Committee agreed to recommend:
 - Bernadette Hewitt is extended as GHA Chair for up to 2 years (to the 2023 AGM). This would allow us sufficient time to identify and develop a future GHA Chair following the unplanned and unexpected level of turnover in the existing GHA Board due to members retiring. Bernadette would go beyond the 5-year tenure as Chair but still be within the 9-year overall tenure.
 - Mary Mulligan is extended as DCH Chair for 1 year to the 2022 AGM. This would mean Mary being granted an exemption to the 9-year tenure limit for a fixed period of 12 months but would remain within the overall 5 year Chair tenure limit.
- 5.23 These changes will allow us to avoid a large spike in retirements which, by the nature of their fixed tenure replacements would replicate in future. They would also give us a refreshed succession plan which will thereafter revert back to the default position of 5-year tenure limits for Chairs and 9-year tenure limits for all Non-Executives.
- 5.24 The Scottish Housing Regulator (SHR) regulatory framework includes an expectation that Chairs should serve no more than 5 years in the role. We have explained our approach to the SHR and our view that, given the exceptional circumstances caused by Covid-19, the inability to conduct normal face to face interviews for many months, and to ensure governance continuity through the crisis period, our proposals do not constitute a material event of non-compliance. We would not therefore be deeming the Group does not meet regulatory standards in our Annual Assurance Statement, which will be presented to the Board for its review in September ahead of the submission date in October.

Modern Slavery statement

- 5.25 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.
- 5.26 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, GHA, Dunedin Canmore Housing and now also DGHP. It will be published on the relevant websites.
- 5.27 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. Most of our suppliers are within the UK and/or EU and subject to extensive legislation governing workers and working conditions;
 - We pay the minimum wage and GHA, 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 other 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.
- 5.28 City Building currently has a Modern Slavery Statement, which requires to be approved by the Members. This is currently being reviewed and it is proposed that the Group Chair is delegated authority to agree it on behalf of Wheatley Housing Group Limited as a member of the partnership. This delegated authority shall be on the basis that the statement does not identify any areas of non-compliance, which would be escalated to the Board.

6. Key issues and conclusions

- 6.1 The report sets out the proposals for the upcoming AGM to allow us to follow our Articles of Association and meet our obligations under the Modern Slavery Act 2015.
- 6.2 Succession planning remains a responsibility of the Board, advised by the RAAG Committee, and the proposals allow us to balance our response to the pandemic and ensuring continuity across the 3 years of our succession plan.

7. Value for money implications

7.1 There are no value for money implications arising from this report.

8. Impact on financial projections

8.1 There are no financial implications arising from this report.

9. Legal, regulatory and charitable implications

- 9.1 The proposals are set out in compliance with our constitution or the planned changes to 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.
- 9.2 We are required to notify the SHR of any changes to our constitution and will do so via the applicable process. Individual partner Boards consider compliance with the Regulatory Framework as part of any constitutional changes

10. Partnership implications

10.1 There are no partnership implications arising from this report.

11. Implementation and deployment

11.1 The proposed timescale for the AGM is set out in the report.

12. Equalities impact

12.1 There is no equalities impact arising from this report.

13. Recommendations

- 13.1 The Board is asked to:
 - 1) Agree to call a virtual Special General Meeting at 17.00 on Wednesday 30 September 2020 to pass a resolution to adopt the revised Articles of Association at Appendix 1
 - 2) Agree to call a virtual Annual General Meeting at 17.10 on Wednesday 30 September 2020
 - 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) Agree to use the Parent power to end the membership of all non tenant/Board member members of Dumfries and Galloway Housing Partnership Limited
 - 5) Note that Alastair MacNish, Sheila Gunn, Peter Kelly, John Hill, James Muir and Martin Kelso accepted the 12 month extensions and ratify these being incorporated into our revised 3-year succession plan on the basis they Board is satisfied this supports our Board continuity and that all remain effective and independent
 - 6) Approve the update to the Board 3-year succession plan to extend Bernadette Hewitt as the GHA Chair until the 2023 AGM and Mary Mulligan as DCH Chair until the 2022 AGM, subject to their continued appraisal as effective and independent
 - 7) Approve the Modern Slavery Statement for the Wheatley Housing Group Limited also covering GHA, Dunedin Canmore Housing and DGHP; and
 - 8) Delegate authority to the Group Chair to agree the City Building (Glasgow) LLP Modern Slavery Statement on behalf of Wheatley Housing Group as a member of the Partnership.

List of Appendices

Appendix 1 Tracked changed Articles of Association

Appendix 2 Modern Slavery Statement

1. Director

Company Number: SC426094

The Companies Act 2006

2. Director.....

3. Director.....

4. Secretary.....

Company Limited by Guarantee and not having a Share Capital

Articles of Association

of

Wheatley Housing Group Limited (the "Company")

INTRODUCTION

Constitution of the Company

1 The model Articles as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of the Company.

Objects

- 2 The objects of the Company are:
- 2.1 to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
- any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee
 Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- 3 The Company's permitted activities and powers will include anything which is necessary or expedient to help the Company achieve the objects set out in article 2.

- 4.1 The income and property of the Company shall be applied solely towards the promotion of its objects as set out in article 2 and except as further provided for in this article 4, no portion thereof shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to Members.
- 4.2 Nothing in this article 4 shall prevent the Company from managing a property in accordance with its objects, notwithstanding the fact that the tenant, lessee, owner occupier or licensee of such property may be a Member or Board Member, subject to the proviso that any Board Member who is a tenant, lessee, owner occupier or licensee of any such property shall not be entitled to speak in any debate or cast his/her vote in respect of any matter relating solely to the property of which he/she is lessee, owner occupier, tenant or licensee and shall absent himself/herself from such proceedings, but such Board Member shall be entitled to speak and vote in respect of matters which relate not only to such property but also to other properties owned or managed by the Company.

Powers

- 5.1 Without prejudice to the generality of the provisions of article 2, and without restricting any powers the Company has, the Company shall have power to provide land, amenities and services, or provide, construct, repair or improve buildings, for the benefit of the Company's residents and others, with the purpose of promoting economic, social and environmental regeneration in the areas of deprivation in which the Company operates.
- 5.2 Subject to any statutory requirements applicable to the Company and without limiting its general powers, the Company shall have power to:
 - 5.2.1 dispose, in such manner as the Board sees fit, of land and of other assets or interests of the Company, present or future, including by way of heritable security, floating charge, security assignment, mortgage or charge;
 - 5.2.2 subject to article 6.1, borrow money or issue loan stock for the purposes of the Company on such terms as the Company thinks fit;
 - 5.2.3 insure the property of the Company against any foreseeable risk and take out other insurance policies to protect the Company as the Board considers prudent;
 - 5.2.4 insure the Board Members against the costs of a successful defence to a criminal prosecution brought against them as Board Members or against personal liability incurred in respect of any act or omission which is or is alleged to be a breach of trust or breach of duty;
 - 5.2.5 form or participate in forming, purchase or otherwise acquire, or to encourage or promote in any way, support or aid the establishment and development of any Subsidiary or any joint venture established by the Company, or by a Subsidiary, with another entity or entities;
 - 5.2.6 subscribe to, purchase, or acquire in any other way, any incorporeal property (including but without prejudice to the generality of the foregoing any stock,

share, security, debenture or debenture stock in each case whether preferred, deferred or secured or unsecured) of any Subsidiary; and

5.2.7 acquire land or any interest in land.

Borrowing powers

- 6.1 The Company can borrow money for as long as the Company's total borrowing at any time is not more than £21,0500,000,000 or such larger sum as the Company, with the prior written consent of The Scottish Housing Regulator, determines from time to time in general meeting. The Company can enter into any Guarantee in respect of or to secure by heritable security, mortgage, charge, floating charge, lien or other security which the Company is permitted by law to grant, upon the whole or any part of the Company's property or assets, the obligations and liabilities of any Subsidiary; or of any joint venture established by the Company (or by a Subsidiary) with any entity or entities. The foregoing power is valid notwithstanding, and is in no way limited by, any limits on the borrowing or lending powers of the Company (including the foregoing limits) contained in these Articles or otherwise.
- 6.2 In respect of any proposed borrowing for the purposes of article 6.1, the amount remaining undischarged of any index-linked loan previously borrowed by the Company or any deep discounted security shall be deemed to be the amount needed to repay such borrowing in full if the pre-existing borrowing became repayable in full at the time of the proposed borrowing.
- 6.3 For the purposes of article 6.1 in respect of any proposed borrowing intended to be indexlinked or on any deep discounted security the amount of borrowings shall be deemed to be the proceeds of such proposed borrowings that would be receivable by the Company at the time of the proposed borrowing.
- 6.4 The Company will not pay more than the rate of interest which the Board considers to be the then market rate of interest on any money borrowed, having regard to the terms of the loan on any money borrowed.
- 6.5 The Company shall have the power, subject to such consents as may be required by law, to enter into and perform a Rate Cap Transaction, or series of Rate Cap Transactions, or to enter into a Collar Transaction or series of Collar Transactions or an Interest Rate Swap Transaction or series of Interest Rate Swap Transactions (each a "**Transaction**") where in relation to any such Transaction the following conditions are satisfied namely that:
 - 6.5.1 the relevant instruments relate solely to amounts denominated in Sterling (or if the Euro has been adopted as United Kingdom currency, its equivalent in Euros);
 - 6.5.2 the relevant Transaction provides (in the case of an Interest Rate Swap Transaction) for the Company to undertake to pay a specified fixed rate on an applicable notional sum, but not otherwise;

- 6.5.3 the relevant Transaction in the case of a Collar Transaction provides for the simultaneous buying of an instrument relating to a rate cap and the selling of an instrument providing for a floor at a lower strike price to such rate cap;
- 6.5.4 the counterparty to the transaction shall fulfil such criteria in relation to its status, credit rating and other matters as the Board shall consider appropriate from time to time; and
- 6.5.5 the Board or a duly authorised sub-committee considers the entry by the Company into such Transaction(s) to be in the best interests of the Company.

Provided that at the time of entry into any such Transaction(s) the sum of the Calculation Amount of any Transaction previously entered into and remaining in effect and the Calculation Amount of the proposed Transaction(s) shall not exceed the aggregate amount of the Company's Variable Rate Borrowings then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which the Company intends at the Effective Date when drawn will become Variable Rate Borrowings, having regard at the Effective Date to the Company's obligations to repay Variable Rate Borrowings and the amount of Variable Rate Borrowings which will be outstanding at any time on or prior to the proposed Termination Date.

- 6.6 Before exercising its power under article 6.5 the Company shall obtain and consider proper advice on the question whether the Transaction is satisfactory having regard to:
 - 6.6.1 the possible fluctuations in the rate of interest payable by the Company on its Variable Rate Borrowings during the term of the relevant Transaction;
 - 6.6.2 the Company's ability to meet its payment obligations under such Borrowings during the term of the relevant Transaction(s) if such Transaction(s) was or were not entered into;
 - 6.6.3 the payment obligation under the relevant Transaction(s);
 - 6.6.4 the terms and conditions of the relevant Transaction(s); and
 - 6.6.5 the Company's actual and projected annual income and expenditure position.
- 6.7 The Board shall also have regard, before exercising the Company's power under article 6.5, to the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 6.8 For the purposes of article 6.6 "proper advice" shall mean the advice of a person who is reasonably believed by the Board to be qualified by his/her ability and practical experience of financial matters and the relevant Transaction, such advice may be given by a person notwithstanding that he/she gives it in the course of his/her employment as an officer.
- 6.9 A person entering into a relevant Transaction with the Company who has received a written certificate signed by the Secretary confirming the Company's compliance with articles 6.5 and 6.6 shall not be concerned to enquire further whether or not the Company has complied with the provisions of articles 6.5 and 6.6 and such Transaction shall be valid

at the date it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not the provisions of articles 6.5 and 6.6 have been complied with.

- 6.10 For the purposes of this article 6:
 - 6.10.1 "Calculation Amount", "Effective Date", "Term" and "Termination Date" have the respective meanings given in the 2000 International Swaps and Derivatives Association (ISDA) Definitions as amended from time to time;
 - 6.10.2 "Variable Rate Borrowings" mean any borrowing by the Company pursuant to article 6.1 in respect of which the rate of interest has not been fixed for a term in excess of 12 months and the term "fixed" shall exclude any borrowing where the rate of interest is indexed in accordance with a retail price index or other published index; and
 - 6.10.3 "Rate Cap Transaction", "Collar Transaction" and "Interest Rate Swap Transaction" mean respectively any transaction so designated within the meaning of the category "Swap Transaction" as defined in the 2000 ISDA Definitions as amended from time to time; and.

6.10.4 "Euro" means the unit of single currency of the European Union.

- 6.11 The Company will not accept money on deposit from any party. For the avoidance of doubt this article 6.11 will not prevent the Company accepting a deposit in any transaction other than a banking transaction.
- 6.12 The Company can lend money to any person or organisation including, without limitation, any Subsidiary; any joint venture established by the Company or by any Subsidiary, with another entity or entities on terms which the Board deems appropriate at the time of entering into the transaction. Where the Company is using a loan facility to on lend it must comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 6.13 The Company may borrow money from such lawful sources as is permitted by its treasury management policy subject always to the requirement that the Company will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 6.14 Subject to the foregoing provisions <u>of this article 6</u>, the Board can determine and change conditions under which the Company can borrow or lend money.
- 6.15 The Company shall not lend money to Members.

MEMBERSHIP

7 The Members of the Company shall be those persons whose names are entered in the Register of Members.

Applying for membership

- 8.1 Only the Board Members who have been elected or appointed in terms of these Articles are Members. Any Co-opted Board Members and the Other Board Member shall not be Members.
- 8.2 Subject to article 37.4, the Board shall be deemed to have admitted a person as a Member from the date on which he/she was elected under article 39.7 or appointed under article 39.9 appointed as a Board member under these Articles and his/her name and other necessary particulars will be included in the Register of Members within seven working days.
- 8.3 The Company, together with all other organisations in the Group, will document, formally and in terms that are transparent and understandable, their constitutional and financial relationships through the Group Agreement or similar document. The role of the Company and its relationship with other organisations in the Group must be undertaken in a manner consistent with the Charities and Trustee Investment (Scotland) Act 2005.
- 8.49 A person can apply for membership of the Company from the age of 18.
- A Member representing an unincorporated body shall for all purposes be treated as an individual member but shall have entered against his/her name in the Register of Members the name of the unincorporated body which he/she represents.
- 10 If a Member changes his/her address, he/she must let the Company know by writing to the Secretary at the Company's registered office within three months.

ENDING MEMBERSHIP

- **<u>11.111</u>** Membership of the Company will end and the Board will record the ending of a person's membership in the Register of Members if:
- 11.1.1that person resigns his/her membership giving seven days' notice in writing to theSecretary at the Company's registered office;
- 11.1.2<u>11.2</u> the Board:
 - <u>11.1.2.1</u> reasonably believes that a Member has failed to tell the Company of a change of address as required by article 10; or
 - 11.1.2.2 removes a Subsidiary Chair Board Member pursuant to article 39.9;
- **<u>11.1.3</u>** that person retires pursuant to article 39.2;
- 11.1.4<u>11.4</u> that person ceases to be a Board Member pursuant to article 44; or
- that person is the Chairperson and ceases to be the Chairperson pursuant to article59.

11.212 If a person's membership is ended in accordance with article 11.1.211.2 or article 11.1.411.4 (insofar as it involves a decision of the Board), that person will immediately cease to be a Member from the date that the Board resolves to end that person's membership.

REPRESENTING AN ORGANISATION

- 12.1 An organisation which is a Member is free to nominate any person it considers suitable as its representative to the Company. That person will represent all of the organisation's rights and powers at general meetings.
- 12.2 To confirm the identity of a representative, the organisation must send the Company a copy of the authorisation or appointment of an individual as a representative. This should be signed by a Director, Secretary or Authorised Signatory of the organisation which signature must be witnessed, or in the case of a local authority, by the Chief Executive, or properly authorised officer of the local authority.
- 12.3 An organisation can change the identity of the person entitled to represent that organisation at any time by confirming the identity of the new representative in terms of article 12.2 and withdrawing the authority of the original representative.
- 12.4 If a person is a representative in terms of article 12.2, of an organisation which is a Member, that person cannot be a Member as an individual. If that person is already a Member as an individual when he/she starts to represent an organisation which is a Member, the Company will suspend his/her membership as an individual, until such time as he/she is no longer a representative of an organisation which is a Member.

LIABILITY OF MEMBERS

- 13 The liability of the Members is limited.
- 14.1 The liability of each Member is limited to one pound, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he/she is a Member or within one year after he/she ceases to be a Member, for:
 - 14.1 payment of the Company's debts and liabilities contracted before he/she ceases to be a Member;
 - 14.2 payment of the costs, charges and expenses of winding up; and
 - 14.3 adjustment of the rights of the contributories among themselves.

Transferring membership

15 A Member shall not be entitled to any property of the Company in their capacity as Member and their membership is not transferable. 16 If a Member dies or ends their membership or has their membership ended, or a person is a representative of an organisation which no longer exists, the Board will cancel their membership.

GENERAL MEETINGS

Annual General Meeting

- 17 The Company will hold a general meeting known as the annual general meeting within six months of the end of each financial year of the Company. The functions of the annual general meeting are to:
- 17.1 present the Chairperson's report on the Company's activities for the previous year;
- 17.2 present the accounts, balance sheet and auditor's report; and
- 17.3 elect Board Members; and
- 17.417.3 consider any other general business included in the notice calling the meeting.

Special General Meeting

- 18 All general meetings other than annual general meetings shall be called special general meetings.
- 19.1 The Board may call special general meetings and, on the requisition of the Members pursuant to section 303 of the Act, the Secretary shall, within 10 days of having received the requisition, give all Members notice calling the meeting. The meeting must take place within 28 days after receipt by the Secretary of the requisition. The Secretary should decide on a time, date and place for the meeting in consultation with the Board or the Chairperson but if such consultation is not practicable, the Secretary can at his/her own discretion decide the time, date and place for the meeting.
- 19.2 Whoever asks for the meeting must give the Secretary details of the business to be discussed at the meeting.
- **19.3**<u>20</u> If the Secretary fails to call the meeting within 10 days of having received the requisition, the Board or the Members who have signed the requisition may themselves give notice and convene the meeting pursuant to the terms of section 304 of the Act.
- **19.4**<u>21</u> A special general meeting must not discuss any business other than the business mentioned in the notice calling the meeting.

Notice for meetings

202.1 The Secretary will call all general meetings by written notice posted or sent by fax or email<u>Electronic Communication</u> to every Member at the address, fax number or email address given in the Register of Members at least 14 clear days' before the date of the meeting but a general meeting may be called by shorter notice if it is so agreed:

- 202.1.1 in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and
- 202.1.2 in the case of any other general meeting, by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 95 per cent of the total voting rights at the general meeting of all Members.
- 242.2 The notice shall specify:
 - 242.2.1 the time, date and place of the meeting;
 - 242.2.2 whether the meeting is an annual or special general meeting;
 - 242.2.2 the business for which the meeting is being called; and
 - 242.2.3 if a special resolution, or a resolution requiring special notice under the Act, is to be proposed, the notice shall also specify the intention to propose such a resolution and include the exact text of the resolution.
- 22.3 The Board may ask the Secretary to include with the letter or send separately to Members any relevant papers or accounts. If a Member does not receive notice of a meeting or papers relating to the meeting, this will not stop the meeting going ahead as planned.
- 23 The proceedings of a meeting shall not be invalidated by the accidental failure of the Company to send a notice calling the meeting to any Member.

Procedure at GENERAL MEETINGS General Meetings

- 24.1 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be at least four Members.
- 24.2 If a quorum is not present within half an hour of the time the meeting was scheduled to start, the meeting shall stand adjourned to the same day the following week at the same time and at such place as may be fixed by the chairperson of the meeting and announced at the meeting. There is no need to give notice to Members of the adjourned meeting. If at the adjourned meeting a quorum is not present at the scheduled starting time then notwithstanding article 24.1, the Members present shall constitute a quorum.
- 25 If a majority of Members present agree, the chairperson of a meeting can adjourn the meeting. No business can be discussed at the adjourned meeting other than the business not reached or left unfinished at the original meeting. There is no need to give notice to Members of the adjourned meeting.
- 26.1 The Chairperson of the Board-will be the chairperson at all meetings of the Company. If there is no Chairperson or he/she is not present or willing to act, the Vice Chairperson will act as the chairperson of the meeting. If the Vice Chairperson is not present or willing to act, the Members present must elect a Board Member to be chairperson of the meeting.
- 26.2 If the Chairperson arrives later, after the meeting has commenced, he/she will take over as chairperson of the meeting as soon as the current agenda item is concluded.
- <u>26.3</u> <u>The Board shall determine the manner in which general meetings of the Company are held.</u>

Proxies/Representatives/Postal votes

- 27.1 To appoint a representative to vote on a Member's behalf by proxy, the Member must let the Company have a properly completed document in the form shown in Appendix 1. which may be submitted by Electronic Communication. The Member's proxy does not need to be a Member.
- 27.2 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board Members may:
 - 27.2.1 be deposited at the Company's registered office-or at, submitted to the Company by Electronic Communication or delivered to such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the document proposes to vote;
 - 27.2.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited <u>submitted or delivered</u> as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll;

- 27.2.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairperson or to the Secretary or to any Board Member; and
- 27.2.4 an instrument of proxy which is not deposited<u>. submitted</u> or delivered in a manner so permitted shall be invalid.
- 27.3 If there is any doubt about whether a Member's proxy has authority to vote, the Chairperson will decide and his/her decision will be final.
- 27.4 The maximum number of proxy votes that may be cast by any one person is three.
- 27.5 To reverse a Member's appointment of a proxy, the Member must let the Company have a properly completed document in the form shown in Appendix 2<u>, which may be submitted</u> <u>by Electronic Communication</u>. The document must be presented to the Company before the meeting, at which the Member no longer wants to be represented by proxy, convenes.
- 27.6 A vote given or poll demanded by proxy shall be valid, notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at the Company's registered office or at such other place otherwise at which the instrument of proxy was duly deposited, submitted or delivered before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
- 27.7 The Chairperson will report to the meeting the details of any documents seeking to appoint a proxy received but which are not valid. If a person represents an organisation, their authorisation or appointment as a representative requires to be in accordance with the terms of article 12.2.

Voting

- 28.1 If a decision of a meeting is put to the vote, the outcome will be determined by the majority of those Members voting. Voting will be by a show of hands except where a poll is requested or required. Votes cannot be taken on resolutions which conflict with any provisions of these Articles or the law.
- 28.2 Where a vote is by a show of hands every Member present in person has one vote. Where a vote is by a poll, every Member present in person or who has appointed a proxy representative has one vote. Where an appointed proxy is present and he/she advises the Chairperson, the Chairperson shall direct that the vote is by a poll.
- 29 If there is an equal number of votes for and against a resolution, or in relation to the election of Non Executive Board Members, the Chairperson will have a second and deciding vote. Unless a poll is duly demanded, a declaration by the Chairperson that a resolution: has been carried; or carried unanimously or by a particular majority; or lost; or not carried by a particular majority, together with an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

- 30.1 A poll can be required before or immediately after a vote by a show of hands, if at least one-tenth of the Members present at the meeting (in person or by proxy through a representative in accordance with articles 27.1 and 27.2) request this.
- 30.2 A poll must take place as soon as the Chairperson has agreed to it, in line with the Chairperson's instructions. The result of the poll will stand as the decision of the meeting.
- A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he/she was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more Members.

Proceedings at GENERAL MEETINGS General Meetings

- 32 All speakers must direct their words to the Chairperson. All Members must remain quiet and orderly while this is happening.
- 33.1 A Member will not be allowed to speak more than once on any individual matter unless it is to explain something or ask for an explanation until every other Member has had the chance to speak. That Member will then have the opportunity to speak a second time on a matter but only if the Chairperson agrees. Where the Chairperson raised the matter for discussion initially, he/she shall be permitted to make a final reply on the matter.
- 33.2 Any Board Member shall, notwithstanding that he/she is not a Member, be entitled to attend and speak at any general meeting.
- 33.3 The Chairperson will decide how long each speaker is allowed to speak, allowing equal time to each speaker.
- 34 If any point arises which is not covered in these Articles, the Chairperson will give his/her ruling. If the Chairperson's ruling is challenged by more than one Member, the Chairperson will step down and those Members present will decide the point raised on a majority vote. If the vote is tied, the Chairperson's original ruling is carried.
- 35 Meetings must not last longer than two hours unless at least two-thirds of the Members present agree after the end of that time to continue the meeting.
- 36.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 36.2 A person is able to exercise the right to vote at a general meeting when:
 - 36.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - 36.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

- 36.3 The Board Members may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 36.4 In determining attendance at a general meeting, it is immaterial whether any two or more Members attending it are in the same place as each other.
- 36.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

THE BOARD OF MANAGEMENT

Composition of the Board

- 37.1 The Company shall have a **board** comprised as follows:
 - 37.1.1 Until<u>From</u> the end of the 2019 AGM <u>until the end of the 2021 AGM</u>, the Company shall have a <u>board</u>Board of up to <u>1817</u> Board Members comprising:
 - 37.1.1.1 up to <u>nineeight</u> Non Executive Board Members;
 - 37.1.1.2 up to six Subsidiary Chair Board Members;
 - 37.1.1.3 up to two Co-opted Board Members; and
 - 37.1.1.4 one Other Board Member; and
 - 37.1.2 From the end of the 2019 AGM until the end of the 2021 AGM, the Company shall have a board Board of up to 1716 Board Members comprising:
 - 37.1.2.1 up to eightseven Non Executive Board Members;
 - 37.1.2.2 up to six Subsidiary Chair Board Members;
 - 37.1.2.3 up to two Co-opted Board Members; and
 - 37.1.2.4 one Other Board Member; and
 - 37.1.3 From the end of the 2021 AGM, the Company shall have a board of up to 16 Board Members comprising:
 - 37.1.3.1 up to seven Non Executive Board Members;
 - 37.1.3.2 up to six Subsidiary Chair Board Members;
 - 37.1.3.3 up to two Co-opted Board Members; and

37.1.3.4<u>37.1.2.4</u> one Other Board Member.

The Company shall keep up to date a register of the names of the Board Members which shall be made available to any person at no cost. The names of the Board Members will

also be published by the Company on its website, and in its annual reports and other similar documentation.

- 37.2 The Board can appoint to the Board an employee the Board considers are is suitable to the role of the Other Board Member subject to the provisions of article 37.1. The Other Board Member shall serve until removed by the Board and shall not be subject to retiral in terms of articles 39.1 or 39.2. The Other Board Member can also serve on any sub-committees.
- 37.3 A person must be aged 18 or over to become a Board Member (including any person appointed to fill a casual vacancy or as a Co-opted Board Member).
- 37.4 The Other Board Member can take part in discussions at the Board or any sub-committees and vote at Board Meetings and sub-committee meetings on all matters except those which directly affect the membership of the Company or the election of the Company's Office Bearers. The Other Board Member may not stand for election, nor be elected as one of the Office Bearers of the Board. The presence of the Other Board Member at Board Meetings will not be counted when establishing whether the minimum number of Board Members are present to allow the meeting to take place as required by article 48 and the presence of the Other Board Member will not count towards the quorum for subcommittee meetings. A Close Relative of an employee may not be a Board Member.
- 37.5 No Board Member may act as such until they have signed and delivered to the Board a statement, confirming that they will meet their obligations to the Board and the Company as set out in the Company's code of conduct for Board Members. Any Board Member who has, without good cause, failed to sign such a statement within four weeks of appointment / election to the Board shall immediately cease to be a Board Member.
- <u>37.6</u> The Board can require that a Board Member who is being investigated for a potential breach of the Company's code of conduct for Board Members take leave of absence and not attend any meeting in his/her capacity as Board Member until the Board has completed its consideration of the potential breach. When on such leave of absence, the Board Member will not be entitled to receive minutes and/or documents in his/her capacity as a Board Member relating to the business of the Company.

Interests

- 38.1 The Board shall set and periodically review its policy on payments and benefits. If a person is a Member, employee of the Company or serves on the Board or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the policy. In making any payment or conferring any benefit the Company shall act at all times with transparency, honesty and propriety.
- 38.2 If a person serves on the Board or any sub-committee he/she must declare any personal or other external interests on an annual basis in accordance with the Company's code of conduct for Board Members. If while serving on the Board that person has any conflict of interest in any contract or other matter about to be discussed at a meeting, he/she must tell the Board. He/she will be required to leave the meeting while the matter is discussed and will not be allowed to vote on the matter or to stay in the meeting while any vote on the matter is being held unless permitted to do so in terms of these Articles or the

Company's code of conduct for Board Members. If that person is inadvertently allowed to stay in the meeting and vote on the matter, his/her vote will not be counted. If no quorum exists for the purpose of voting on a matter only because of the operation of this article 38.2, provided that there are at least three remaining Board Members who are entitled to remain in terms of this article 38.2, such remaining Board Members are deemed to constitute a quorum for the purposes of voting and may proceed to make a decision as a quorate Board.

- 38.3 Provided that he/she has disclosed to the Board the nature and extent of any interest and subject to the provisions of the Act, a Board Member may be a director or other officer of, or employed by, any body corporate which is a holding company of the Company or a Subsidiary.
- 38.4 Provided that any interest has been properly disclosed by a Board Member pursuant to article 38.2, that Board Member shall, unless they are otherwise prohibited from doing so in terms of these Articles, be allowed to stay in the Board Meeting during the discussion and speak and vote on the matter under discussion.
- 38.5 The Board Members may, in accordance with the requirements set out in this article 38.5, authorise any matter or situation proposed to them by any Board Member which would, if not authorised, involve a Board Member (an "**Interested Board Member**") breaching his/her duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**"). Any authorisation under this article 38.5 will be effective only if:
 - 38.5.1 to the extent permitted by the Act, the matter in question shall have been proposed by any Board Member for consideration in the same way that any other matter may be proposed to the Board Members under the provisions of these Articles or in such other manner as the Board Members may determine;
 - 38.5.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Board Member;
 - 38.5.3 the matter was agreed to without the Interested Board Member voting or would have been agreed to if the Interested Board Member's vote had not been counted.
- 38.6 Any authorisation of a Conflict under article 38.5 may (whether at the time of giving the authorisation or subsequently):
 - 38.6.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - 38.6.2 provide that the Interested Board Member be excluded from the receipt of documents and information and the participation in discussions (whether at Board Meetings or otherwise) related to the Conflict;
 - 38.6.3 provide that the Interested Board Member shall or shall not be an eligible Board Member in respect of any future decision of the Board Members vote in relation to any resolution related to the Conflict;

- 38.6.4 impose upon the Interested Board Member such other terms for the purposes of dealing with the Conflict as the Board Members think fit;
- 38.6.5 provide that, where the Interested Board Member obtains, or has obtained (through his/her involvement in the Conflict and otherwise than through his/her position as a Board Member) information that is confidential to a third party, he/she will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- 38.6.6 permit the Interested Board Member to absent himself/herself from the discussion of matters relating to the Conflict at any Board Meeting and be excused from reviewing papers prepared by, or for, the Board Members to the extent they relate to such matters.
- 38.7 Where the Board Members authorise a Conflict in terms of these Articles, the Interested Board Member will be obliged to conduct himself/herself in accordance with any terms and conditions imposed by the Board Members in relation to the Conflict.

ELECTING APPOINTING BOARD MEMBERS

- 39.1 Each Non Executive Board Member <u>elected appointed</u> under these Articles shall be <u>elected appointed</u> for a fixed term of office expiring at the conclusion of an <u>annual general</u> <u>meetingthree years</u> (a "fixed term"). The fixed term shall be for a term of three annual <u>general meetings</u>, unless the Board has set a lower number of <u>annual general</u> <u>meetingsyears</u> for the relevant Non Executive Board Member on their <u>election or</u> <u>nomination appointment</u>. No fixed term shall be set which would cause the relevant Non Executive Board Member to serve <u>beyond their ninth consecutive annual general</u> <u>meeting for more than a period of nine years (whether continuous or in aggregate), unless otherwise approved by the Board in accordance with article 39.5.</u>
- 39.2 At every annual general meeting each<u>Each</u> Non Executive Board Member who has served their fixed term shall retire from office <u>at the Board Meeting held immediately after expiry</u> <u>of their fixed term</u>. Any Non Executive Board Member who retires from office at an annual <u>general meeting</u> under this article 39.2 shall be <u>eligible for re-electionre-appointment</u> subject to the following:
 - 39.2.1 where any Non Executive Board Member is retiring under this article 39.2 after serving a fixed term, that Non Executive Board Member can stand for re-election, subject to nomination in accordance with article 39.8 be re-appointed by the Board, provided that where the Non Executive Board Member has served two fixed terms, he/she shall only be eligible to stand for re-election be re-appointed for one further fixed term, unless otherwise approved by the Board under article 39.5; and
 - 39.2.2 where any Non Executive Board Member has nine years' service on the Board, that Non Executive Board Member shall automatically retire at the annual general meeting Board Meeting which occurs at the expiry of their ninth year, regardless of whether this date is the date of an annual general meeting, and

shall not be eligible for <u>re-election</u>re-appointment, unless otherwise approved by the Board in accordance with article 39.5.

- 39.3 Board Members must also retire if they are a Co-opted Board Member-or have filled casual vacancies under article 41.
- 39.4 If a Non Executive Board Member leaves the Board for any reason other than by virtue of article 39.2, that Non Executive Board Member will not be eligible to stand for reelectionre-appointment or to be co-opted onto the Board until the expiry of five years following the date on which they left the Board.
- 39.5 No Non Executive Board Member or Subsidiary Chair Board Member shall serve more than nine years' service in total on the Board, whether continuously or in aggregate, and shall automatically retire at the annual general meeting which occurs at the expiry of their nine years' service. <u>unless the Board agrees otherwise</u>. The Board shall be entitled to approve a longer fixed term for any Non Executive Board Member or Subsidiary Chair Board Member following expiry of nine years' service where the Board is satisfied that a Non Executive Board Member or Subsidiary Chair Board Member is able to demonstrate his/her continued effectiveness as a Board Member. Where the Board approves the reappointment of a Board Member in terms of this article 39.5, the Board shall review that Board Member's appointment on an annual basis.
- 39.6 If a Non Executive Board Member retires from the Board in terms of these Articles and stands for re-election is re-appointed, subject to article 39.4, any time previously served on the Board shall count towards their period of service for the purposes of article 39.5.
- 39.7 Non Executive Board Members shall be elected by the Members at an annual general meeting.
- Subject to article 39.2, no person shall be eligible for election by the Members as a Non Executive Board Member at any annual general meeting unless he/she is nominated by the Board. 39.7 The Non Executive Board Members shall be individuals who have skills and/or experience that are necessary or desirable to further the objects of the Company. The skills and/or experience which prospective Non Executive Board Members must have shall be as determined by the Board from time to time.
- 39.939.8 The Board shall be entitled from time to time and at any time to appoint up to six persons as Subsidiary Chair Board Members and to remove from office any such Subsidiary Chair Board Member. The persons appointed as Subsidiary Board Members in terms of this article 39.9 must each be the chair of a Subsidiary at the time of their appointment.
- 39.1039.9 A Subsidiary Chair Board Member shall remain in office until such time as he/she is removed by the Board in terms of article 39.939.8 or has nine years' continuous service on the Board, unless otherwise approved by the Board in accordance with article 39.5, or is no longer the chair of a Subsidiary.
- 39.1139.10 Notwithstanding anything contained in these Articles, the following interim arrangements shall apply in relation to the 20192021 AGM:

39.11.1<u>39.10.1</u> if the number of serving Non Executive Board Members at that time exceeds eightseven, then such number as is necessary to reduce the number of Non Executive Board Members to eightseven shall retire from office; and

39.11.239.10.2the Non Executive Board Members to retire in terms of article39.11.1 shall be those who have served the longest on the board since the date of
their last electionappointment. If there are two or more Non Executive Board
Members who have the same length of service since the date of their last
electionappointment and cannot agree who should retire, they must draw lots.

- 40.1 The Board shall determine the appointment process for Board Members from time to time.
- <u>40.2</u> <u>An application for appointment to the Board can be rejected by a decision by not fewer</u> than three quarters of the Board Members on one or more of the following grounds:
 - 40.2.1 where appointment to the Board would be contrary to these Articles or policies;
 - <u>40.2.2</u> where a conflict of interest may exist which, even allowing for the disclosure of such an interest may adversely affect the work of the Company; or
 - <u>40.2.3</u> where there is clear evidence of relevant circumstances from which it is <u>concluded that appointment to the Board would not be in the best interests of</u> <u>the Company.</u>
- <u>41</u> <u>The rejection of an application for appointment to the Board shall be notified to the person</u> <u>concerned in writing following the relevant Board Meeting.</u>
- 39.12 Notwithstanding anything contained in these Articles, the following interim arrangements shall apply in relation to the 2021 AGM:
 - 39.11.1 if the number of serving Non Executive Board Members at that time exceeds seven, then such number as is necessary to reduce the number of Non Executive Board Members to seven shall retire from office; and
 - 39.11.2 the Non Executive Board Members to retire in terms of article 39.11.1 shall be those who have served the longest on the board since the date of their last election. If there are two or more Non Executive Board Members who have the same length of service since the date of their last election and cannot agree who should retire, they must draw lots.
- 40.1 If, at the annual general meeting the number of candidates standing for election is less than or equal to the number of vacant places, the Chairperson will declare them elected without a vote. If there are more candidates standing for election than there are vacant places, those present at the general meeting will elect Board Members onto the Board, in terms of article 39.7. Each Member present or who has appointed a proxy representative will have one vote for each place to be filled on the Board. A Member must not give more than one vote to any one candidate.
- 40.2 The Company will post or send by fax or email intimation of the intended date of the annual general meeting and information on the nomination procedure to each Member at

the address, fax number or email address given in the Register of Members of the Company not less than 28 days before the date of the meeting. Nominations for election to the Board must be in writing and in the form specified by the Company and must give the full name, address and occupation of the candidate, and their reasons for their suitability to be a Non Executive Board Member. Nominations must be signed by and include a signed statement from each nominee to show that they are eligible to join the Board in accordance with article 37.4 and 43, and that they are willing to be elected. Nomination forms can be obtained from the Company and must be completed fully and returned by hand or by post to the Company's registered office at least seven days before the general meeting.

- 40.3 Not less than seven nor more than 28 clear days before the date appointed for holding a general meeting, notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the Board for election or re-election as a Non Executive Board Member at the meeting. The notice shall give the particulars of that person which would, if he/she were so elected or re-elected, be required to be included in the Company's register of Board Members.
- 41 If a Non Executive Board Member leaves the Board between the annual general meetings,
 this creates a casual vacancy and the Board can appoint any person to take their place on
 the Board until the next annual general meeting.

Co-opted Board Members

- 42.1 The Board can co-opt to the Board or to a sub-committee anyone it considers is suitable to become a Board Member or a member of a sub-committee ("**Co-opted Board Member**"). Co-opted Board Members do not need to be Members, but they can only serve as Co-opted Board Members on the Board or sub-committee <u>until the next annual general</u> <u>meetingfor a period of up to one year</u> or until removed by the Board. A Co-opted Board Member can also serve on any sub-committees.
- 42.2 A person appointed as a Co-opted Board Member shall undertake the role of Board Member or member of a sub-committee and accordingly will be subject to the duties and responsibilities of a Board Member. Co-opted Board Members can take part in discussions at the Board or any sub-committees and vote at Board and sub-committee meetings on all matters except those which directly affect the<u>these</u> Articles, the membership of the Company or the election of the Company's Office Bearers. Co-opted Board Members may not stand for election, nor be elected as one of the Office Bearers of the Board.
- 42.3 Co-opted Board Members in this way must not make up more than one-third of the total number of the Board or sub-committee members at any one time. The presence of Co-opted Board Members at Board Meetings will not be counted when establishing whether a quorum is present to allow the meeting to take place as required by article 48 and the presence of Co-opted Board Members will not count towards the quorum for sub-committee meetings.

Eligibility for the Board

- 43.1 A person will not be eligible to be a Board Member and cannot be appointed or elected as such if:
 - 43.1.1 he/she has been adjudged is an undischarged bankrupt, has granted a trust deed for or entered into an arrangement with creditors or his/her estate has been sequestrated and which has not been discharged or is in a current Debt Payment Plan under the Debt Arrangement Scheme;
 - 43.1.2 he/she has been convicted of an offence involving dishonesty which is not spent by virtue of the Rehabilitation of Offenders Act 1974 or an offence under the Charities and Trustee Investment (Scotland) Act 2005;
 - 43.1.3 he/she is a party to any legal proceedings in any Court of Law by or against the Company;
 - 43.1.4 he/she is or will be unable to attend Board Meetings for a period of 12 months;
 - 43.1.5 he/she has been removed from the board of another registered social landlord within the previous five years;
 - 43.1.6 he/she resigned from the Board in the previous five years in circumstances where his/her resignation was submitted after the date of his/her receipt of notice of a special Board Meeting convened to consider a resolution for his/her removal from the Board in terms of article 44.5;
 - 43.1.7 he/she has been removed from the Board in terms of articles 44.4 or 44.5 within the previous five years;
 - 43.1.8 he/she has been removed, disqualified or suspended from a position of management or control of a charity under the provisions of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 or the Charities and Trustee Investment (Scotland) Act 2005;
 - 43.1.9 he/she has been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commissioners for England and Wales or by Her Majesty's High Court of Justice in England on the grounds of any misconduct in the administration of the charity for which he/she were responsible or to which he/she were privy, or which his/her conduct contributed to or facilitated;
 - 43.1.10 a disqualification order or disqualification undertaking has been made against that person under the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002 (which relate to the power of a Court to prevent someone from being a director, liquidator or administrator of a company or a receiver or manager of company property or being involved in the promotion, formation or management of a company);
 - <u>43.1.11</u> <u>his/her application for appointment to the Board has been rejected in accordance</u> with article 40.2;

- 43.1.11<u>43.1.12</u> he/she has been removed from the governing body of any other member of the Group; or
- 43.1.12<u>43.1.13</u> he/she has left the Board and a period of five years has not expired since his/her departure for the purposes of article 39.4<u>and the Board has not</u> <u>approved his/her return within that period</u>.
- 43.2 A person cannot be <u>re-elected_re-appointed</u> as a Board Member if the Board is not satisfied of the individual's continued effectiveness as a Board Member. In these circumstances the Board must not allow the individual to <u>stand for re-election_be re-appointed</u>.
- 44.1 A Board Member shall cease to be a Board Member if:
 - 44.1.1 he/she resigns his/her position as a Board Member in writing;
 - 44.1.2 he/she ceases to be a Member unless he/she is a Co-opted Board Member in terms of article 42.1, an Other Board Member or an appointee of The Scottish Housing Regulator;
 - 44.1.3 he/she misses four Board Meetings in a row without special leave of absence previously granted by the Board either at his/her request or by exercise of the Board's discretion;
 - 44.1.4 the majority of the Members voting at a general meeting decide this. The Members will then appoint another person to take his/her place. If a replacement is not appointed at the general meeting, the Board may appoint a Board Member in terms of article 41;
 - 44.1.5 the majority of those remaining Board Members present and voting at a special meeting of the Board convened for the purpose decide to remove him/her as a Board Member in terms of article 44.2;
 - 44.1.6 he/she becomes ineligible as a Board Member in terms of article 43;
 - 44.1.7 he/she is a Co-opted Board Member whose period of office is ended in accordance with articles 39.3 or 42.1;
 - 44.1.8 he/she is a Board Member retiring in accordance with article 39.2;
 - 44.1.9 he/she is a Subsidiary Chair Board Member whose period of office is ended in accordance with article <u>39.1039.9</u>;
 - 44.1.10 he/she is an Other Board Member whose period of office is ended in accordance with article 37.2; or
 - 44.1.11 he/she has failed to sign and deliver to the Board a statement confirming that the Board Member will meet his/her obligations to the Board and to the Company as set out in the Company's code of conduct for Board Members.

- 44.2 If, at a special Board Meeting convened for the purpose, a majority of the Board Members present and voting determine that a Board Member has:
 - 44.2.1 failed to perform to the published standards laid down by the Scottish Federation of Housing Associations and/or The Scottish Housing Regulator adopted and operated by the Company;
 - 44.2.2 failed to sign or failed to comply with the Company's code of conduct for Board Members;
 - 44.2.3 committed a breach of the Company's Articles, standing orders or other policy requirements;
 - 44.2.4 failed to disclose a financial interest personally or as a member of a firm or as a director or other officer of a business trading for profit or in any other way whatsoever in a contract or other transaction with the Company as described in article 38.2; and/or
 - 44.2.5 failed to comply with the terms of any suspension or direction previously issued by the Board pursuant to this article 44.2,

the Board may by a majority vote of those Board Members present and voting (excluding abstentions) at such special meeting of the Board: (a) remove that Board Member from office; (b) suspend that Board Member from office on such terms and for such period as they may determine; (c) censure that Board Member in such manner as they may determine; or (d) make a direction requiring that Board Member to act or refrain from acting in a particular manner.

45 Any Board Member suspended in accordance with article 44.2 shall not, for the period of suspension, be entitled to attend or vote at any Board Meeting nor to receive notice of any such meeting during the period of such suspension.

POWERS OF THE BOARD

- 46.1 Subject to the provisions of the Act and these Articles, the Board is responsible for directing the affairs of the Company and its business and may do anything lawful which is necessary or expedient to achieve the objects of the Company. The Board is not permitted to exercise any powers which are reserved to the Company in general meetings either by these Articles or by statute. The Board is responsible for the leadership, strategic direction and control of the Company with the aim of achieving good outcomes for its tenants and other service users in accordance with the Regulatory Standards and Regulatory Guidance issued by The Scottish Housing Regulator from time to time. <u>The Board is responsible for ensuring that the Company can demonstrate its governance and financial arrangements are such as to allow The Scottish Housing Regulator to regulate effectively and exercise its full regulatory powers.</u>
- 46.2 Subject to the provisions of the Act, the Board acts in the name of the Company in everything it does. A third party acting in good faith and without prior notice does not

need to check if the powers of the Board have been restricted, unless they are already aware that such a restriction may exist.

- 47.1 Without prejudice to its general powers conferred by these Articles, the Board may exercise the following powers:
 - 47.1.1 buy, sell, build upon, lease or exchange any land and accept responsibility for any related contracts and expenses;
 - 47.1.2 agree the terms of engagement and remuneration of anyone employed in connection with the business of the Company and act as employer for anyone employed by the Company;
 - 47.1.3 grant heritable securities over land owned by the Company and floating charges over all or any part of property and assets both present and in future owned by the Company. This includes accepting responsibility for any related expenses;
 - 47.1.4 decide, monitor and vary the terms and conditions under which property owned by the Company is to be let, managed, used or disposed of;
 - 47.1.5 appoint and remove solicitors, surveyors, consultants, managing agents and employees, as required by the Company's business;
 - 47.1.6 refund any necessary expenses as are wholly necessary incurred by Board Members and sub-committee members in connection with their duties;
 - 47.1.7 compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Company; and
 - 47.1.8 accept donations in support of the activities of the Company.
- 47.2 No alteration of these Articles shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this article 47 shall not be limited by any special power given to the Board by these Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

BOARD PROCEDURE

- 48 It is up to the Board to decide when and where to hold its ordinary meetings, but it must meet at least six times aper calendar year. The quorum for the transaction of the business of the Board at the time when the meeting proceeds to business shall be four Board Members.
- 49 The Board will continue to act while it has vacancies for Board Members. However, if at any time the number of Board Members falls below seven, the Board can continue to act only for another two months. If at the end of that period the Board has not found new Board Members to bring the number of Board Members up to seven, the only power it will have is to act to bring the number of Board Members up to seven.

- 50 Board Members must be sent written notice of Board Meetings posted, or delivered, by hand or sent by fax or email<u>Electronic Communication</u> to the last such address for such communications given to the Secretary at least seven days before the date of the meeting<u>t</u> <u>unless the Chairperson determines</u>, in relation to a specific proposed Board Meeting, that a <u>shorter period is required</u>. The accidental failure to give notice to a Board Member or the failure of the Board Member to receive such notice shall not invalidate the proceedings of the relevant meeting.
- 51 Board Meetings can take place in any manner which permits those attending to hear and comment on the proceedings. A Board Member may participate in a Board Meeting by means of conference telephone, video conferencing facility or similar communications equipment whereby all the Board Members participating in the Board Meeting can communicate with each other. A Board Member participating in a Board Meeting in this manner shall be deemed to be present in person at the Board Meeting.
- 52<u>52.1</u> All speakers must direct their words to the Chairperson. All Board Members must remain quiet and maintain order while this is happening. The Chairperson will decide who can speak and for how long.
- **53**<u>52.3</u> If any point arises which is not covered in these Articles, the Chairperson will give his/her ruling which will be final.
- All acts done in good faith as a result of a Board Meeting or sub-committee meeting will be valid even if it is discovered afterwards that a Board Member was not entitled to be on the Board.
- 5554 A written resolution agreed (including by way of in writing or by Electronic Communication) by not fewer than three quarters of the Board Members or three quarters of the members of a sub-committee will be as valid as if it had been passed at a Board Meeting or subcommittee meeting duly called and constituted.
- <u>Subject to these Articles, the Board may agree any arrangements which it thinks fit about how it takes decisions, and about how such arrangements are to be recorded or communicated to Board Members.</u>

Special Board Meetings

- 56.1 The Chairperson or two Board Members can request a special meeting of the Board by writing to the Secretary with details of the business to be discussed. The Secretary will send a copy of the request to all Board Members within three working days of receiving it. The meeting will take place at a place mutually convenient for the majority of Board Members, normally the usual place where Board Meetings are held, between 10 and 14 days after the Secretary receives the request.
- 56.2 No other business may be discussed at the meeting other than the business for which the meeting has been called.

- 56.3 If the Secretary does not call the special meeting as set out above, the Chairperson or the Board Members who <u>request<u>requested</u></u> the meeting can call the meeting. In this case, they must write to all Board Members at least seven days before the date of the meeting.
- 57 If a Board Member does not receive notice of the special meeting, this will not prevent the meeting going ahead.

Sub-committees

- 58.1 The Board may delegate its powers to sub-committees or to staff or to Office Bearers. The Board will establish the terms of reference for such delegation, which will be set down in writing and communicated to the recipient of the delegated powers. Such delegation will be set out down in writing in standing orders, schemes of delegated authority or other appropriate documentation. In the case of a sub-committee such delegation shall include the purposes of the sub-committee, its composition and quorum for meetings. A minimum number of members for a sub-committee shall be three. There must be at least three of the members of a sub-committee present for the meeting to take place. The Board shall be responsible for the on-going monitoring and evaluation of the use of delegated powers.
- 58.2 The meetings and procedures of sub-committees or otherwise must comply with the relevant terms of reference.
- 58.3 Any decision made by a sub-committee must be reported to the next Board Meeting.
- 58.4 The Board can establish and delegate powers to sub-committees, designated as Area Committees, to take decisions relating to the management and maintenance of properties within a particular geographical area. The Board will determine the membership and delegated responsibility of an Area Committee in its terms of reference. An Area Committee shall exercise such delegated powers, notwithstanding the provisions of articles 42.1 and 42.3 which provisions do not apply to Area Committees.

THE SECRETARY AND OFFICE BEARERS

- 59.1 Subject to the provisions of the Act, the Secretary and any deputy or alternate Secretary and any other Office Bearers shall be appointed by the Board for such term and upon such conditions as it may think fit and any Secretary so appointed may be removed by the Board. The Office Bearers, except for the Secretary, must be <u>elected</u>-Board Members <u>andbut</u> cannot be Co-opted Board Members. An employee of the Company or any other member of the Group may hold the office of Secretary although shall not be a Board Member. If the Secretary cannot carry out his/her duties, the Board, or in an emergency the Chairperson, can ask another Office Bearer or employee to carry out the Secretary's duties until the Secretary returns.
- 59.2 The Secretary and the Office Bearers will be controlled, supervised and instructed by the Board in respect of performance of their respective duties (which duties, in the case of the Secretary, are those set out in article 59.3).

- 59.3 The Secretary's duties include the following (these duties can be delegated to an appropriate employee with the Secretary assuming responsibility for ensuring that they are carried out in an effective manner):
 - 59.3.1 calling and going to all meetings of the Company and all the Board Meetings;
 - 59.3.2 keeping the minutes for all meetings of the Company and Board;
 - 59.3.3 sending out letters, notices calling meetings and relevant documents to Members before a meeting;
 - 59.3.4 preparing and sending all the necessary reports to the Registrar of Companies and The Scottish Housing Regulator;
 - 59.3.5 ensuring compliance with these Articles;
 - 59.3.6 keeping the Register of Members and other registers required under these Articles and the Act; and
 - 59.3.7 supervision of the Company's seal.
- 59.4 The Secretary must produce or give up all the Company's books, registers, documents and property whenever requested by a resolution of the Board, or of a general meeting.
- 59.5 The Chairperson will be appointed in accordance with article <u>59.659.7</u> for a period which shall commence on the date of the Chairperson's appointment and shall expire immediately prior to the next scheduled Board Meeting held after the expiry of three years from the date of the appointment (the "office term"), subject always to the provisions of article 39.

Role of the Chair

- 59.6 The Chairperson is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of the Board's role and to ensure that the Board properly discharges its responsibilities as required by law, these Articles and the standing orders of the Company. The Chairperson will be delegated such powers as is required to allow the Chairperson to properly discharge the responsibilities of the office. Among the responsibilities of the Chairperson are that:
 - 59.5.159.6.1 the Board works effectively with the senior staff;
 - 59.5.2<u>59.6.2</u> an overview of business of the Company is maintained;
 - 59.5.359.6.3 the Agenda for each meeting is set;
 - 59.5.459.6.4 meetings are conducted effectively;
 - 59.5.5<u>59.6.5</u> minutes are approved and decisions and actions arising from meetings are implemented;

- 59.5.6<u>59.6.6</u> the standing orders, code of conduct for Board Members and other relevant policies and procedures affecting the governance of the Company are complied with;
- 59.5.7<u>59.6.7</u> where necessary, decisions are made under delegated authority for the effective operation of the Company between meetings;
- 59.5.8<u>59.6.8</u> the Board monitors the use of delegated powers;
- 59.5.959.6.9 the Board receives professional advice when it is needed;
- 59.5.1059.6.10 the Company is represented at external events appropriately;
- 59.5.1159.6.11 appraisal of the performance of Board Members is undertaken, and that the senior staff officer's appraisal is carried out in accordance with the agreed policies and procedures of the Company; and
- 59.5.12<u>59.6.12</u> the training requirements of Board Members, and the recruitment and induction of new Board Members is undertaken.
- 59.659.7 The Chairperson must be elected from the Board Members (excluding Co-opted Board Members). The Chairperson must be prepared to act as Chairperson until the end of their office term (unless he/she resigns the post). The Chairperson can only be required to resign if a majority of the remaining Board Members present at a Board Meeting agree to this.
- 59.759.8 If the Chairperson is not present at a Board Meeting or is not willing to act, the Vice Chairperson will act as the chairperson of the Board Meeting. If the Vice Chairperson is not present or willing to act, the Board Members present will elect another Board Member to be chairperson for the Board Meeting. If the Chairperson arrives at the meeting late, he/she will take over as chairperson of the Board Meeting as soon as the current agenda item is concluded.
- 59.859.9 If the votes of the Board Members are divided equally for and against an issue, the Chairperson will have a second and deciding vote.
- 59.9<u>59.10</u> The Chairperson can resign his/her office in writing to the Secretary and must resign if he/she leaves the Board or is prevented from standing for or being elected appointed to the Board under article 43. The Board will then elect another Board Member as Chairperson.
- 59.1059.11 The Chairperson can be re-elected upon expiry of their office term for a further maximum of two years and must not hold office continuously for more than five years, <u>unless otherwise approved by the Board</u>, subject always to the provisions of article 39.
- 59.1159.12 Upon expiry of their period of service as Chairperson, the Chairperson must resign as a Board Member and leave the Board, unless otherwise agreed by the Board. If the Chairperson resigns under article 59.659.7 or 59.959.10 then they shall also be deemed to have resigned as a Board Member, regardless of the length of their period of service as Chairperson.

59.12<u>59.13</u> The Board may appoint a Vice Chairperson to act in the absence of the Chairperson appointed in accordance with article <u>59.659.7</u> on such terms as the Board shall think fit.

NOTICES

- 60.1 Any notice which requires to be given to a Member under these Articles shall be given either in writing or by way of an Electronic Communication. Such a notice may be given personally to the Member or be sent by post in a pre-paid envelope addressed to the Member at the address last intimated by him/her to the Company or (in the case of a Member who has notified the Company of an address to be used for the purpose of Electronic Communications) may be given to the Member by way of an Electronic Communication.
- 60.2 Any notice, if sent by post, shall be deemed to have been given at the expiry of 48 hours after posting. For the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 60.3 Any notice contained in an Electronic Communication shall be deemed to have been given on the day it is sent. For the purpose of proving that any Electronic Communication was sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.
- 60.4 A Member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

INDEMNITY

- 61.1 Every Board Member or other Office Bearer or auditor of the Company shall be indemnified (to the extent permitted by section 232, 234, 235, 532 and 533 of the Act) out of the assets of the Company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office. That may include, without prejudice to that generality (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings (whether civil or criminal) in which judgement is given in his/her favour or in which he/she is acquitted or any liability in connection with an application in which relief is granted to him/her by the court from liability for negligence, default or breach of trust in relation to the affairs of the Company.
- 61.2 The Company shall be entitled to purchase and maintain for any Board Member insurance against any loss or liability which any Board Member or other Office Bearer of the Company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232 (2) of the Act.

THE BOARD'S MINUTES, SEAL, REGISTERS AND BOOKS

Minutes

62 Subject to the provisions of the Act, minutes of every general meeting, Board Meeting and sub-committee meeting must be kept. Those minutes must be presented at the next appropriate meeting and if accepted as a true record, signed by the chairperson of the meeting at which they are presented. All minutes signed by the chairperson of the meeting shall be conclusive evidence that the minutes are a true record of the proceedings at the relevant meeting.

Execution of Documents and Seal

63 The Company shall execute deeds and documents in accordance with the provisions of the Act and the Requirements of Writing (Scotland) Act 1995 and record the execution in the register. The use of a common seal is not required. The Company may have a seal which the Secretary must keep in a secure place unless the Board decides that someone else should look after it. The seal must only be used if the Board decides this. When the seal is used, the deed or document must be signed by a Board Member and the Secretary or a second Board Member and recorded in the register.

Registers

- 64 The Company must keep at its registered office a Register containing:
- 64.1 the names and addresses of the Members and where provided for the purposes of Electronic Communication, fax numbers and email addresses;
- 64.2 the date each person was entered in the Register as a Member and the date at which any person ceased to be a Member of the Company;
- 64.3 a statement of other property in the Company whether in loans or loan stock held by each Member; and
- 64.4 the names and addresses of the Office Bearers of the Company, their positions and the dates they took and left office.
- 65.1 The Company must also keep at its registered office:
 - 65.1.1 a second copy of the Register showing the same details as above but not the statements of property. This second register must be used to confirm the information recorded in the original Register;
 - 65.1.2 a register of loans and to whom they are made;
 - 65.1.3 a register showing details of all loans and charges on the Company's land; and
 - 65.1.4 all other registers as may be required under the Act.
- 65.2 The inclusion or omission of the name of any person from the original Register of Members shall, in the absence of evidence to the contrary, be conclusive that the person is or is not a Member of the Company.

Registered name

66 The registered name of the Company must be clearly shown on the outside of every office or place where the Company's business is carried out. The name must also be engraved clearly on the Company's seal and printed on all its business letters, notices, adverts, official publications, website and legal and financial documents.

Documentation

- 67 The Company's books of account, registers, securities and other documents must be kept at the Company's registered office or any other place the Board decides is secure.
- 68 At the last Board Meeting before the annual general meeting, the Secretary must confirm in writing <u>or by Electronic Communication</u> to the Board that articles 62 to 67 have been followed or, if they have not been followed, the reasons for this. The Secretary's confirmation or report must be recorded in the minutes of the Board Meeting.

ACCOUNTS

- 69 Accounting records shall be kept in accordance with all applicable statutory requirements and such accounting records shall, in particular, contain day to day entries of all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place and a record of the assets and liabilities of the Company.
- 70 The Board must send the Company's accounts and balance sheet to the Company's auditor. The auditor must then report to the Company on the accounts it has examined. In doing this, the auditor must follow the conditions set out in the Act and Part 6 of the Housing (Scotland) Act 2010.
- 71 The Company must provide The Scottish Housing Regulator and such other organisations as the Board determines appropriate with a copy of its accounts and the auditor's report within six months of the end of the period to which they relate<u>. or such other period as</u> <u>may be permitted by the applicable regulatory authority from time to time</u>.

THE AUDITOR

72 Auditors of the Company shall be appointed and their duties regulated in accordance with the Act.

ANNUAL RETURNS AND BALANCE SHEET

- 73 Every year, within the time allowed by law, the Secretary shall send to the Registrar of Companies the confirmation statement in the prescribed form, together with all such documentation required by the Act.
- 74 If requested, the Company must provide a free copy of the latest confirmation statement and auditor's reports to Members or people with a financial interest in the Company.
- 75 The Company must always keep a copy of the latest balance sheet and auditor's report publicly displayed at its registered office.
- 76 The Company must comply with the requests of The Scottish Housing Regulator for annual returns.

DONATIONS

77 The Board shall set and review periodically its policy for the donation of funds to charities. Such donations must further the objects of the Company and the Board shall report to the Members on such donations.

INVESTMENTS

78 The Company's funds may be invested by the Board in such manner as is permitted by its investment policy subject always to the requirement that the Company will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

INSPECTING THE REGISTER

79 Any Member or person having a financial interest in the Company can inspect their own account. They may also inspect the second copy of the Register of Members which shall be made available to them for inspection within seven days of the request of a Member or eligible person. The books must be available for inspection at the place they are kept at all reasonable hours. The Board may set conditions for inspecting the books. The Company will also maintain a register of the names of those Members who have given consent for this purpose which shall be made available for inspection within seven days of the request of any person.

DISPUTES

- 80 Every dispute between the Company or the Board and:
- 80.1 a Member;
- 80.2 a person aggrieved who has cease to be a Member within the previous six months; or
- 80.3 a person claiming under these Articles,

shall be dealt with in accordance with any procedures determined by the Board from time to time but without prejudice to all rights which any person may have to raise an action on the matter in any court with competent jurisdiction including without prejudice the Sheriff Court in the Sheriffdom in which the Company's registered office is located.

COPIES OF ARTICLES

81 The Secretary shall, on demand, provide a copy of these Articles free of charge to any Member who has not previously been given a copy and, upon payment of such fee as the Company may require, not exceeding the amount specified by law, to any other person.

CLOSING DOWN THE COMPANY

- 82.1 The Company may be dissolved by the Company making an application to the Registrar of Companies pursuant to Part 31 of the Act to have the Company's name struck off the register of companies maintained by the Registrar of Companies under the Act.
- 8282.2 If any property remains after the Company has paid its debts, this property will be transferred to a charitable registered social landlord as determined by The Scottish Housing Regulator.

AMENDING THESE ARTICLES

- 83.1 These Articles can be changed or deleted and new Articles can be introduced if:
- 83.1.1 three quarters of the votes at a special general meeting are in favour of the amendment(s); and.
- 83.1.283.2 The <u>Company must notify The</u> Scottish Housing Regulator has approved the within 28 days of the change or amendment(s) to these Articles being made.
- 83.283.3 The Company can change its name if three quarters of the votes at a special general meeting are in favour of the change.
- 83.383.4 If the Company changes its name in terms of article 83.283.3 it must informnotify The Scottish Housing Regulator in writing within 1428 days of the change being made.
- 83.483.5 The Company can change its registered office but must:
 - 83.4.183.5.1 notify The Scottish Housing Regulator of the change in registered office within seven working28 days of the decision having been made; and
 - 83.4.283.5.2 notify the Registrar of Companies of the change within 14 days of the change having been made.

Rules or Bye laws

- 84.1 The Board may from time to time and subject to the prior approval of The Scottish Housing Regulator make and amend such rules and bye laws as they may from time to time deem necessary or expedient or convenient for the proper conduct and management of the Company and for the purposes of prescribing the conditions of membership, and, in particular, but without prejudice to the generality of the foregoing, they shall by such rules and bye laws regulate:
 - 84.1.1 the admission of the Members, and the rights and privileges of the terms on which Members may resign or have their membership terminated insofar as these are not provided in these Articles;
 - 84.1.2 the conduct of the Members in relation to one another, and to the Company's employees;

- 84.1.3 the setting aside of the whole or any part of parts of the Company's premises at any particular time or times or for any particular purpose or purposes;
- 84.1.4 the procedure at general meetings and Board Meetings and subcommitteessub-committee meetings in so far as such procedure is not regulated by these Articles; and
- 84.1.5 generally, all such matters as are commonly the subject matter of Company rules.
- 84.2 The Company in general meeting shall subject to the prior approval of The Scottish Housing Regulator have power to alter or repeal the rules and bye laws and to make additions thereto and the Board shall adopt such means as they deem sufficient to bring to the notice of the Members all such rules and bye laws, which so long as they shall be in force, shall be binding on all Members provided nevertheless, that no rule or bye law shall be inconsistent with, or shall affect or repeal anything contained in, the memorandum of association of the Company or these Articles.

INTERPRETING THESE ARTICLES

85.1 In these Articles, the following definitions and rules of interpretation shall apply:

85.1.1 "2019 AGM" means the annual general meeting of the Company to be held in the calendar year 2019;

- 85.1.2<u>85.1.1</u> "2021 AGM" means the annual general meeting of the Company to be held in the calendar year 2021;
- 85.1.385.1.2 "Act" means the Companies Act 2006 and any statutory modification or reenactment thereof for the time being in force;
- 85.1.485.1.3 "Articles" means these articles of association as originally adopted or as altered from time to time;
- 85.1.585.1.4 "Board" means the board of management (or such other term that is used by the Company to denote the holder of this offices) of the Company from time to time referred to in article 37.1;
- 85.1.685.1.5 "Board Meeting" means a meeting of the Board;
- 85.1.785.1.6 "Board Member" means any director for the time being of the Company and shall (save where expressly excluded) include Co-opted Board Members;
- 85.1.885.1.7 "Chairperson" means the chairperson of the Company (or such other term that is used by the Company to denote the holder of this office) referred to in article 59.1;
- 85.1.985.1.8 "charitable" means both charitable under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts;
- 85.1.1085.1.9 "clear days" excludes, in relation to the period of a notice, the day after the notice is posted (or, in the case of a notice sent by electronic means Electronic Communication, the day after it was sent) and also the day of the meeting;
- 89.1.10 "Close Relative" means someone who is the spouse or civil partner of a person, or (being either of the same or different sex) who cohabits with that person, or is that person's parent, grandparent, child, stepchild, grandchild, brother or sister.
- 85.1.11 **"Co-opted Board Member"** means a Board Member co-opted to the Board in terms of article 42.1;
- 85.1.12 "Electronic Communication" has the same meaning as is assigned to that expression in the Electronic Communications Act 2000;
- 85.1.13 "Group" means the Company, and any Subsidiary from time to time;

- 85.1.14 "Group Agreement" means the written agreement from time to time between the Company and the Subsidiaries in relation to the objectives and operation of the Group;
- 85.1.15 "**Guarantee**" means any guarantee and includes any obligation (including as primary obligor), including a contract of indemnity or suretyship, however described, to pay, satisfy, provide funds for the payment or satisfaction of (including, without limitation, by advance of money, purchase of or subscription for securities and purchase of assets or services), indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any Subsidiary or any other person;
- 85.1.16 "**Member**" means any person who is admitted to membership of the Company in accordance with the provisions of these Articles;
- 85.1.17 "Non Executive Board Member" means a Board Member <u>elected(excluding the</u> <u>Other Board Member) appointed</u> in terms of <u>article 39.7</u>these Articles;
- 85.1.18 "Office Bearer" means the Chairperson, Secretary and any such other office bearer of the Company appointed under article 59.1;
- 85.1.19 "Office of the Scottish Charity Regulator" means the body set up under the Charities and Trustee Investment (Scotland) Act 2005 to regulate charities in Scotland;
- **85.1.20**85.1.19 "Other Board Member" means an employee of the Company appointed as a Board Member in accordance with article 37.2;
- 85.1.21<u>85.1.20</u> "Register of Members" means the register of members referred to in article 64;
- 85.1.2285.1.21 "The Scottish Housing Regulator" means the body corporate established under section 1 of the Housing (Scotland) Act 2010-known as the Scottish Housing Regulator, having its principal office at 3rd Floor, Sutherland House, 149 St Vincent Street, Glasgow, G2 5NW;
- 85.1.2385.1.22 "Secretary" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;
- 85.1.2485.1.23 "Subsidiary" means any organisation which is from time to time a subsidiary of the Company within the meaning of Section 164 of the Housing (Scotland) Act 2010;
- **85.1.25**85.1.24 "Subsidiary Chair Board Member" means a Board Member appointed by the Board in terms of article 39.9;

85.1.27<u>85.1.26</u> **"Vice Chairperson**" means the vice chairperson of the Company referred to in Rule <u>59.1259.13</u>.

- 85.2 Words in the singular also include the plural. Words in the plural also include the singular.
- 85.3 A reference to law or statute is a reference to that law or statute as re-enacted, amended or replaced.
- 85.4 In the event of Sterling joining the Euro any sums of money referred to in Sterling in these Articles shall be redenominated into Euros at the rate of exchange applying for such redenomination as at the date of joining the Euro.

APPENDIX 1

PROXY FORM

You must use the wording shown below to appoint a representative to vote at a meeting for you. Please see article 27.1 for more details.

I (insert name) am a member of (insert name) _____ Limited.

My address is: (please insert).

I hereby appoint (insert name) who lives at (insert address) to be my representative and vote for me at the Company's meeting on (insert date) and any other dates that meeting continues on.

Your name

Your signature

Date

APPENDIX 2

CANCELLATION OF PROXY

You must use the wording shown below to reverse your application to send a representative to vote at a meeting for you. Please see article 27.45 for more details.

I (insert name) am a member of (insert name) _____ Limited.

My address is: (please insert).

I hereby revoke the appointment of (insert name) as my representative to vote for me at the Company's meeting on (insert date) made by me on the (insert date).

I no longer authorise the person referred to above to represent me at the meeting referred to above.

Your name

Your signature

Summary report: Litera® Change-Pro for Word 10.9.2.0 Document comparison done on 30/07/2020 18:08:08	
Intelligent Table Comparison: Active	
Original filename: Wheatley Articles - signing block.docx	
Modified filename: Wheatley Articles - HM Clean 30.07.2	020.docx
Changes:	
Add	175
Delete	198
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	373



Wheatley Housing Group

This <u>statement on slavery and human trafficking</u> is made pursuant to Section 54 of the Modern Slavery Act 2015. It is made on behalf of Wheatley Group and its subsidiaries, The Glasgow Housing Association Limited, Dumfries and Galloway Housing Partnership Limited and Dunedin Canmore Housing Limited who had an annual turnover in excess of £36m at the end of their last financial year. It will be updated on an annual basis and approved by the Board of Wheatley Housing Group Limited.

About our Group

We are Scotland's leading housing, care and property-management group and employ over 2,000 people.

The Glasgow Housing Association Limited, Dumfries and Galloway Housing Partnership Limited and Dunedin Canmore Housing Limited are subsidiaries of the Wheatley Housing Group Limited, Registered Social Landlords and registered charities. Their principal business is housing.

We are committed to the highest ethical standards of business and ensuring there is no slavery or human trafficking in any part of our business or supply chain. Each entity in our group complies with applicable human resources legislation and the national minimum wage.

Our supply chain, due diligence and risk

We are committed to developing the economies of the areas we work in and building strong relationships with local suppliers. We operate solely within Scotland and do not have a large global supply chain. Our procurement is subject undertaken within the context of a wide range of legislative and regulatory requirements, including procurement the Public Contracts (Scotland) Regulations 2015, The Procurement (Scotland) Regulations 2016, Procurement Reform (Scotland) Act 2014 and the Housing (Scotland) Act 2001.

A contracts register is published on our website which contains details of our main suppliers.

We have a specialist procurement function that has primary responsibility for procuring goods and services on a group-wide basis in accordance with the aforementioned legislation and regulation. High value contracts require approval by the Board. We encourage our suppliers to sign up to our Wheatley Pledge.

We have assessed our risk of exposure to slavery and human trafficking as low.

Some of the recent measures that we have taken, or are in the process of taking, include:

- Review of our standard contract terms and introduction of a provision that requires suppliers to comply with the Modern Slavery Act 2015;
- Review of our procurement policy and strategy;
- Refresh our Fraud, Corruption and Bribery Policy;
- Refreshing training for staff; and
- Requiring a formal declaration from suppliers that they comply with the Modern Slavery Act 2015.

Training

We will ensure that relevant sections of our workforce understand the risk to our business from slavery and human trafficking and are equipped to identify and respond in situations where they suspect bad practice. We have a policy framework in place to support our staff identifying vulnerable people.

Compliance

We will assess any evidence of non-compliance within any part of the Group or by one of our suppliers and take appropriate action.

Our policies

We operate the following policies, each of which is designed to support legal compliance and best practice:

- Recruitment Policy;
- Employee Code of Conduct;
- Procurement Policy;
- Whistleblowing Policy;
- Anti-fraud, Bribery and Corruption Policy;
- Scheme of Financial Delegation; and
- Group Protecting People Policy Framework.